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THE PROBLEMS AND PROSPECTS OF "SECOND-WAVE" ANTI-CORRUPTION PROGRAMMES: LEARNING FROM OUR FAILURES

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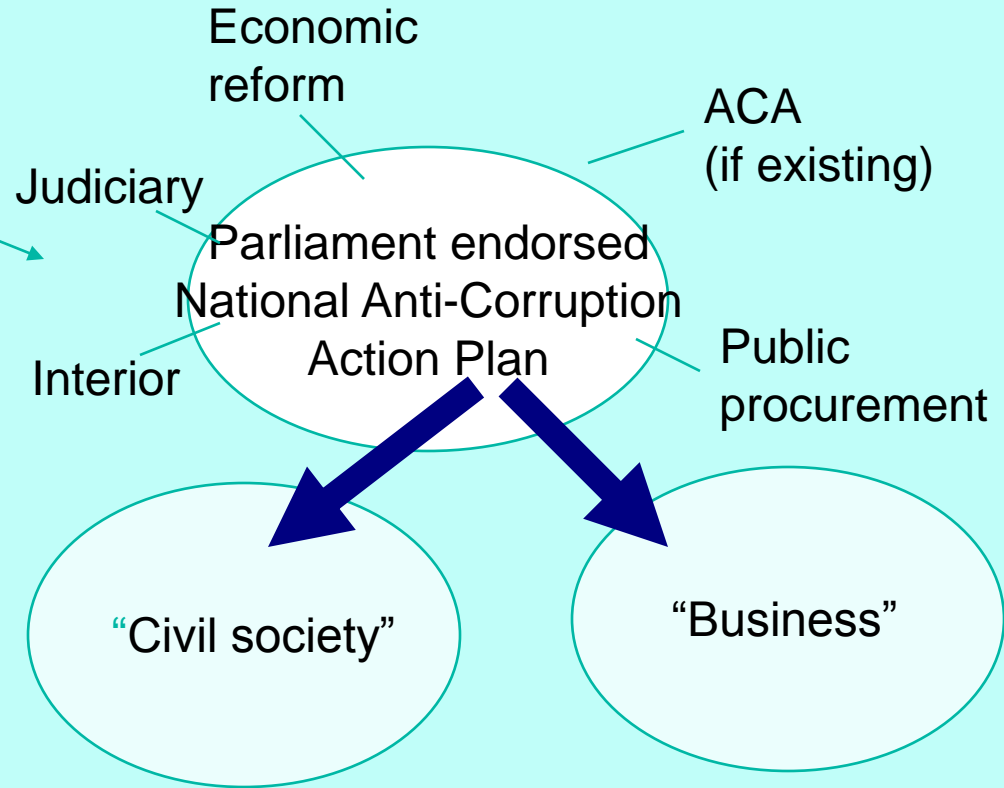
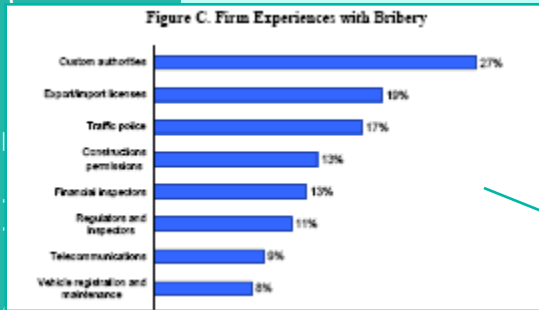
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Anticorruption in the Public Service***

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The Model Anti-Corruption Programme



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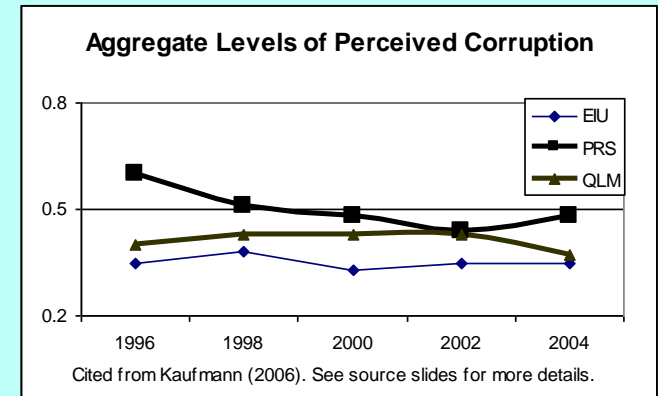


This model is now a decade old and without robust positive results



Despite Rapid World-Wide Dissemination, Few Results

- Anti-Corruption programmes not reducing corruption
- Poor project design!
 - Legal frameworks (require incentive compatibility)
 - Bad action plans
 - Excess faith in “civil society”
 - Little knowledge management
 - Business sector absent
 - TA consists of “recommendations”



First wave useful for “awareness raising” but not “capacity building”



Legal Framework: Myths and Realities

- **Criminalisation** is not the (only) Answer (for some CEE countries)!
- Under OECD Convention, criminal offense to engage in corruption
- Criminalising corruption could decrease detection, prosecution and conviction
 - Detection: Less likely to report
 - Prosecution: More investigation required, transfer of file to MoJ
 - Conviction: Higher standard of proof required than administrative sanctions

Recommend a dual or triple system of remedies

Why are Legal Frameworks so hard to put in place?



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Law-making

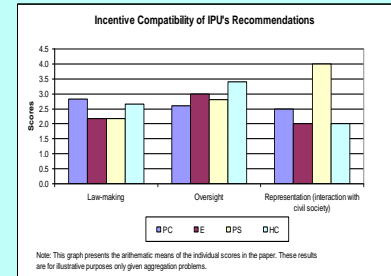
Vote appropriate anti-corruption legislation, Vote integrity legislation for members of parliaments, Ensure that appropriate oversight legislation is adopted, Lobby their governments to sign and/or ratify relevant international instruments, Promote the passage of freedom of information legislation, Promote the passage of freedom of information legislation, Promote the passage of freedom of information legislation, Promote party-funding and electoral campaign legislation that fosters transparency.

Oversight

Reinforce mechanisms within parliament for bringing government to account, Ensure that the process for preparing and executing the national budget is transparent and provides for safeguards against government misuse of public funds and resources, Promote the creation of watchdog agencies such as the Auditor/Controller General, Ombudsman, etc, Ensure that the opposition is adequately represented in the parliamentary structures, Institute transparent and stringent mechanisms for the approval of senior government and public officials

Representation (interaction with civil society)

Encourage the public to denounce and condemn corruption and promote or participate in the promotion of high standards of probity and moral integrity through public awareness campaigns



Laws must be “incentive compatible”



Action Plans Design Failures

The Specificity and Relevance of World Bank Sponsored Anti-Corruption Programmes (one is lowest score and five is highest)

| Country | Specificity | Relevance |
|----------------------|-------------|-----------|
| <i>Kosovo</i> | 1.8 | 3.2 |
| <i>Romania</i> | 2.6 | 3.8 |
| <i>ADB-OECD</i> | 1.9 | 3.6 |
| <i>OECD/Istanbul</i> | 1.4 | 3.2 |

- Specificity = how concrete and specific are the proposals
- Relevance = usefulness particularly to corruption

Source: Michael (2007)

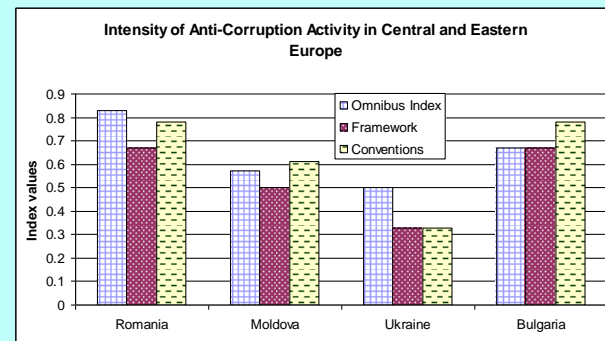


Intensity and Effectiveness of Anti-Corruption Activity



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- Stevens and Rousso
 - Omnibus: National AC strategy (adopted, involved NGOs, multi-branch), AC-AP, and ACA
 - Legal: CS Law, Fin Disc. Law, FoI Law, Party Finance, AML
 - Conventions: Stab-Pact, OECD, CoE's 4 Cons.



Source: Stevens and Rousso (2003)

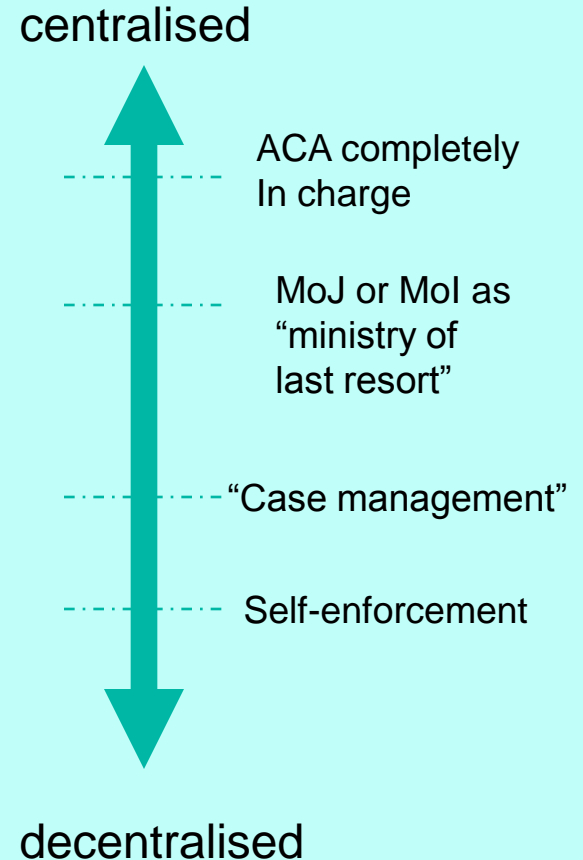
| | Regression Results | | | |
|-------------|--------------------|-------------------|-----------------------|----------------------|
| | Bribe tax (f') | Bribe tax (df/dt) | Bribe customs (df/dt) | Bribe courts (df/dt) |
| Omnibus | | | | |
| Legal | | X | X | X |
| Conventions | | | | |

Source: Stevens and Rousso (2003)



Anti-Corruption Agencies

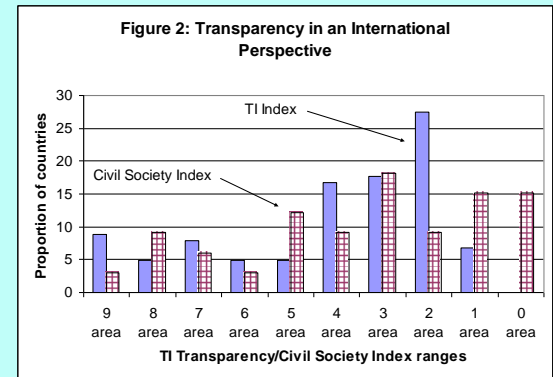
- ACAs can help coordinate cases of anti-corruption BUT...
 - Internal Security Agencies can provide more effective remedies
 - Politicisation of centralised service





“Civil Society” Best “Medicine” against Corruption

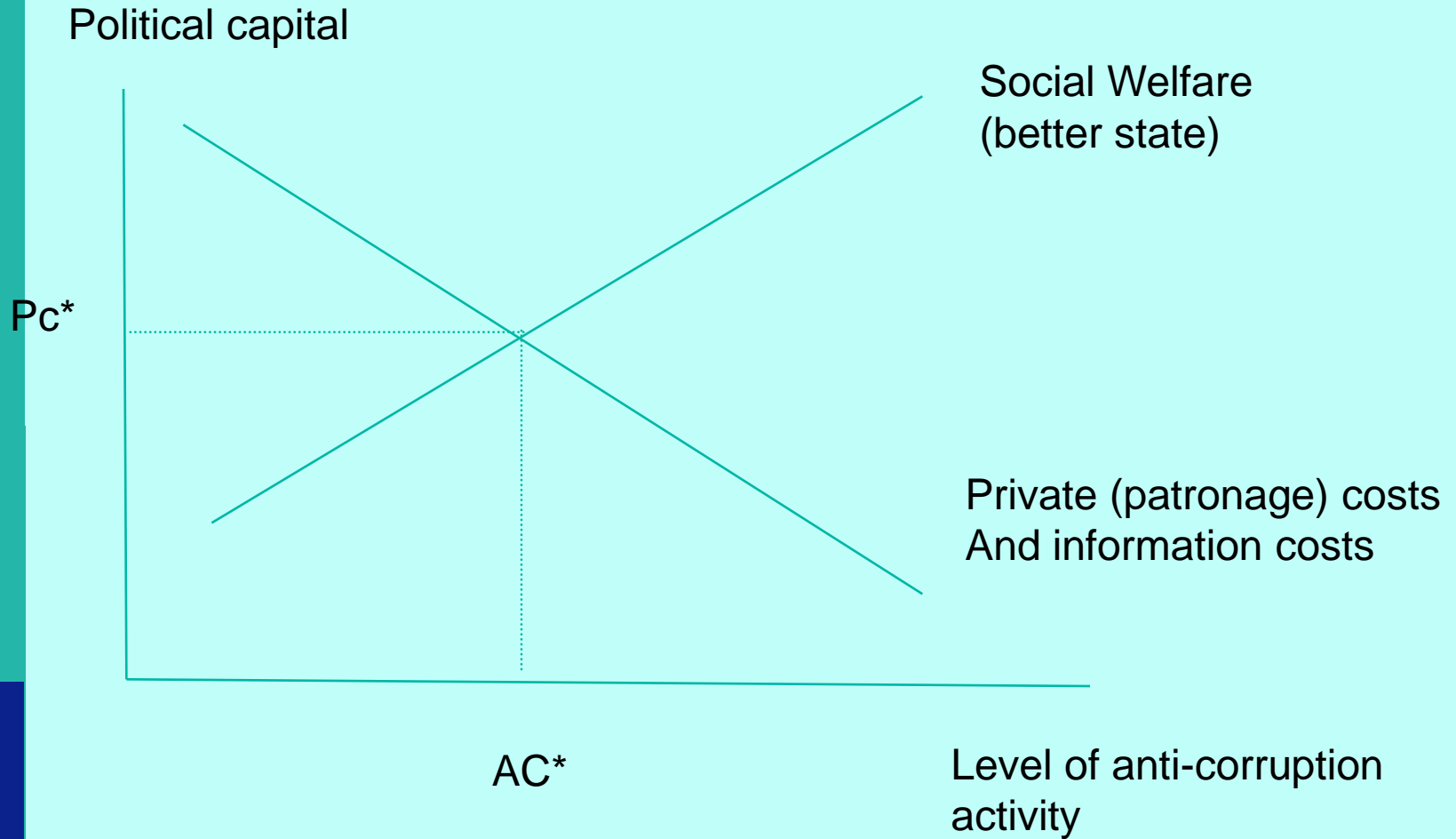
- Donors encouraged by street protests against corruption, but...
- “Civil society” often contract seeking Western-oriented policy wonks
- Value-for-money problem
- General budget support versus NGO funding...



Little empirical support for “civil society” as bulwark against corruption



Anti-Corruption IS (and should be) a political, not technocratic activity...



Political benefits need to exceed political costs



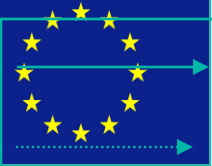
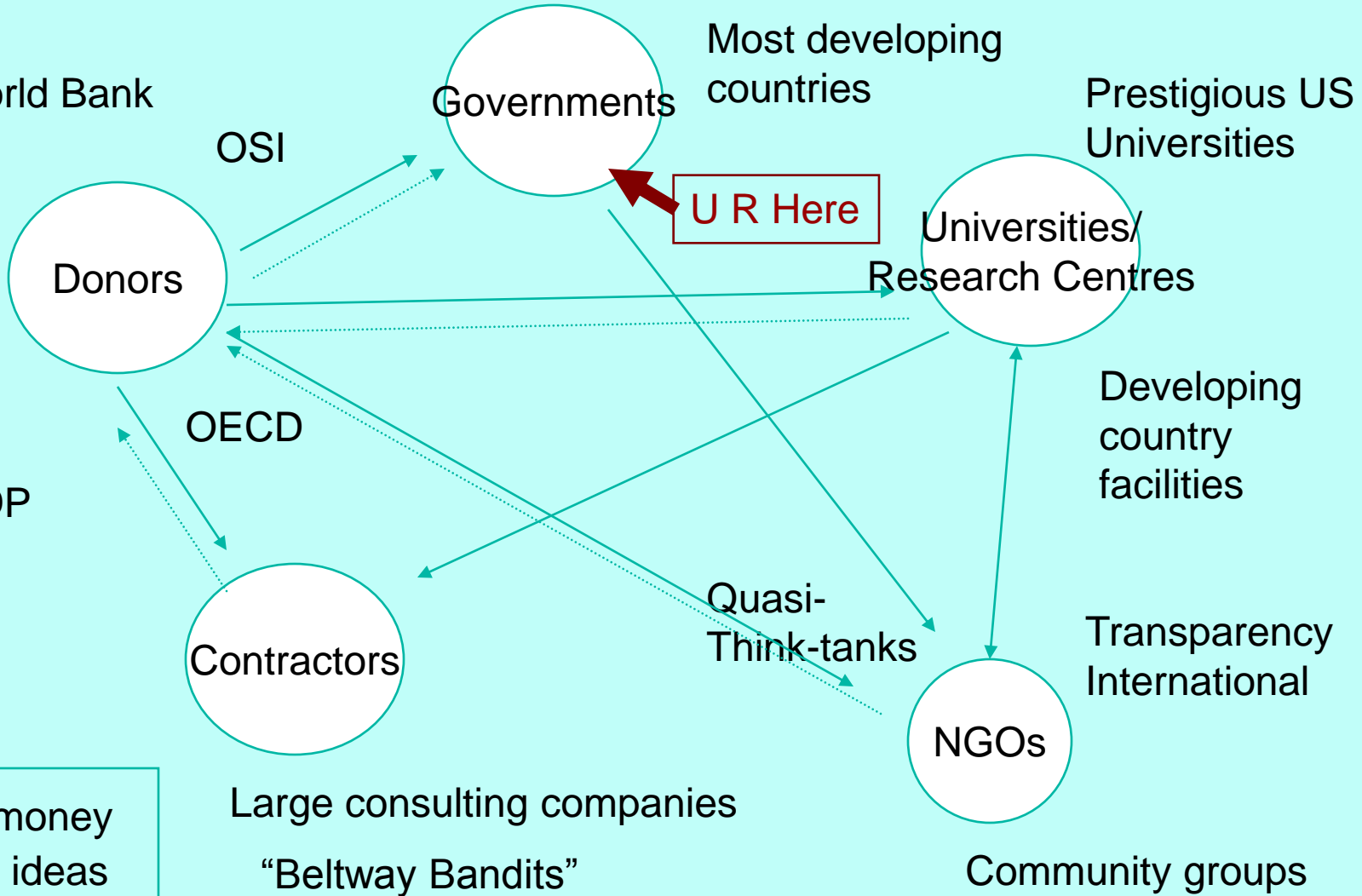
The "Anti-Political" Anti-Corruption Ecosystem

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USAID

UNDP

World Bank



money ideas

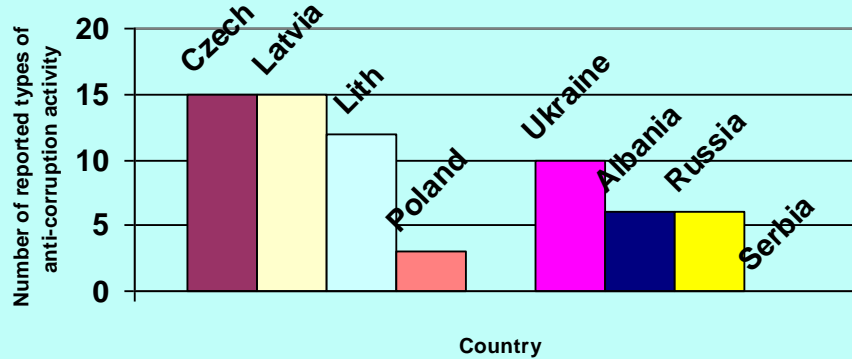


Anti-corruption "industry" at \$5+ billion



What About Capacity?

Figure 1: Reporting on Anti-Corruption Training



Source: Michael (2004a).

- Donors practice de facto triage with unknown logic.
- Biggest predictor of training is DONOR budgets
- NACTP (discussed next slide)

The three levels of regulations – training is not learning laws!



Implicit Strategic Focus Emerging From the Case Studies

| Area | Albania | Czech | Latvia | Lithuania | Poland* | Russia | Serbia | Ukraine |
|----------------|-------------|-------|--------|-----------|---------|--------|--------|---------|
| Integration | Low | High | High | High | Low? | Low | ? | High |
| Retraining | High | High | High | High | High? | Yes | ? | High |
| Level | ? | High | High | High | ? | ? | ? | ? |
| Certification | ? | Yes | ? | Yes | Yes | ? | ? | ? |
| Quality assess | ? | Yes | ? | High | Yes | Yes ? | ? | Yes ? |
| University | High (TIPA) | High | Medium | High | High? | | ? | Medium |

Source: (6)

Every country has an implicit AC learning structure



Fomenting Recommendations with “Capacity Building”

| Recommendation | Training Importance* | Type of Training to be done? |
|--|----------------------|------------------------------|
| Cross-party consensus on anticorruption policy | 2 | Awareness raising |
| Detailed research on corruption | 4 | Skills building |
| Education and public awareness initiatives on corruption | 4 | Awareness raising |
| Prosecutors protection from undue influences | 2 | * |
| Reform legislative processes to restrict “State capture” | 3 | Awareness raising |
| Phase out patronage in public service appointments | 3 | Awareness raising |
| Carry out an “Audit of Public Administration” and of licensing/permits | 3 | Skills building |
| Provide for citizens redress/appeal procedures | 4 | Awareness raising |
| Abuse of conflicts of interest prevention | 3 | Awareness raising |
| Devise Codes of Ethics in public administration | 4 | Skills building |
| Audit and control of local government | 3 | Skills building |
| Reform party funding rules | 3 | Awareness raising |
| Public procurement reform | 3 | Awareness raising |
| Ensure independence of broadcasting regulators | 3 | * |

Note: For training importance, 1 is little importance and 5 is very important. The measure of relative importance is taken from Michael (2004b) while a discussion of the type of training to be undertaken can be found in Michael (2004c).

The CEE region is littered with recommendations



Knowledge Management Practices Widely Vary

1 Excellent Projects are good (as defined below). Sstaff time and resources for learning from and making better anti-corruption projects. These are “learning anti-corruption projects”.

2 Good Projects are fair (as defined below) plus Attempts to use stakeholder group knowledge

3 Fair Adequate (as defined below) plus System of anti-corruption project evaluation used Training of staff and external partners about anti-corruption.

4 Adequate

Clearly defined objectives, target groups, and implementation methods

Explicit or Implicit model or intellectual framework

Uses concrete cases.

Possible risks and inadequacies in current knowledge identified.

Assertions can be falsified.

5 Needs improvement

Cursory discussion of project’s pros and cons

Based heavily on “accepted wisdom”

Rudimentary organisational structure for AC

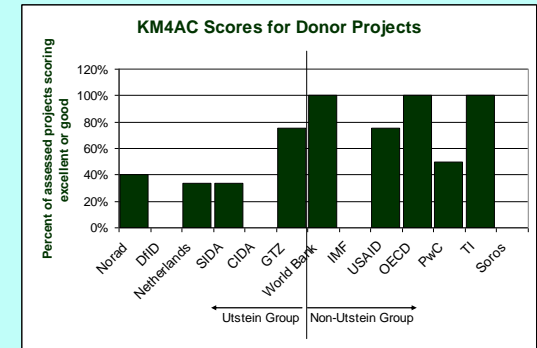
6 Poor

Little mention of anti-corruption measures

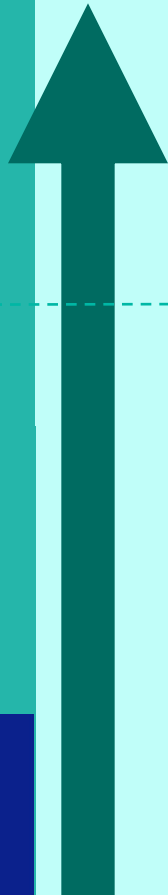
Discussion focuses on abstraction

No apparent model governing discussion.

No organisational structure apparent.



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Learning to learn as way toward real AC

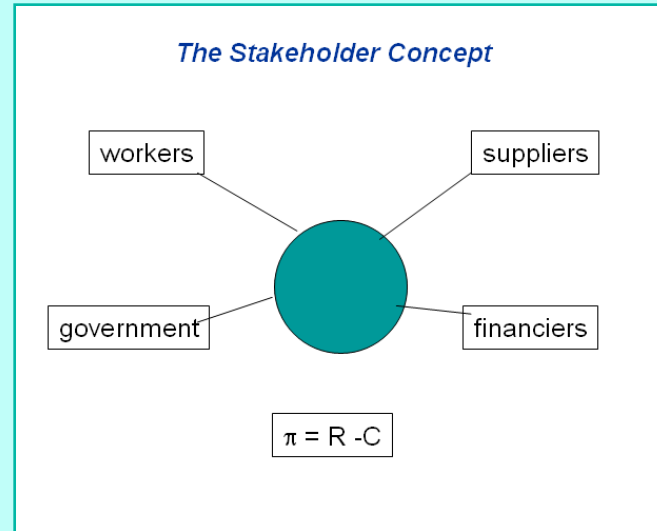


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CSR: The Best Anti-Corruption Measure



SOURCE: Energy Information Administration AP



AC crusades are negative, CSR is positive



Fighting Corruption to Promote Development

| | Initial expend | CSR discount | Amount saved (increased) |
|-------------------------------|----------------|--|--------------------------|
| Workers | \$2,100,000 | 20% discount | \$420,000 |
| Financiers | \$20,000,000 | 2% discount | \$400,000 |
| Customers | 5,000,000 | 5% decrease in costs/increase in revenue | \$250,000 |
| Government (bribes) | 500,000 | 10% | 50,000 |
| Environmental Concerns | 1,000,000 | 100% | 1,000,000 |

We stop corruption to improve livelihoods – not ding-an-sich!



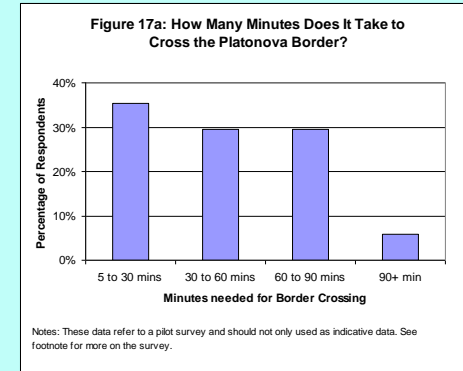
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Toward “Real” Technical Assistance

- Better Service
 - Speeding border crossing times
- Statistically based risk management
 - Internal security
 - External security
- Deregulation
- Sharing information across the border
- CSR!



End of “anti-corruption” as beginning of anti-corruption