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Preparation and Implementation of Japan’s National Public Service Law

Hideki Goda

In recent years Japan’s public administration has observed serious scandals involving high-ranking government officials. In an attempt to rectify the situation, new measures to restore the public’s trust in public duties and government officials were agreed upon at a meeting of administrative vice-ministers in December 1996. These measures included the establishment of ethics codes as an instruction within all ministries and agencies. Despite these efforts another scandal involving government officials came to light in January 1998, and the government began to consider legislation that would govern the ethics of government officials. After deliberate consideration, two bills were introduced: the bill for the Law Concerning the Maintenance of Ethics for Public Officials was introduced in February 1998, and the bill for the National Public Service Ethics Law was introduced in June 1998. On 5 August 1999 the Committee on the Cabinet of the House of Representatives decided to introduce the Bill for a National Public Service Ethics Law as a bill introduced by the committee. The bill passed a plenary sitting of the House by consensus and passed the House of Councilors by consensus on 9 August. The National Public Service Ethics Law was promulgated into law on 13 August 1999.

MAIN COMPONENTS OF THE ETHICS LAW

The main components of the National Public Service Ethics Law are as follows: ethics principles, the National Public Service Officials Ethics Code, a reporting system, and the National Public Service Ethics Board and ethics supervisory officers.
Ethics Principles

The Ethics Law incorporates the following three ethics principles:

• Employees shall not give unfair, discriminative treatment to the public, for example, by giving preferential treatment to particular parties, with respect to information gathered in the performance of their duties, and shall always undertake their duties with fairness, recognizing that they are servants of the entire nation and not of any group thereof.
• Employees shall always distinguish between public and private affairs and shall not use their duties or positions for private gain for themselves or for the organization they belong to.
• Employees shall not take any actions that create public suspicion or distrust against the fairness of public service while performing their duties, such as receiving gifts from entities affected by their duties.

National Public Service Officials Ethics Code

The National Public Service Officials Ethics Code, which is based on the ethics principles, was established as a government order on 28 March 2000, and came into effect on 1 April 2000. The Ethics Law states that the Cabinet shall hear the opinion of the National Public Service Ethics Board when it enacts or revises the code. The board submitted its recommendation regarding the enactment of the code to the Cabinet on 4 February 2000.

The code prohibits the following actions:

• Receiving a gift of money, goods, or real estate from an interested party
• Getting a loan from an interested party
• Obtaining rent free goods or real estate from or at the expense of an interested party
• Receiving free service provision from or at the expense of an interested party
• Receiving stocks that are not publicly held from an interested party with or without payment of the price
• Accepting the hospitality of an interested party
• Dining with an interested party
• Participating in any inappropriate game or golfing with an interested party
• Traveling with an interested party (excluding official travel).
Interested parties are defined as people or entities that could be affected by the actions of government officials during the course of their work, for example, granting permissions or authorizations, providing subsidies, carrying out inspections, providing administrative guidance, supervising businesses, or awarding contracts. Higher-ranking government officials will have contact with more interested parties than less senior officials. The relationship between government officials and interested parties continues, in principle, for three years after the transfer of an official from a particular position. Actions done with an interested party with whom a government official has a private relationship, for instance, a relative or an old friend, may be permissible if they are perceived as not likely to engender public suspicion or distrust.

The code does permit the following actions:

- Accepting a gift from an interested party that is distributed widely as an advertisement or a souvenir
- Accepting a souvenir at a party attended by many people
- Using goods at the office of an interested party during an official visit
- Riding in a car provided by an interested party on an official visit to the office of the interested party (as far as the use of the car is regarded as reasonable given the availability of public transportation and other factors)
- Accepting the provision of refreshment at an official meeting from an interested party
- At a party attended by many people, accepting refreshment from an interested party, and/or eating with an interested party
- At an official meeting, accepting the provision of modest food and drink from an interested party and consuming modest food and drink with an interested party
- Dining with an interested party if employees pay for their own expenses (employees must obtain approval from an ethics supervisory officer if they dine with an interested party at night except for modest dining at an official meeting or negotiations).

Receiving hospitality or provision of financial interest beyond ordinary social courtesy, such as accepting frequent hospitality, from any business entity is also prohibited.
When government officials make speeches, write or edit articles, or appear on radio or television programs for which they are reimbursed and when they do so at the request of an interested party, they shall obtain prior approval from an ethics supervisory officer.

To ensure that government officials understand the new Ethics Law and Code, the Public Service Ethics Board has provided guidance and advice to ministries and agencies. It has also prepared and distributed booklets and conducted training meetings for ethics officials.

**Reporting System**

Senior officials (assistant director or above) must report to the heads of their ministries or agencies when they receive (a) a gift or hospitality worth more than JPY 5,000, or (b) compensation for work performed based on the relationship between an organization or an entity and their duties for which they are paid more than JPY 5,000 from an organization or an entity. The most senior officials (deputy director-general or above) have an additional obligation to report their stock transactions and incomes to the heads of their ministries or agencies.

**Establishment of the National Public Service Ethics Board and Ethics Supervisory Officers**

The National Public Service Ethics Board is responsible for matters regarding the maintenance of ethics related to public duties. Its duties and responsibilities include the following:

- Making recommendations to the Cabinet regarding the enactment of the National Public Service Officials Ethics Code
- Preparing and revising standards for disciplinary actions directed at violators of the Ethics Law
- Planning and coordinating training programs on ethics for government officials
- Examining reports on gifts, stock transactions, and incomes
- Investigating and taking disciplinary action in the case of violations of the Ethics Law.
The Cabinet, with the consent of the Diet, appoints the president and four board members. People who have been in government service for more than 20 years (except as public prosecutors or faculty of national universities) are disqualified from sitting on the board.

Each ministry or agency has an ethics supervisory officer. These officers are responsible for providing guidance and advise to officials in their ministry or agency and for establishing management systems for the retention of ethics under the directions given by the board. Administrative vice-ministers and heads of independent agencies are designated as ethics supervisory officers.

CONCLUSION

The new Ethics Law and Code are in their first year of implementation. The hope is that they will soon restore the trust of the general public in Japan's public administration.
Ensuring Integrity at the Public-Private Sector Interface

Barry O'Keefe

Government initiatives to create a corruption-free public sector will not be fully effective, and may even fail, unless the private sector is also involved. The private sector must be motivated to act in ways that complement the ways in which public sector officials are required to act.

Most corrupt dealings involve at least two actors: the corrupter and the corrupted. Normally the corrupter is the tempter and the public official is the one tempted. Without a tempter, a public official has little incentive to stray from the path of correct conduct.

For public officials, the private sector is the source of most temptation, with the interface between the public and private sectors providing both the opportunity for and the occasion of corruption. It is the place where each side of the corruption equation balances; where mutual desires or needs are satisfied. Thus corruption can be expressed in terms of the following equation:

\[ D(\text{ps}) = G(\text{po}) \]

in which \( D(\text{ps}) \) is the private sector entity's desire or need and \( G(\text{po}) \) is the public official's greed or need.

BALANCING THE EQUATION

Government initiatives against corruption are directed at controlling or modifying the conduct of public officials. In doing so they deal with only one side of the equation. This results in an imbalance in the situation. This lack of equilibrium is an unstable state and can lead to a collapse, that is, a departure from correct conduct on the part of public officials. For real success in dealing with corruption in the public sector the private sector must cooperate. To achieve this the authorities need to employ a combination of coercive measures (sticks)
with measures that motivate the private sector to conform to certain ethical norms in dealing with the public sector (carrots).

In relation to the private sector, the government’s role should include the following:

- **Putting in place laws that make bribery, insider trading, influence peddling, and other forms of corruption illegal.** The government also needs to enact laws that make it difficult for the corrupt to hide their ill-gotten gains. Cash reporting requirements, laws to prevent money laundering, and similar legislation are vital in this regard. In addition, such laws have an added value: signaling the importance that the government places on the fight against corruption to the entire community.

- **Enforcing the laws that have been put in place.** Enforcement needs to be consistent, impartial, and firm. Enforcement of those laws that strike at corruption signals the seriousness of the government’s commitment to a corruption-free society. It also sends a message to the government’s friends, as well as its foes, that no one is exempt from or above the law.

- **Putting in place requirements for private business that wish to work with the government.** The government should put in place, either as a law or as a publicly stated and consistently acted upon government policy, a requirement that only those organizations that have codes of conduct that reflect and complement those of the government, as well as mechanisms for monitoring and enforcing their implementation, will have access to government contracts or government-funded projects. Complementary to such action, the authorities can create blacklists of enterprises that infringe anti-corruption laws. The shame factor that accompanies inclusion on such lists can act as a powerful deterrent, but only if such lists are made public. Developing codes of conduct and mechanisms for monitoring and enforcing them can be expensive, and can impose a significant burden for small businesses and individuals. Here trade and professional organizations can play an important role. Such organizations generally have the necessary resources and knowledge to develop a basic or core code of conduct to which their members can ascribe. Trade unions also have a role to play. Their rules can be adapted in such a way as to make them complementary to the codes of conduct applicable to the public sector. This helps to avoid tension between employer and employee.

- **Implementing an effective, ongoing program to heighten awareness of the adverse effects of corruption on the community.** This will require education at all levels, from schoolchildren upward, and should include the political sector. Politicians tend to think of themselves as above such programs, yet experience shows
that perhaps more than most, politicians need rules, codes, and an enforcement mechanism to ensure their integrity and that of the political system.

IMPORTANCE OF LEADERSHIP

People say that the factors for success in real estate are location, location, and location. In the fight against corruption, the factors for success can be expressed as leadership, leadership, and leadership.

Leadership is the first essential for creating an ethical organization, and all the organization’s leaders at every level must be committed to ethical conduct. As ethical conduct is unlikely to exist in a vacuum, appropriate leadership with the same objective is also needed at the political and bureaucratic levels. Furthermore, for long-lasting success, community support is required.

The main quality required of leaders is the will to purge their organizations of corruption, and that will must be translated into action. Rhetoric without complementary action will be ineffective; indeed, it is likely to be counterproductive. In addition, leaders require determination and tenacity, because success in the fight against corruption is a lengthy process. Finally, leaders need to be consistent because consistency builds confidence.

The business world is still largely dominated by economic rationalism. The bottom line is all that matters for many in the private sector. Because many people believe that corrupt behavior is a lubricant for commercial transactions, convincing chief executives in the private sector that this is erroneous and that an organization’s ethical tone can and does have a positive impact on its profitability is essential. In short, it is necessary to win the hearts and minds of senior management of major industrial, commercial, and financial enterprises to convince them that integrity is good business. To do so successfully, the best approach is to target those at the top, that is, the leaders of the most successful companies, the trendsetters that other companies try to emulate. By all means appeal to their moral sense; however, appeal also to their commercial sense. Show them how disastrous a culture of corruption can be for their organizations.

EFFECTS OF AN ORGANIZATION’S ETHICAL TONE

Research in a number of different economic settings combined with my own experience as commissioner of Australia’s Independent Commission
against Corruption clearly demonstrates that the ethical tone of an organization affects an organization's

- Reputation
- Efficiency and effectiveness
- Decisionmaking processes
- Staff commitment and job satisfaction
- Staff stress levels
- Staff turnover.

Each of these factors has an impact on the organization's profitability.

**Reputation**

The reputation of a commercial organization is a valuable asset and part of its brand image. A company’s good reputation generally takes a long time to build up, costs a lot to maintain, and is something that chief executives work hard to protect.

Unethical practices destroy good reputations and consumers’ confidence in an organization. Once a company has lost its reputation, regaining it is hard. Both research and experience show that the public remembers events that tarnish a good reputation long after the circumstances that gave rise to those events have been eradicated. Thus avoiding unethical behavior is in a company’s best interests.

**Efficiency and Effectiveness and Decision-making Processes**

Internal unethical behavior or corrupt practices inevitably produce costly aberrations. These include inflated contract prices, contractual terms that are favorable to the corrupter but unfavorable to the company, poorly conceived projects, and distorted priorities. Furthermore, if appropriate laws and governmental practices are in place and properly enforced, breaches of those laws or practices will deprive the organization of access to lucrative government contracts, and even expose the organization’s officers to the prospect of criminal sanctions.

**Staff Commitment and Job Satisfaction**

The positive effects of job satisfaction and commitment to the work ethic are axiomatic. So too is the converse. A workforce that lacks commitment
is generally less productive and is less likely to produce goods or provide services of the same quality as one that is motivated and committed to the organization's objectives. In addition strikes—extremely costly for any organization—tend to be more frequent in organizations where the ethical tone is low.

People want to belong to or identify with an organization or group in which they believe and in which they can take pride. An ethical organization can meet that need. A corrupt one cannot. Decent, honest human beings, which I believe accounts for the bulk of people, do not take pride in or bond with a corrupt organization.

Staff Stress

Stress is an expensive and ongoing problem in both the public and private sectors. The high costs of stress in Australia's public sector are well documented. The true costs of stress in the private sector are less well documented, but are nonetheless real. Worldwide stress is a problem of increasing significance, both as a direct cost and through its negative impact on staff morale and commitment.

Research has clearly shown that stress is created when individuals' ethical standards are different from those of their coworkers or their organization. Stress levels are likely to be higher in organizations in which

- Rules are frequently bent, broken, or ignored
- There is distrust between employees and management or between employees
- Appointments, promotions, and rewards are not consistent or are not based on merit
- Management does not stress values, including the value of working toward a goal that employees can respect.

Staff Turnover

Staff turnover is expensive for any organization. When an employee leaves an organization the departure can interrupt a project, lead to delay in its completion, and lower the quality of the output. In addition, the cost in both money and staff time of finding a suitable replacement and then training that replacement is high. Furthermore, when staff turnover is high, especially in the upper echelons of an organization, corporate memory is quickly impaired, and is sometimes lost entirely.
Research has shown that staff turnover is directly related to the congruence between the values of the individual employees on the one hand, and the values practiced in the organization on the other. An unethical workplace has a tendency to perpetuate itself. Those whose values conflict with those practiced in the organization feel stressed, do not have job satisfaction, and tend to leave. The process of replacement tends to select employees whose values are no better than those practiced in the organization. This can be for good or for ill. Just as an unethical workforce is likely to perpetuate itself unless something is done to correct the situation, so too will an ethical workplace tend to perpetuate itself. This is not a new idea. The chairman of McDonalds Australia has stated that the values and norms of behavior at McDonalds are so ingrained that they promote self-selection.

BRINGING ABOUT CHANGE

There are three prerequisites for the success of any program of change:

• Identifying and understanding the prevailing culture within the organization
• Having leadership that is firmly committed to change and to each step along the path of change
• Identifying the existing power networks so as to understand their relationships to each other and to the organization, as well as their effects on the organization.

The following questions indicate whether the prerequisites for success exist:

• Does the organization’s leadership have the right qualities?
• Do both employees and managers recognize the need for change?
• Do the organization’s employees have shared values, goals, and expectations?
• Are the existing organizational structures and processes appropriate to support the desired change?
• Will the mix of skills and knowledge in the organization enable it to undertake the desired change?
• Does the organization have the personnel and resources capability to implement and maintain the desired change?

If the answer to any of these questions is no, then appropriate actions will be needed before implementing an overall program of change.
A SUGGESTED MODEL FOR CHANGE

The following steps offer an approach to change:

• Create a sense of urgency that calls for change. Most change occurs as a reaction. Commonly the reaction is a response to circumstances generally regarded as unacceptable. However, the initial response should not be seen as an instant solution. To be effective and lasting, change must occur over time.

• Set up a team to implement and sustain the process of change. While one charismatic person can have a dramatic effect, relying on a single individual is unsafe. If the task is given to a team with little power and expertise or that consists of members with low status in the organization, its credibility will be low, its effectiveness poor, and this signals to employees that those at the top do not take the process of change seriously. Credibility, expertise, leadership, and power are essential if the team is to bring about and sustain change for the better in the ethical tone of the organization.

• Formulate both a vision and a strategy for achieving it. This must be done in a way that is realistic, clear, and easy to communicate. It needs to clearly signpost the direction in which the organization wishes to move.

• Communicate the vision. Just as a flower that blooms unseen in the desert could be considered wasted, so too is a vision that is not communicated. Unless employees know what the vision is and understand it, they cannot identify with it. Furthermore, management need to take every opportunity to emphasize, by their words and actions, the priority they give to ethical standards and conduct so as to reinforce the vision. If the actions of those in positions of authority are not congruent with the vision of the organization, the likely outcome will be cynicism.

• Remove obstacles that stand in the way of change. In organizations that have tolerated unethical behavior or a culture of corruption, some will resist change. There is no place in the organization for such people. If those in managerial or supervisory positions do not believe in change and do not act accordingly, they should be told that they would be better suited to work in another organization unless they themselves are prepared to change. If existing systems encourage or facilitate unethical behavior by rewarding rather than punishing those who engage in it, then systems must be changed. Systems that encourage employees to take shortcuts, make dubious ethical decisions, or place short-term expediency over long-term gain must be replaced with and systems that encourage and facilitate ethical decisionmaking. Similarly, if existing systems of
performance appraisal do not recognize or reward ethical behavior, they should also be changed.

- **Establish mileposts.** Changing the culture of an organization takes time, perhaps longer than the period of employment of many of those involved in the initial phases of the process. As a consequence, there is a danger that employees may see the realization of the vision as remote, perhaps unattainable, and hence not worth striving for. It is therefore psychologically important that the strategy for realizing the vision should have some short-term goals built into it that can be used both to demonstrate that change is occurring as well as to help those who are engaged in the process to feel that they are succeeding. This is important, because success is contagious.

- **Reinforce the gains made and use them as a basis for further change.** Because the task of changing the ethical culture of an organization is never completed, maintaining the desire for change for the better is essential, otherwise an organization may come to believe that it has fulfilled its vision and relax its efforts. Such an organization can become complacent, but complacency is the seed of failure. Ethical practices must remain a visible, significant priority and the organization needs to find new ways need to maintain enthusiasm about changing for the better.

- **Firmly fix the new ethical standards in the organization’s culture.** To maintain high standards of behavior and promote further improvement in the ethical tone of an organization, appraisal systems need to recognize and reward relevant behavior. Such systems must be designed in such a way that they can rapidly detect unethical behavior and demonstrate the organization’s disapproval in a way that is apparent to all employees.

**CONCLUSION**

To improve the ethical character of the interface between the public and private sectors, the private sector should act appropriately in relation to the codes, systems, and approaches the public sector has adopted to ensure that it is corruption free. To achieve this the authorities need to convince the private sector that it is in its interests to do so, and can accomplish this using a combination of coercion and incentives and the involvement of trade and professional organizations and trade unions. Community support is also necessary.
Creating an Environment to Combat Corruption

Thomas L. Delare

The global struggle against corruption has attained intellectual respectability, the acceptance of policymakers, and increased public support. Long years of painstaking negotiation were required to bring the first formal international instruments directed against corruption into being: the Inter-American Convention against Corruption, the OECD’s Bribery Convention, and the Criminal Law Convention of the Council of Europe. The current flurry of anti-corruption declarations, the launch of new regional initiatives, and a constant drumbeat of conferences and symposiums indicate that a genuine change in international attitudes toward corruption has taken place.

However, some of the original motivations for these welcome changes have been transitory. The 1997 Asian financial crisis, for example, has largely been overcome, and the intellectual and political changes that followed the end of the Cold War are likewise losing some force. The Asian crisis uncovered systemic problems of directed lending and mistaken macroeconomic policies that otherwise might not have come to light in such an instructive fashion, and Korea’s experiences show us how critical the change in the international environment—the end of the Cold War—was in permitting reform to begin. Our problem now is to continue to act upon what we have learned. In addition, those states committed to anti-corruption measures need to ensure that their own efforts are not undercut by others that have not adopted similar measures or are half-hearted in their commitments.

A FRAMEWORK FOR US POLICIES

In the United States we firmly believe that both public support and political will among the leadership are necessary to bring about effective anti-corruption measures; to maintain their effectiveness; and, when necessary, to enlarge their scope. US anti-corruption policies are consciously directed at
building public support in the United States and abroad. We believe that when the people are informed, have reasonable confidence that corrective measures are possible, and come to understand that their own tax revenues and overall welfare are profoundly affected by corruption, they support anti-corruption measures.

THE FOREIGN CORRUPT PRACTICES ACT

Sometimes foreigners view the United States as a large and powerful Don Quixote tilting at the latest windmill and attempting to correct problems that have histories as old as humanity. Perhaps this view has some truth to it, but do forgive us our incurable optimism. Indeed, we think that most problems are solvable, but our urge to reform is not always naïve or dismissive of human nature and habits. Sometimes reform originates in popular disgust and is strong enough to change incentives and behavior.

That is the best explanation for the origins of modern American legal efforts to curb international corruption. The passage of the Foreign Corrupt Practices Act or in 1977, for example, can be directly tied to negative public reaction to revelations about domestic political party financing, and then to scandals linked to payments by US firms to foreign political figures in Japan. In many respects, the act’s provisions foreshadowed the OECD Bribery Convention in that they established substantial penalties for people and corporations making payments to foreign government officials, political parties, and candidates to retain or obtain business. Frankly, our original interest in internationalizing these obligations sprang directly from the fears of US firms anxious about being unable to compete in a commercial environment where bribery was an accepted means of doing business.

EXISTING AND PROSPECTIVE INTERNATIONAL INSTRUMENTS

The world has come a great distance since 1977, and the attention given to anti-corruption measures since the beginning of the 1997 Asian financial crisis seems to be on the increase. The US government is encouraged by that and has adopted a policy of actively participating in all relevant anti-corruption instruments and offering support to such regional efforts as the Global Coalition for Africa where direct US membership is out of place. Among recent developments, the US ratified corruption conventions of both the Council of Europe and the Organization of American States. We regard both actions as important symbols of US intentions to fully commit to the same
varieties of anti-corruption obligations that we urge others to adopt. In addition, with our G-8 partners and other United Nations members we are working on a prospective United Nations convention on corruption.

American involvement in the OECD Bribery Convention is probably most noteworthy among our anti-corruption activities. While more limited in coverage than some other anti-corruption efforts, the OECD convention has two important characteristics that make it a model for other instruments. First, it has a geographic scope (membership drawn from five continents) that is unparalleled by any other convention. Given its advanced state of implementation and its sophistication, it is valuable as a model instrument. Second, the OECD has managed to put in place a system of peer review and mutual evaluation of implementation that for now appears unique. As of December 2000, the OECD Bribery Working Group had completed evaluations of 23 countries. I do not believe any of those countries—including the United States—totally escaped criticism. By our informal calculation, nine countries “failed.” Significantly, all nine—with the prominent exceptions of Japan and the United Kingdom—have already begun various corrective actions.

PUBLIC OUTREACH

To build and retain support for anti-corruption measures, the US government makes extensive use of traditional and newer forms of public outreach. For example, we work in close coordination with public affairs departments in all our foreign affairs ministries—the departments of State, Commerce, and Treasury—to place opinion pieces by high-ranking officials in the print media and grant interviews to the regular and specialized trade press. To help build international public opinion in favor of anti-corruption efforts, we have instructed US ambassadors in the other 33 signatories to the OECD Bribery Convention to seek out opportunities to talk to the press on that subject. During the Asian financial crisis we contacted notable public figures and academics and asked them to provide their own opinions on good governance and corruption issues to the media.

Publications by the departments of State and Commerce on anti-corruption efforts are widely circulated among US policymakers and businesses. For example, the departments of State and Commerce publish annual volumes on implementation of the OECD Bribery Convention that provide details of convention obligations and our judgment as to how well other parties to the convention are meeting its standards. Another publication with even wider circulation is *Fighting Global Corruption: Business Risk Management.* Intended for
businesses and public organizations, it provides wide-ranging information on corporate compliance programs, standards of multinational enterprise conduct, and anti-corruption standards.

We also engage in direct contact with the public to advertise our anti-corruption efforts and secure its feedback. For instance, government officials regularly meet with organized business and labor. We also make ourselves available for regular exchanges of views with Transparency International and other nongovernment organizations such as the American Bar Association, the International Chamber of Commerce, and the US Chamber of Commerce.

What may be most exciting is our use of the revolution in information technology. The departments of State, Commerce, and Justice all maintain web sites where they provide information on US anti-corruption policy and all relevant documents. The Department of Commerce has long had a bribery hot line, a phone number linked to a number of trade specialists who can provide advice to business or private citizen callers. Interested parties also make use of a special web site at the Department of Justice where they can report allegations of fraud and bribery. That site is now receiving 8,000 to 10,000 hits a month, with a small number of inquiries coming from abroad.

THOUGHTS FOR THE FUTURE

Turning to the future, the change of administrations in Washington makes it difficult to foresee all aspects of US foreign policy. Nevertheless, a careful consideration of US interests leads to the conclusion that our anti-corruption efforts will not change in any fundamental way. In the first place, the Foreign Corrupt Practices Act will lead us to defend US business interests through our familiar attempts to level the playing field. That will undoubtedly prompt continued support for the OECD and other conventions. In addition, the concerns of financial market makers and academic economists over problems of political and economic risk that are directly linked to corruption are not going to change with new leadership in the White House. If anything, the experience of the Asian financial crisis revealed a great deal of concern among a broad spectrum of economic academics and pundits about good governance and corruption.

What will change? First and foremost will be pressure to enforce existing conventions. Once more, recent European press reports have described disturbing attempts by some leading businesses to circumvent anti-bribery obligations. In some cases the reports mention prominent political figures.
Such cases are unlikely simply to disappear. Even if we do not consider widespread public disgust as a motivating factor for housecleaning, there will be pressure from trade competitors and the OECD process to initiate procedures against corrupt figures.

We can also expect increased pressure on parties with deficient implementation of anti-corruption instruments to improve. Why should Germany be satisfied with ambiguities in French implementing legislation that may permit it to continue less than wholly clean practices? Similarly, why should Germany and France continue to tolerate obsolescent British anti-corruption legislation that appears toothless? Will the United States patiently tolerate a lengthy period of Japanese government consultation about introducing much needed corrections to its legislation? The answers to all these questions should be obvious.

Finally, we can probably look forward to increased pressure on nonparticipating states to raise their own standards of governance and associate themselves with the OECD Convention or other existing or new instruments. In part, the pressure will be political, deriving from competitor states anxious to extend acceptable rules of behavior to all. However, economic self-interest will promote interest as well. In particular, among states anxious to attract and keep foreign investment, the approval to be gained from genuine anti-corruption efforts will probably be paid out in lower risk premiums and more substantial foreign investments.

In 2000 the OECD Bribery Working Group finalized criteria and procedures for admitting new states to the Bribery Committee and to the Bribery Convention itself. Outreach activities have already taken place and an initial review of nonmember hopefuls occurred in October 2000. Even though four Asian states are represented in the OECD Bribery Working Group, Asia as a whole is under-represented. I can hardly be more blunt. The door is open and serious consideration is being given to appropriate applicants.

CONCLUSION

We can anticipate some healthy disputes among allies in this anti-corruption effort. It will attract the interest of our publics. Yet we should all desire the ultimate result. Healthy growth and economic stability will be worth the price. For economies where resources and democratic traditions are in short supply, our success will have an even larger relative impact.
K. Public-Private Partnerships
In the context of Asia and the Pacific, New Zealand may be characterized by (a) its remoteness and small size, (b) its partly Polynesian history and its indigenous Maori people, and (c) its mode of government and administration. Despite its small size and remote location, New Zealand has many links with Asia and energetically pursues trade and commercial links and cultural contact, both bilaterally with countries such as Korea and multilaterally through membership in Asian-based organizations. Its Polynesian heritage makes notions such as sharing commonplace, and thus sharing ideas and accepting insights from others can be said to come naturally. So far as the government and public administration are concerned, New Zealand has adopted modern means of public sector management with a number of mechanisms available to redress wrongs, including the courts, recourse to ombudsmen, and freedom of information. New Zealand rates consistently as among the least corrupt countries in the world. In September 2000 Transparency International Year rated New Zealand third, slightly behind Finland and Denmark.

Yet New Zealand is not a country that is free from corruption. Recently, in his annual report to parliament, the state services commissioner, the person in charge of administering the public sector, noted cases of corrupt practices on the part of some public servants that had come to light that year. The cases had generated media comment and increased public disquiet.

THE CHALLENGES OF CORRUPTION

Whether corruption is on a large or a small scale, it is its identification and eradication that are important. I am sure that we would all readily agree that corruption is something that needs attention, even where, as in New Zealand, the number of cases is small. We should also remember that corruption is not
confined to a particular country or continent. Consider, for example, the recent Cash for Questions scandals in the United Kingdom; the Carrefours du Developpment scandal in France; the Flick, Barschell, and Hesse controversies in Germany; and the Watergate and Iran-Contra affairs in the United States.

In the same annual report mentioned earlier, the state services commissioner cited the following three reasons for being concerned about corruption:

- Such cases undermine citizens’ confidence in public institutions on a scale that is disproportionate to the offense. In a country that relies largely on voluntary compliance with such things as tax laws and licensing and registration arrangements, citizens’ compliance is directly related to their trust in the confidentiality accorded to their personal information, the honesty of the officials administering the law, and the perception that all are treated equitably. Such public confidence is fundamental to a successful civil society.
- New Zealand should not take its admirable track record for granted. Plenty of overseas examples demonstrate that once it becomes established, corruption is difficult and costly to eliminate. A willingness to acknowledge the risks and to prosecute those who transgress is fundamental to minimizing such risks.
- Corruption-free public and private sectors contribute to a fair society and a well-performing economy. Corruption serves neither equity nor efficiency.

THE PUBLIC SECTOR

New Zealand’s public service comprises 38 government departments and a number of Crown entities and state-owned enterprises. As of June 1999, the service employed almost 30,000 full-time equivalent staff. The population is just over 3.8 million people, the majority of European origin, some 15 percent of Maori heritage, 6 percent of Pacific island descent, and 5 percent of Asian origin. Public service employment roughly repeats this ethnic composition.

During the past 15 years the public sector has been the subject of widespread reform. This has had a number of constituent elements, including

- The passage of laws governing labor organizations and the negotiating environment
• The establishment of state-owned enterprises undertaking operations on a commercially viable basis
• The sale of a number of activities more suited to the private sector, such as railways, insurance, telecommunications, and banking.
• The restructuring of public sector management and the alignment of the public sector with private sector employment regulations by means of a State Sector Act
• The change to employment by means of renewable contracts rather than employment being on a long-term, and sometimes lifetime, basis.

These reforms had a major impact, with one of the most significant being a reduction in the number of public sector employees from more than 90,000 to 30,000.

With a tradition born of its colonial past, which emphasized such things as self-help and an egalitarian approach, New Zealanders dislike both excesses and abuses of power. New Zealand can be described as a relatively small, but reasonably well educated and egalitarian-minded community that dislikes unfairness and will not tolerate corruption. This has a bearing on keeping the amount and degree of corruption at low levels.

COMBATING CORRUPTION

The police are responsible for enforcing criminal law. For serious, complex, and multiple kinds of fraud, in 1990 the government established the Serious Fraud Office to facilitate the detection, investigation, and expeditious prosecution of serious offenders. This office’s resources include multidisciplinary teams of investigators, forensic accountants, and prosecutors. Its inception reflected a worldwide trend some 10 years ago to establish similar agencies in the face of increasing difficulties facing law enforcement agencies using traditional methods to come to grips with serious or complex fraud. The office’s success in prosecuting fraud cases is running at some 90 percent. The Serious Fraud Office is now turning its attention to international fraud.

In 1962 New Zealand was the first English-speaking country to adopt by legislation the Scandinavian concept of ombudsmen. This notion envisages the independent investigation of citizens’ complaints about actions taken by a government department or agency. Ombudsmen are furnished with sufficient powers to make inquiries and obtain the necessary information to form an opinion about the complaint and to make a recommendation for redress where appropriate. New Zealand now has two ombudsmen who undertake some 6,000 cases per year.
All investigations undertaken by the ombudsmen are conducted in private. When an ombudsman believes that a complaint can be sustained, this opinion is reported to the government entity concerned along with any recommendation for action. A copy of this report may also be made available to the responsible minister. At the local government level, the ombudsman reports the finding to the relevant organization and may provide a copy to the mayor. Ombudsmen have no authority to investigate complaints against private companies and individuals or the decisions of judges.

Following a thorough study by a government-appointed committee of senior civil servants, in 1982 the government passed an Official Information Act making New Zealand a freedom of information country. This is based on the principle that information will be made available unless the government has a good reason for withholding it. The act’s purposes are to increase the availability of official information to the public and provide proper access by bodies corporate to official information relating to themselves. At the same time it protects official information from disclosure and preserves such things as individual privacy. The ombudsmen can review a decision by a government organization to refuse to supply information, and following such review, the formal recommendation of an ombudsman is binding unless overridden in limited circumstances. The legislation also contains provisions enabling citizens to be advised of reasons for decisions.

Thus the ombudsmen play a role in ensuring the transparency and accountability of government. As such, in the course of this work they can become aware of corruption and can be in a position to recommend appropriate action.

Statutory measures against corruption continue to be added to the law. For example, as of January 2001 the Protected Disclosures Act enables employees who observe serious wrongdoing in or by an organization to disclose that to “appropriate authorities.” Such whistle-blowers are protected from civil, criminal, or disciplinary proceedings and from retaliatory action that might be taken by an erstwhile employer.

One of the functions of the State Service Commission is to promote appropriate values and standards of behavior for the public service. It publishes the Public Service Code of Conduct, which comprises three principles: (a) employees should fulfill their lawful obligations to the government with professionalism and integrity; (b) employees should perform their official duties honestly, faithfully, and efficiently, respecting the rights of the public and their
colleagues; and (c) employees should not bring their employer into disrepute through their private activities.

In November 2000 the government appointed the State Sector Standards Board, consisting of senior people from commerce, the government, and the trade unions. The board’s task is to advise the minister of state services about acceptable corporate standards that are appropriate for government bodies.

Following the success of the ombudsman model in the public sector, two industries have now adopted this concept. The banking ombudsman scheme began in 1992. It arbitrates unresolved disputes about banking services in an independent and impartial manner, and such help is available free to the complainant. The banking ombudsman can award compensation to cover direct losses of up to NZ$100,000, inconvenience of up to NZ$2,000, and some costs. In 1995 the insurance and savings ombudsman’s office was established. This is an independent body to help consumers resolve complaints against participating insurance and savings companies. Again, this is a free service to consumers operating independently of the insurance and savings industry and funded by levies upon companies involved in the scheme. The ombudsman's jurisdiction extends to investigations of personal and domestic insurance where less than NZ$100,000 are involved.

CONCLUSION

This chapter has surveyed the measures available to combat corruption from the standpoint of a small country in the Asia–Pacific region. It is also from the standpoint of a country that has scored high on Transparency International’s Corruption Perception Index for a number of years. New Zealand is fortunate in having low levels of corruption, and with the measures described is likely to continue along the same lines in the future.
Chapter 26

The Internet Culture in the Fight against Corruption

Gretta Fenner and Frederic Wehrle

The Internet will save democracy, or so the early 1990s techno-hype led many to believe. Today citizens the world over demand that governments be more open in their interaction with civil society. Access to information and knowledge about the political process and services and choices available is a characteristic requirement in democratic and transparent political systems. Policymakers and analysts see the rapid expansion of modern communication technologies as a new and efficient tool for creating a true and participatory information society.

Anti-corruption initiatives developed over the last decade have shown that a number of key conditions need to be in place to ensure an effective fight against corruption. These include widespread understanding of the causes and effects of corruption, close cooperation between the different actors engaged in the fight against corruption, participation by an active civil society, and continuous monitoring of government action by the public. To achieve this, access to and sharing of information and field expertise is key.

The purpose of this chapter is to analyze the value added of the new communication technologies, in particular of the Internet, in the global fight against corruption and the development of transparent and accountable governance practices. It also identifies the current limits of this tool and actions governments and others can take to increase access to information and strengthen a participatory approach to fighting corruption.

AWARENESS RAISING

The costs of corruption and misgovernance are enormous. Yet public sector managers, senior advisers, legislators, civil society leaders, and the public rarely acquire an in-depth understanding of the multiple dimensions and determinants of corruption or of practical alternatives to improve the situation.
The Internet can help fill this gap. It can rapidly provide independent information to a large number of citizens with limited control restrictions. In addition, information on the Internet is accessible simultaneously from different locations at the same time, and can thereby reach a wide variety of people in different environments and regions.

Thus like other communication tools, but more effectively in many respects, the Internet can contribute to awareness raising by disseminating information, and thus increase citizens’ knowledge of what they can do to fight corruption.

CAPACITY BUILDING

The Internet can have a far-reaching, positive effect on the fight against corruption by providing services that can directly affect government policies. In particular, it can be used to establish specialized electronic networks aimed at combating corruption or at ensuring transparency and accountability in public governance. Interested citizens and others who use such electronic networks to share experience and technological expertise with one another can considerably strengthen their political influence by making use of this tool.

Specialized electronic anti-corruption networks can also help speed up the dissemination of best practices and practical tools to governments, especially if those networks establish links with government agencies. To this end the Anti-Corruption Network for Southeast Europe (also known as the Stability Pact Anti-Corruption Initiative) has developed ties with other regional anti-corruption electronic networks under the umbrella of the Anti-Corruption Ring Online (AnCorR web) managed by the OECD. The objective is for specialized government and nongovernment organizations in the OECD countries to transfer their expertise and strategic knowledge to the governments of Southeast Europe and to collaborate on specific issues. As the strategic lessons learned have more or less universal applicability, they can be easily replicated in different regional settings.

The Secretariat of the Stability Pact Anti-Corruption Initiative regularly compiles analysis on governments’ anti-corruption policies. The reports are organized around governments’ positions on major anti-corruption issues; societal demands and responses; and analyses of other sectors such as businesses, the media, and civil society. These analyses are disseminated via the Internet to some 1,000 institutions, including many government entities.
GETTING CONNECTED FOR A COMMON GOAL

While knowledge about corruption and possible remedies is the first prerequisite for fighting corruption effectively, knowledge alone is insufficient. Without allies, individuals cannot achieve political change. Indeed, individuals stand little chance against the well-organized, complex systems of corruption. Therefore, to have an impact citizens must organize themselves and act in a coordinated way.

Viewed in this light, the Internet can play an important role in linking individuals. It can serve as a meeting place and can help individuals identify others who might have similar concerns. It can provide a common discussion forum for people who are geographically dispersed. A good example of such use of the Internet is the anti-globalization movement, where email and the Internet were principally responsible for its emergence. In addition, the Internet can help unite individuals, both formally and informally. Formal or informal electronic networks aimed at combating corruption can be multisectoral or may focus on a specific anti-corruption area as does, for example, the World Bank's administrative and civil service reform web site. Similarly, the focus can be global, regional, or national.

Formal anti-corruption networks usually have terms of reference, hold annual meetings, and assist their members in various ways. Examples of this type of formal network are the ADB/OECD Anti-Corruption Initiative for Asia-Pacific, the Stability Pact Anti-Corruption Initiative for Southeast Europe, the OECD Anti-Bribery Initiative, and the Anti-Corruption Network for Transition Economies in Central and Eastern Europe. These formal networks often help their member organizations by providing training, as is the case for the ADB/OECD Anti-Corruption Initiative for Asia-Pacific, which in cooperation with the World Bank provides a comprehensive learning program aimed at exchanging field experience and building capacity. The Stability Pact Anti-Corruption Initiative for Southeast Europe helps its participating institutions—civil society and governments alike—by providing technical assistance.

By contrast, informal electronic anti-corruption networks usually do not have terms of reference, hold annual meetings, or have a definite membership. They usually enable users to gain knowledge, exchange

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1 See http://www.oecd.org/daf/ASIAcom. For more information about the distance learning project, visit the pertinent section of this web site at http://www.oecd.org/daf/ASIAcom/CCGDLN.
information and field expertise, and promote strategic knowledge. An example of such an informal network is the World Bank’s Anti-Corruption Knowledge Center. Another example is the OECD’s Anti-Corruption Ring Online, whose objectives are to facilitate the flow of information, to spread core anti-corruption values, to speed up the dissemination of sustainable anti-corruption policies to specialized organizations and agencies, and to broaden the reach of anti-corruption efforts. The web site is a repository for more than 5,000 references to books, journals, papers, and other documents, as well as a source of downloadable or online anti-corruption documentation, such as laws, international conventions, anti-corruption strategies, and other information. To create synergies and ensure its impact on a large audience, the Anti-Corruption Ring Online has established partnerships with international organizations, business associations, nongovernment organizations, and academic institutions. These players share the same fundamental values as the OECD—democratic political systems, open market economies, and respect for human rights and the rule of law—but differ in their fields of expertise, prime responsibilities, and main constituencies. As such, they ensure the comprehensiveness of the web’s database and permit it to be continuously expanded and updated.

BUILDING STRATEGIC PARTNERSHIPS

As noted, effective action requires a broadly based approach involving all social partners: governments, civil society, enterprises, trade unions, professional associations, and the media. A look at today’s most successful societies—both the established democracies and those that have dealt most effectively with the challenges of corruption—reveals densely integrated networks of public and private activities, interests, and resources. Such partnerships draw on the shared interests of citizens, businesses, elected officials, and public officials. Their aim is to break up the monopolies, the unchecked discretion, and the lack of accountability that lie at the heart of corruption.

Discrete activities are not as efficient as when government officials, civil society, and businesses follow a concerted approach. For this purpose, creating a spirit of partnership by strengthening communication and the exchange of experience among the different parties and identifying synergies in their work is essential. The advent of computer networks and virtual communities means that the new communication technologies can be harnessed to build such strategic partnerships. This is particularly important when dealing with geographically dispersed communities.
MONITORING BY TWO-WAY COMMUNICATION

While traditional information channels such as government gazettes, public broadcasts, and electoral campaigns can transfer messages from the government and the public sector to the public, the latter have fewer channels for communicating their needs and expectations to the government. This is especially true in the absence of fair and democratic elections.

If a government is committed to enforcing good governance practices and following the principles of transparency and accountability, it has to find ways to set up two-way communications with its electorate. While governments cannot reasonably provide a 24-hour open door service, electronic communication technologies via the Internet or email can offer such a service. For instance, various government entities could set up Internet discussion groups or make lists of questions and answers publicly available on the web for citizens interested in particular topics.

A true two-way dialogue would not only allow citizens to express their discontent and governments to understand the population's needs, it would also strengthen citizens' trust in participatory government and democracy. Allowing the public to closely follow government action and transmit their requests and concerns in a practical way—via the Internet—would render public-private partnerships and government actions more transparent and accountable.

THE LIMITS OF INFORMATION AND CONTROL ALTERNATIVES

Obviously, the involvement of civil society in anti-corruption efforts via the Internet succeeds best in countries where electronic communication tools are easy to access. However, in many developing countries people do not yet have easy access to the Internet and to other, related communication technologies. For instance, in Africa 77 percent of Internet accounts are concentrated in Egypt and South Africa. Thus for the Internet to reach its full potential in supporting the fight against corruption, electronic communication tools have to be accessible to all members of society. To achieve this, governments that are committed to fighting corruption must provide telephone lines and public access to the Internet, free of charge or at a reasonable rate, in both urban and remote rural areas. At the same time governments are responsible for disclosing and decentralizing information, providing resources to maintain active dialogue with citizens at all levels, and ensuring that civil society is able to monitor government policies.
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L. **NGOs, the Media, and Development Agencies**
The Media’s Role in Creating a Public Information Network

Natee Vichitsorasatra

Despite the relative freedom of the press in Thailand, the nation still ranks a lowly 60th in Transparency International’s Corruption Perception Index. Worse yet, academics agree that corruption has become even worse since the 1997 Asian economic crisis. Contrary to the Western belief that financial restructuring and better administration will create transparency and efficiency, Thailand continues to sink lower into the dark pits of graft and abuse of power.

The collusion between business people, civil servants, and politicians is regularly exposed in Thai newspapers and television and radio news programs. Such collusion has become so common that it has virtually become a way of life for both the corrupt and the victims of corruption. More than 90 percent of Thai business people have attested to knowledge of corruption, while as much as 20 percent of the national budget is lost in graft.

While Thailand’s mass media can boast of being among the freest in Southeast Asia, Thailand is ranked much worse for corruption than a number of other Southeast Asian nations where press freedom is still questionable. Thus making a direct link between press freedom and corruption may not be possible, because several other factors are also important.

The collusion between members of the corruption network has become so systematic that the only way to expose the process is through informers. Those who cooperate in destroying the country for their own gains know the law and the system so well that they are often not punishable. According to research by Chulalongkorn University, the public rank the media as third in stopping graft in the nation. Unfortunately, for the time being the public may be placing its trust in a powerless and ignorant institution.
Many professionals who have worked in the media for a long time like to deceive themselves and say that the media are indeed major players in resolving the problem of graft. With the Thai media reporting on 278 issues pertaining to corruption in the last five years and producing 4,200 newspaper articles, perhaps it is not all about self-deception. Yet all the media are really doing is acting as a mouthpiece for those who are fed up with corruption. The lack of investigative reporters and of legal protection for those in the media has significantly weakened the Thai media. External influence has also caused harm.

Taken at face value, Thailand’s investigative reporters may not be completely toothless. However, in every single significant scandal that has occurred in Thailand, the media were not the first to speak out. In the US$35 million scandal in the Ministry of Public Health, doctors who were fed up with the system spoke out and revealed that hospitals were paying 20 to 30 percent more for medicine than the normal market price. Even when the Asian economic crisis was breaking out, private members of the financial industries were the first to speak publicly about the inefficiency of private banks and crumbling financial institutions.

Trained in journalism rather than academic issues and realities in the political economy or the economic world, Thai journalists know little about corruption until they are told about it. This is not to say that they are incompetent. When they are provided with a leak and substantial evidence, headlines on how the process works abound. Unfortunately, they cannot do so until someone actually takes their hands and guides them through the practicalities of the real world. This is reflected in the many stories on corruption that never have an ending. After a while, the primary whistle-blowers begin to become a little less vociferous and slightly more cognizant of the fact that they might be endangered by the information they give away. Soon sources dry up and the subject fades away.

The Office of the Official Information Committee, a state mechanism that allows a number of official documents to be revealed to the public on request, is one of Thailand’s most important news sources. However, in one of the most dramatic exposures of the government, the Ministry of Public Health medicine scandal, the committee’s director was removed after he had decided that the information could be revealed to the public. In 1999 the committee received 78 requests for information and ruled on 38, of which it granted 34. However, the committee operates under provisions on what type
of information cannot be revealed, which allows room for interpretation and evasion.

If they were provided with better legal mechanisms, the media could certainly do more after being provided with a leak. Unfortunately, Thailand still lacks an equivalent of the First Amendment or a public interest law. Several newspapers are facing hundreds of lawsuits, many of which they can expect to lose, because of their honest reporting of corruption and abuses of power. The fear of such lawsuits means that the Thai media are far less outspoken than they could be.

In addition, business people or the state dominate the media. The state owns most of the country’s television stations, and instances of directors of state-owned television stations being removed from their positions following broadcasts about corruption are not unusual. One television station has sold more than 50 percent of its stock to a company owned by a telecommunications tycoon who was aspiring to become prime minister.

This problem of ownership is not limited to television stations. National newspapers are clearly partisan. The side they take depends heavily on sponsorship by and private relationships developed between the newspaper and influential individuals. Under such circumstances, impartial reporting cannot be taken for granted.

Despite these problems, the role of the media should not be underestimated. While the media are powerless in hunting down graft, they are among the most powerful institutions in distributing the information to the public. The media are weak on their own, but strong when they join hands with individuals or institutions that want a case publicized and the perpetrators of graft shamed.

At present, the most efficient way to block corruption is to reveal it and to minimize opportunities for corruption. Academics, both in Thailand and abroad, are finding ways to increase the costs of corruption and to boost accountability. The media could participate actively in such a strategy if the relevant institutions were to become more sincere in their efforts to curb corruption.

Thailand needs an information network against corruption. Currently the National Counter corruption Commission, the Office of the Civil Service
Commission, and the bureau to follow up on the budget comprise the information network. A number of nongovernment organizations are also playing an active role in exposing corruption. Sadly, the bureaucracy’s deeply entrenched sentiment is that what goes on in the state should be kept within the state. It also feels that government departments need not concern themselves with what goes on in other departments. As a result, one office deals with corrupt politicians and another with corrupt civil servants, while other bodies oversee corporate governance.

This fragmentation among Thailand’s anti-corruption agencies needs to be ended so as to promote a comprehensive information network. The new constitution’s institutions, already overworked, need to enlist the media’s curiosity to help them work. Unfortunately, the institutions fighting corruption seem to be reluctant to use the media to punish wrongdoers for fear of becoming martyrs in a country still dominated by cronyism.

The outcomes of corruption continue to be chilling, especially with the privatization of state enterprises and the rise of the telecommunications sector, which will give rise to even more procurement and contracts. The media are still too weak and too uninformed to track down new instances of corruption while keeping track of current corruption activities. However, as a mouthpiece for the brave, no whistle-blower will find an outlet as loud and as bold. Used wisely, a public information network formed by the brave and powered by the media can be immensely powerful.

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Chapter 28

Making Anti-Corruption Actions Work: Enlisting the Media, Nongovernment Organizations, and Aid Agencies

Manzoor Hasan

Established in 1996 as a trust, Transparency International Bangladesh (TIB) is now recognized as Bangladesh’s lead agency in the fight against corruption through the use of awareness raising. TIB carried its first survey on corruption in Bangladesh in 1997. In 1998 it looked at corruption from the public’s perspective. These two activities were not only powerful awareness building tools, but also provided useful insights into public perceptions of corruption and the public’s attitude toward fighting it. (For information on both activities and for other information, see TIB’s web site: http://www.ti-bangladesh.org/.)

Both studies revealed that notwithstanding the endemic and deep-rooted nature of corruption in Bangladesh, people believe strongly that given the political will to do so, corruption can be brought under control, and that many people are neither willing to take nor to give bribes. This was the first concrete evidence that the general public was not prepared to throw in the collective towel, but was prepared to battle it out. The next step was for TIB to develop strategies against corruption that could be implemented at various levels. TIB’s trustees and allies have now reached consensus on the first phase of a five-year plan of action.

TIB’s strategy is based on a common understanding of the issues realized through numerous interactions and from a needs assessment carried out among various socioeconomic groups in both rural and urban areas. The key aspects have been outlined in TIB’s strategic plan, which has been revised through a series of consultations with various groups, including donors.
The major thrusts of the current phase are as follows:

- Establishing a number of committees of concerned citizens in selected areas to act as core units
- Supporting the committees of concerned citizens by providing advice and information centers that would act as resource units for these committees
- Providing documentation to support advocacy and campaign activities
- Undertaking research
- Developing TIB as a primary organization supporting a movement to reduce corruption in those areas where TIB will operate and influencing other areas to take steps against corruption by creating an enabling environment.

TIB will focus on advocacy and on the formation and activities of the committees of concerned citizens. The prime objective is to ensure the accountability, transparency, and efficient functioning of public and private bodies and to create an environment in which anti-corruption activities can be enhanced and made socially acceptable to all.

The needs assessment study probed ordinary people’s perceptions of corruption. It found that people across different social levels believe that they have little control over their lives because of the universal corruption that touches most aspects of their lives. The range of definitions of corruption by those interviewed was also wide. It included bribes for services and to get business orders, corruption of political parties while conducting elections, and “social terrorism” through toll collection. People thought that public bodies could not function properly because of corruption, and that corruption is linked to the existing political system.

The study also revealed that despite a negative environment regarding the elimination of corruption, people have a significant desire to eradicate corruption. They do not take action against corruption themselves because of the high risks involved in doing so, including physical, mental, social, and economic risks. The general feeling is that a social movement against corruption is needed. To achieve this a facilitating body is needed, and TIB, which has counterparts in other parts of the world, seems to fit this need well.
THE ROLE OF CIVIL SOCIETY IN COUNTER-CORRUPTION STRATEGY

The role of civil society is crucial in promoting an enabling environment to curb corruption. TIB believes that any long-term anti-corruption strategy must have active participation by civil society, and without such a commitment, meaningful achievements will be elusive. TIB also believes that true civic participation in a democracy can only be achieved when citizens have access to information. Thus TIB’s long-term objective is for civil society in Bangladesh to eventually be able to take its legitimate position in the public decisionmaking process.

The Role of Watchdog Agencies and the Media in Strengthening Integrity

Given the high economic costs of corruption, TIB should focus its plans and programs on the development of effective watchdog agencies and public awareness of their existence. Various regulatory bodies have been functioning as watchdogs in a conventional, but ineffective, manner. The following are some of the reasons for their lack of effectiveness:

- They are controlled by groups with vested interests
- The laws governing these watchdog agencies have been applied selectively
- Follow-up actions have not been taken
- Evaluations of these agencies have not been done.

The ineffectiveness of these watchdog agencies is compounded by citizens’ lack of awareness of their rights and lack of information about bureaucratic procedures, rules, and regulations. Clearly in Bangladesh the watchdog concept is either misunderstood or is a misnomer.

The investigative media have been a central plank in TIB’s activities and will continue to be in the forefront of any future plans. A vigilant press may be inconvenient, but is nevertheless essential in safeguarding the interests of the majority. TIB will continue its special relationship with the printed media and encourage the highest standards of journalism by providing awards, training, sabbatical allowances, and information.
TIB’s News Scan Reports

In 1997 TIB carried out a modest news scan analysis, and based on that pilot experience carried out a second study in 2000. TIB was able to undertake such an exercise mainly because Bangladesh enjoys a vibrant and relatively free press. TIB felt that it could assist the process of investigative journalism by adding value to the valiant efforts of Bangladeshi journalists. Furthermore, TIB felt that aggregating information about bad governance could strengthen civil society by reinforcing bilateral relationships, for example, between relevant nongovernment organizations (NGOs) and the press and between academics and newspaper readers and eventually the electronic media.

TIB has put together its first six-monthly report and plans to publish such reports every six months by extracting the new items on corruption in both government and nongovernment sectors. Below are some extracts from the first report. The full report is available on TIB’s web site.

The sampling technique included developing a database by collecting news from nine national dailies over a six-month period (January–June 2000). Newspapers are a good source of current information, because they contain many corruption-related reports focusing on various sectors, such as the police, the Forest Department, and local governments. TIB’s news scans database team gathered information about 1,345 corruption cases.

CORRUPTION BY SECTOR, DEPARTMENT, AND DIRECTORATE. The team found corruption cases involving officials in 36 of Bangladesh’s 37 sectors, departments, and directorates. The highest incidence of corruption was in the Law Enforcement Agency (20.67 percent of the cases). Table 28.1 ranks the corruption cases by sector, department, and directorate.

The first four entries in table 28.1 represent roughly half of all reported cases (51.08 percent) and the next eight represent about 30 percent of all reported cases. The Bureau of Anti-Corruption was the only department without any reported cases.

CORRUPTION BY LEVEL OF OFFICIAL. At the level of individual officials, first-class officials were found to be more corrupt than others, with 399 reported cases against them (table 28.2).
Table 28.1
Distribution of Corruption by Sector, Department, and Directorate

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<th>Reported Cases</th>
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</tbody>
</table>

Source: TIB database (January–June 2000).
Table 28.2
Number of Reported Cases by Level of Official

<table>
<thead>
<tr>
<th>Level</th>
<th>Reported cases</th>
<th>Percentage of total</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>First-class official</td>
<td>29.67</td>
<td>399</td>
<td></td>
</tr>
<tr>
<td>Second-class official</td>
<td>16.28</td>
<td>219</td>
<td></td>
</tr>
<tr>
<td>Autonomous official</td>
<td>9.74</td>
<td>131</td>
<td></td>
</tr>
<tr>
<td>Elected official</td>
<td>8.18</td>
<td>110</td>
<td></td>
</tr>
<tr>
<td>Higher official (joint secretary and above)</td>
<td>6.99</td>
<td>94</td>
<td></td>
</tr>
<tr>
<td>Third-class official</td>
<td>3.57</td>
<td>48</td>
<td></td>
</tr>
<tr>
<td>Autonomous official</td>
<td>3.05</td>
<td>41</td>
<td></td>
</tr>
<tr>
<td>Unknown level</td>
<td>22.52</td>
<td>303</td>
<td></td>
</tr>
</tbody>
</table>

*Source: TIB database (January–June 2000).*

Table 28.3
Victims of Corruption

<table>
<thead>
<tr>
<th>Victim</th>
<th>Reported cases</th>
<th>Percentage of total</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government</td>
<td>36.95</td>
<td>497</td>
<td></td>
</tr>
<tr>
<td>Citizen</td>
<td>31.08</td>
<td>418</td>
<td></td>
</tr>
<tr>
<td>Student</td>
<td>7.21</td>
<td>97</td>
<td></td>
</tr>
<tr>
<td>Business person</td>
<td>4.54</td>
<td>61</td>
<td></td>
</tr>
<tr>
<td>Government official</td>
<td>2.75</td>
<td>37</td>
<td></td>
</tr>
<tr>
<td>Farmer</td>
<td>2.16</td>
<td>29</td>
<td></td>
</tr>
<tr>
<td>Teacher</td>
<td>0.82</td>
<td>11</td>
<td></td>
</tr>
<tr>
<td>Journalist</td>
<td>0.22</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>NGO worker</td>
<td>0.22</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>Doctor</td>
<td>0.15</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Lawyer</td>
<td>0.15</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Unknown</td>
<td>13.75</td>
<td>185</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>100.00</td>
<td>1,345</td>
<td></td>
</tr>
</tbody>
</table>

*Source: TIB database (January–June 2000).*

**Impact of Corruption and Actions Taken.** Table 28.3 shows the distribution of victims of corruption in reported cases. It is evident from the table that the state is the main victim, with about 500 of the reported cases.

The effects of all reported cases could not be measured in monetary terms. Some cases reflected damage to the environment, some violated human
and citizens’ rights, while some cases were related to physical harassment. Table 28.4 summarizes the effects.

During our study period the total losses to the government from the reported 211 cases amounted to Tk 11,535 crore (equivalent to about US$2.14 billion). This figure does not include the losses to citizens who paid bribes to corrupt officials. It also does not include the misappropriation of food grains by officials of Union Parishad, which were estimated to be 1,000 metric tons during the study period. During our study period 655 reported cases related to financial loss, of which 211 cases concerned various government sectors (table 28.5). The education sector incurred the greatest financial losses, followed by local governments.

A World Bank (2000) report stated that Bangladesh could achieve 2 to 3 percent of additional growth in its gross domestic product by eliminating corruption.

NETWORKING AND COALITIONS

TIB’s activities have taken advantage of the network of active NGOs operating in Bangladesh. Bangladesh has a diverse and unique NGO component within its civil society focusing on poverty alleviation, rural development, disaster management and relief, gender issues, and human rights.

Table 28.4
Effects of Reported Corruption Cases

<table>
<thead>
<tr>
<th>Effect</th>
<th>Reported cases Percentage of Total</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial losses</td>
<td>48.40</td>
<td>655 (government 211, citizens 72, unknown 372)</td>
</tr>
<tr>
<td>Violation of citizen's rights</td>
<td>16.73</td>
<td>225</td>
</tr>
<tr>
<td>Environmental degradation</td>
<td>5.35</td>
<td>72</td>
</tr>
<tr>
<td>Deterioration of law and order</td>
<td>5.28</td>
<td>71</td>
</tr>
<tr>
<td>Violation of human rights</td>
<td>2.01</td>
<td>27</td>
</tr>
<tr>
<td>Physical harassment</td>
<td>1.12</td>
<td>15</td>
</tr>
<tr>
<td>Other</td>
<td>6.91</td>
<td>93</td>
</tr>
<tr>
<td>Unknown</td>
<td>13.9</td>
<td>187</td>
</tr>
<tr>
<td>Total</td>
<td>100.00</td>
<td>1,345</td>
</tr>
</tbody>
</table>

Source: TIB database (January–June 2000).
Table 28.5

<table>
<thead>
<tr>
<th>Sector</th>
<th>Financial Loss Tk in crore</th>
<th>US$ billions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Education</td>
<td>2,305.48</td>
<td>0.43</td>
</tr>
<tr>
<td>Local government</td>
<td>2,111.23</td>
<td>0.39</td>
</tr>
<tr>
<td>Health</td>
<td>2,051.42</td>
<td>0.38</td>
</tr>
<tr>
<td>Water resources</td>
<td>1,978.83</td>
<td>0.37</td>
</tr>
<tr>
<td>Finance</td>
<td>993.25</td>
<td>0.18</td>
</tr>
<tr>
<td>Commerce and Industry</td>
<td>783.47</td>
<td>0.14</td>
</tr>
<tr>
<td>Shipping</td>
<td>638.42</td>
<td>0.12</td>
</tr>
<tr>
<td>Forestry and the environment</td>
<td>228.67</td>
<td>0.04</td>
</tr>
<tr>
<td>Direct and indirect taxation</td>
<td>119.32</td>
<td>0.02</td>
</tr>
<tr>
<td>Communications</td>
<td>106.08</td>
<td>0.02</td>
</tr>
<tr>
<td>Power</td>
<td>87.58</td>
<td>0.02</td>
</tr>
<tr>
<td>Food Department</td>
<td>12.09</td>
<td>0.01</td>
</tr>
<tr>
<td>Social welfare</td>
<td>1.53</td>
<td>-</td>
</tr>
<tr>
<td>Passports and immigration</td>
<td>1.05</td>
<td>-</td>
</tr>
<tr>
<td>Law Enforcement Agency</td>
<td>0.87</td>
<td>-</td>
</tr>
<tr>
<td>Other</td>
<td>115.69</td>
<td>0.02</td>
</tr>
<tr>
<td>Total</td>
<td>11,534.98</td>
<td>2.14</td>
</tr>
</tbody>
</table>

Source: TIB database (January–June 2000).

TIB aims to promote awareness building and networking within the private sector, because the business community has also become quite vocal within civil society. As the issue of governance is relevant to most of these civil society organizations, TIB could develop coalitions on various matters to tap the enormous wealth of local information.

TIB is one of the founding members of a coalition known as the Governance Coalition. This coalition has an informal structure and its partner organizations have agreed to build an internal alliance in an attempt to achieve the following:

- Obtaining support from other organizations in achieving its objectives
- Working collectively on major governance issues
- Improving human resources within the Governance Coalition
- Increasing the capacity of the partner organizations
- Strengthening the ongoing programs
- Speaking with one voice
- Saving time and resources
The Governance Coalition has prepared a paper on the nature of politics in Bangladesh as perceived by a cross-section of the population. This paper is being used as an ideas paper to generate debate within civil society. Various partner organizations of the coalition are involved in the process of consultation, which is seen as a way to build links with the various elements of Bangladesh’s civil society and also a way to foster congenial working relationships between and among various organizations.

DONOR CONSORTIUM

TIB requires substantial funding at three levels—core level, project level, and technical assistance level—to undertake its plans and programs. It envisages that some of the core funding could come from project financing.

TIB has been investigating the idea of a consortium of various donors pooling their resources and giving TIB flexibility in terms of developing its projects. The rationale behind such an approach is to ensure that the ownership of TIB activities remains with Bangladesh’s civil society and is not led by the donor community.

TIB has presented a five-year plan, known as Making Waves, to a group of donors, and a joint consultation process has been undertaken. TIB considers this process as an awareness raising exercise for donor organizations in terms of important governance issues as they currently exist in Bangladesh.

CONCLUSION

TIB activities would ultimately be reflected as the platform of a greater social movement. These are early days, and much concerted effort has to be invested over a considerable period before any change can be expected.

REFERENCES

Chapter 29

The Role of Nongovernment Organizations in Preventing Corruption

Nam-Joo Lee

Recently the OECD, the World Bank, the United Nations, Transparency International, and other organizations have pointed to civil society and nongovernment organizations (NGOs) as the principal driving forces for the effective prevention of corruption. This chapter explains the reasons for this, discuss the role NGOs should play, and suggests how NGOs might cooperate in fighting corruption.

PARADIGM SHIFT

The first reason why civil society and NGOs have emerged as the most appropriate bodies for fighting corruption is a change in the understanding of the root causes of corruption. Previously the approach to discovering the causes of corruption focused mainly on those individuals involved in bribery, and corruption was therefore regarded as a series of isolated incidents. However, a close look at the latest corruption cases revealed that this approach could no longer explain the true nature of corruption for a number of reasons described in the following paragraphs.

Systematized Corruption

Today the biggest problem concerning corruption is that it is widespread and systematized, and people tend to view its proliferation as a natural phenomenon. When bribery and corruption are constant occurrences, it is systematized. Systematized corruption prevails in countries lacking both surveillance of and restraints to political power and checks and balances within the bureaucracy. Corruption is no longer a problem that occurs on an individual level, but on organizational, social, national, and even global levels.
**Emphasis on Ethics**

The most serious consequence of corruption is people's resulting lack of confidence in the government in general. The OECD has termed this type of distrust as “confidence deficit,” and has focused on the integrity of public officials and the transparency of their transactions. In line with this trend, ethics has been added to the “three Es” considered of greatest importance in relation to corruption: the economy, efficiency, and effectiveness. Ethics is now the fourth E.

**Corruption as a Worldwide Phenomenon**

Until the 1980s analysts and observers saw corruption as being prevalent mostly in the developing countries, and recognized it as something that undermined development. However, corruption is now becoming an important issue around the world, regardless of whether countries are developing or industrial.

Over the last 10 years efforts to combat corruption have become more widespread. The OECD's Convention on Combating Bribery of Foreign Public Officials in International Business Transactions came into effect in 1999, and other international anti-corruption covenants have also come into force. The emergence of Transparency International in 1993 also attracted worldwide attention to the public’s new attitude toward corruption.

**New Understanding of Civil Society**

Recent discussions of civil society differ significantly from past concepts. Society is now viewed as a three-dimensional sphere consisting of governments, markets, and civil society. Civil society can watch the transactions between the government and the market. This is another reason why NGOs can be effective in preventing corruption.

**THE NEW RELATIONSHIP BETWEEN CIVIL SOCIETY AND NGOS**

People in civil society freely and autonomously build and secure a social sphere in which they can create new standards for reform and new values as a result of communication and interaction. As a consequence they continuously challenge various sectors of government, the economy (markets), and society to bring about change.
The most important tasks of many Asian countries have been constructing a modern state from a feudal society, building a democratic nation after breaking away from colonial rule, and industrializing. However, many countries tried to accomplish these tasks through economic development under a powerful government dictatorship. Since the 1990s many NGOs have drawn attention to serious problems inherent in these countries’ governments and markets, where the development of civil society has been constrained.

**PREVENTING CORRUPTION AND BUILDING CIVIL SOCIETY**

NGOs’ interests in and commitment to the anti-corruption movement are an inevitable outcome of government policies’ failure to curb corruption. However, corruption is a serious obstacle to building civil society. NGOs need to empower people to strengthen their capacities to overcome corruption.

One of the merits of NGOs, compared with governments, is that NGOs can embrace social equalities, provide meaningful inputs into a new way of life, monitor government transactions, and maintain political independence. The OECD and other international organizations recognize NGOs as having the highest integrity and seek their contributions.

The role of NGOs in preventing corruption may be illustrated by some practical examples of how NGOs in Korea work and what they have done. A conglomeration of more than 900 civil society groups has formed coalitions under the Anti-Corruption Network. The following paragraphs describe some of their activities.

**Law to Prevent Corruption**

The legislation for a basic law to prevent corruption was strongly urged and proposed to parliament by 24 national NGOs. In recent years Korean society has undergone a number of agonizing changes caused by the 1997 economic crisis that was caused by Korea’s political and economic systems. The outcome was weakened competitiveness, international distrust, and destruction of the national economy. Civil society and NGOs formed the Civic Solidarity Network for the Legislation of Law to Prevent Corruption. This law was proposed to parliament in late 2000 through public hearings and enacted in June 2001.
Political Reform

Together with 500 civic groups, the Citizens’ Coalition for the 2000 General Election launched a campaign against certain candidates. The coalition laid down guidelines that in their view made candidates ineligible to run.

The coalition disclosed a list of 86 people who would be the targets of its campaign 10 days before election day. It compiled this list based on a screening of 1,000 candidates on such criteria as (a) involvement in bribery, (b) violations of election law, (c) contributions to the destruction of constitutional government, (d) human rights record, (e) instigation of local antipathy (localism/sectionalism), and (f) reactions to reform bills and policies. Other criteria included unregistered private property, avoidance of military service and tax payments, and any previous criminal offenses. The coalition chose 22 of the 86 candidates for intensive targeting. It organized bus tours of the country to inform voters of the candidates’ shortcomings and led a sign-up campaign asking voters not to vote for those disqualified by the coalition and to agree not to accept money or gifts in return for their vote. As a consequence of the campaign, 59 of the 86 targeted candidates were defeated.

The coalition’s campaign did not succeed in overcoming voter apathy and encouraging young people to vote. Participation by voters was the lowest of all general elections, and many obstacles to political reform remain. Nevertheless, the coalition’s achievements were valuable as a step toward future political maturity.

Education and Public Awareness and Leadership Development

The program of education for civil movement leadership is open not only to NGOs, but also to ordinary citizens. The program lasts five days and is organized four or five times a year. Some 25 to 30 people participate each time. The focus is on civil movements, local self-government, social welfare, and youth movements.

As a way of extending educational opportunities while facing a turning point in Korea’s history, NGOs organize education programs in response to the need for a new direction and new management. These education programs are run in cooperation with the Konrad Adenauer Foundation.
Minority Shareholders Campaign

Since 1997 the NGO People's Solidarity for Participatory Democracy (PSPD) has launched the Minority Shareholders Campaign to protect minority shareholders' rights and to increase the transparency of corporate management. The campaign works to uphold the rights of minority shareholders as guaranteed by commercial and securities exchange laws.

The PSPD's Minority Shareholders Campaign aims at going beyond raising awareness about the problems to actually transforming companies. The PSPD believes that this will have a significant impact on Korea's corporate management environment, and that it will play a large role in the reform of the chaebols (conglomerates). Its activities include the following (see http://www.peoplepower21.org):

- Watching the big five chaebols, filing lawsuits in the public interest, and organizing campaigns such as the Minority Shareholders Campaign
- Protecting the interests of minority shareholders
- Monitoring chaebols policies and restructuring
- Campaigning for the elimination of corruption
- Campaigning for the enactment of the Anti-Corruption Law drafted by the PSPD
- Organizing campaigns for the disclosure of information
- Monitoring the government's budgeting process and advocating enactment of the Law on Anti-Corruption in Budgeting drafted by the PSPD
- Advocating protection for whistle-blowers
- Advocating introduction of the Informants Protection Act and counseling informants who reveal various social injustices.
Over the past decade an unprecedented openness and commitment to discussing corruption issues has developed, along with their recognition as factors that significantly affect international development. This has offered major opportunities to make progress in an area that hitherto had often seemed out of bounds to development practitioners.

There has rarely been a more conducive climate for tackling corruption. The nature and impact of corruption on development are increasingly understood, with an emerging consensus on the adverse consequences for investment and growth. More than ever citizens in developing countries are demanding better of their political leaders and public officials and raising their expectations of government. Taxpayers in industrial countries are increasingly concerned about ensuring that development assistance is used effectively and to the benefit of the poorest. International trade and financial ministries in industrial countries have taken important steps to act against bribery in trade and the use of international financial systems to launder the proceeds of crime and corruption.

Development agencies have also stepped up their efforts. However, increased donor commitment and activity has yet to translate into a fully coherent donor response. This chapter seeks to offer practical suggestions for improving cooperation among development agencies in anti-corruption work.

THE CONTEXT

Primary responsibility for tackling corruption must rest with national governments. Development agencies have declared their commitment to
supporting governments committed to bearing down on corruption. The current context for anti-corruption work is characterized by increasing levels of activity by development agencies in recent years, but coupled with often low levels of coherence at the point of impact in-country.

The different mandates and types of expertise of development agencies lend themselves to different perspectives, each of vital importance, but each needing to be complemented by actions elsewhere to be fully effective. For example, the International Monetary Fund’s focus on budgets and public expenditure confines its concerns to the economic policy environment. It does not seek to tackle corruption in member countries more generally. The World Bank operates comprehensively on public sector institutions. Its mandate does not extend to directly addressing the political aspects of corruption. Bilateral development agencies can often have less limiting mandates, but most cannot operate in all countries and need to focus their efforts in a narrower range of countries.

At present, the scene often appears to be one of fragmented enthusiasm. This is least helpful to governments that are often themselves facing challenges of coordination and strategic prioritization. The aim must be to harness the rich diversity of skills and perspectives in all quarters to generate action that is concerted and united at the point of impact. This chapter offers observations from a development agency perspective on the scope for doing that, endeavoring to focus on practical actions.

COUNTRY-LEVEL COOPERATION

The specific forms of cooperation among development agencies that are best to pursue in each country will depend crucially on the local context, and especially the national government’s approach. While some broad principles of donor cooperation will be appropriate in all contexts, distinguishing between the types of settings likely to be encountered is helpful, because these will often indicate particular actions as being more appropriate than others.

Optimal cooperation between development agencies will take different forms in each of the following settings: (a) where the government is determined and proactive in tackling corruption, (b) where the government is ambivalent or noncommittal or where the issue is not openly on the public agenda, and (c) where circumstances are nonconducive.
Before considering each in turn, two general points should be made. First, the introduction of the Poverty Reduction Strategy (PRS), associated with the World Bank’s Comprehensive Development Framework approach, offers new opportunities in many countries for both addressing corruption as a general factor in national development and for providing a strategic framework for cooperation for all development agencies in a country. This makes it desirable for all PRS papers to address corruption. Second, if the PRS commitments are to be meaningful, they need to be based on a well-thought out anti-corruption plan. This means that development agencies should always be aiming collectively to encourage governments to develop holistic anti-corruption plans, providing assistance if required.

**Where the Government Is Determined and Proactive**

Where the government is determined to tackle corruption and is willing to develop a long-term vision (either through a PRS or, if this approach is not applicable, through other relevant national development strategies), development agencies could best assist collectively in the following ways:

- **Buying into the government’s anti-corruption plan.** Where the government has a national anti-corruption plan that can link activities in different sectors and institutions in an integrated way, direct support from all development agencies is likely to offer better prospects for long-term results than where the agencies separately seek out their own avenues for tackling corruption. Such an approach works through and strengthens established government mechanisms rather than creating new ones. Where an explicit anti-corruption plan has yet to be developed, development agencies collectively can lend powerful support to its development. Another possible starting point for collaboration is concerted efforts to ensure that corruption is addressed as part of the broader governance agenda.

- **Developing joint donor-government liaison.** An informal or ad hoc working group on corruption could ease the government’s liaison burdens and improve opportunities for collective agreement on priorities. A working group could be a conduit for providing technical assistance, for example, in developing and implementing anti-corruption strategies. The pivotal positions of multilateral agencies such as the World Bank and the United Nations Development Programme could often be better exploited for increasing coordination and collaboration.

- **Pooling information.** Most development agencies operate with only partial information on the state of corruption in a country. Better sharing of
up-to-date information and, perhaps more important, of new developments, could significantly enhance collective action. One donor agency in each country could serve as a clearing house for collecting information from development agencies and circulating collated information to the donor community.

- **Sharing analyses.** Donors’ willingness to use each other’s analyses as the basis for committing funds reduces both donor and government transaction costs in program preparation.

- **Promoting joint programming.** Promoting jointly financed programs, using common procedures, and pooling resources offers the prospect of enhanced impact and reduced transaction costs. The Utstein group has agreed, in principle, to take this approach on a pilot basis in one country.

- **Providing expertise.** Joint arrangements for identifying technical expertise and synthesizing experiences can reduce fragmentation. The Utstein group plans to develop a resource center to support its work on corruption and provide assistance to developing countries. This could be developed on a larger scale with the support of other interested development agencies.

- **Creating a contact point for civil society.** The diversities of both civil society and the donor community make collaboration between the two complex and often fragmented. One donor could serve as a representative contact point in country for improving the coherence of communication. This would work best where a similar representative body existed on the civil society side.

### Where the Government Is Ambivalent or Noncommittal

Where the government’s stance on corruption is ambiguous, or where the issue is not yet openly on the national agenda, collective efforts by development agencies can play a vital role in fostering the climate for change and encouraging movement toward a clearer commitment by the government to tackle corruption as follows:

- **Articulating the issue.** Development agencies together can be influential in supporting nascent efforts in-country to get corruption issues explicitly acknowledged by exploiting opportunities, both public and private, to highlight the importance the donor community attaches to corruption.

- **Making the case.** Joint donor efforts to support (or undertake) diagnostic analyses to demonstrate and publicize the negative effects of corruption could be influential in persuading the government to initiate action. Acting collectively, development agencies can present a strong voice on
the likely costs to the government of failing to act in terms of future donor support.

- **Addressing the fundamentals.** Collaboration between development agencies on assessments of national financial and procurement systems and joint action to support improvements in core budgeting, financial management, accounting, and procurement are an essential prerequisite to initiating wider change.

- **Supporting civil society.** Collective support for fostering national pressure through civil society organizations and the media can begin to generate a groundswell of opinion.

- **Supporting South-South contacts.** Development agencies could collaborate in supporting more systematic efforts to promote South-South sharing of approaches and experiences. This could subsequently develop into systems of peer review and monitoring of progress.

### Nonconducive Environments

Where the environment currently appears to be nonconducive to anti-corruption work, there is a premium on development agencies acting in a concerted way to encourage a more positive response through such actions as

- **Ensuring donor consistency.** Development agencies need to work in harmony to carefully balance the desire to remain engaged with creating sufficient incentives for reform. Should degrees of disengagement be judged necessary, consistent donor action is essential. Development agencies must avoid giving mixed messages. If some suspend or reduce assistance while others increase their support, such inconsistencies reduce the likelihood of successful donor influence.

- **Creating concerted pressure for change.** In countries where commitment appears low, development agencies can organize specifically to create pressure for change. In one country development agencies jointly took an initiative to establish a formal group with broad membership. This group brought together bilateral development agencies and the international financial institutions to prepare common donor positions and support a dialogue with the government on behalf of the whole donor community.

- **Engaging through alternative channels.** Where significant obstacles to reform are evident and the prospects for progress are limited, development agencies may need to widen channels of engagement in-country.
INTERNATIONAL AND GLOBAL COLLABORATION

Two broad areas for improved donor cooperation at the international or global level are the international architecture for combating corruption and enhanced donor management mechanisms.

The International Architecture

The current international architecture could be strengthened by improving donor collaboration in the following areas:

- **Anti-bribery and money laundering regimes.** Ministries of home affairs, trade, and finance are implementing the OECD Convention on Bribery of Foreign Public Officials in International Business Transactions and the Financial Action Task Force’s recommendations on money laundering. Donor agencies have a role to play in presenting the development perspective. Development agencies could
  - Strengthen publicity for the OECD anti-bribery convention within development agencies’ countries and encourage compliance. This could include support for the OECD itself or work in donor countries to ensure application of the convention.
  - Support action in development agencies’ own governments to press for action to implement the task force’s recommendations and for stronger commitment to mutual legal assistance, including providing technical advice to countries preparing requests to recover assets.
  - Stimulate efforts to promote regional efforts to develop similar regimes and encourage the development of regional groupings for joint action.

- **Wider efforts.** More generally, donors and developing country governments could make increased efforts to
  - Explore the scope for regional development banks to play a higher profile role in spearheading regional approaches to anti-corruption efforts.
  - Explore the scope for developing regional review agencies and for peer review mechanisms.
  - Increase support for World Bank, World Bank Institute, and United Nations Development Programme work on anti-corruption mapping and program development.
  - Support the proposed United Nations convention on corruption.

Overall, few formal collaborative forums exist, either at the global, regional, or country levels, for development agencies to review their approaches collectively,
or to do so jointly with governments. This is a major inhibitor of cooperation and could bear deeper examination.

Enhanced Donor Management Mechanisms

Efforts to improve donor management fall into three main areas: improving coordination domestically and internally in agencies, increasing accountability for the use of development assistance, and developing proactive means of protecting development assistance funds from corruption.

**IMPROVING DOMESTIC COORDINATION.** Given the wide-ranging nature of the problem, anti-corruption work in donor countries and within development agencies is frequently fragmented. Lead responsibility for the domestic aspects of key issues (such as national corruption law or anti-money laundering regimes) will often lie outside the development agency. Within the agencies themselves, efforts can be fragmented, for example, between departments responsible for geographical programs and those for sectoral policy such as governance, social development, economic policy, and procurement. Collective international performance could be improved if the industrial countries ensured that they had holistic, governmentwide strategies. Internally, development agencies might find benefit from having a single point of coordination for anti-corruption policy.

**INCREASING ACCOUNTABILITY FOR THE USE OF DEVELOPMENT ASSISTANCE.** Increased accountability can be encouraged through a collective donor effort to provide information about development spending and program performance and enhanced consultation and discussion. This is especially important in developing countries, because it can create opportunities for civil society and the public at large to exert pressure to ensure that their governments use development funds effectively. There may be scope for joint agency initiatives in particular countries.

**DEVELOPING PROACTIVE MEANS OF PROTECTING DEVELOPMENT ASSISTANCE FUNDS FROM CORRUPTION.** Many development agencies have acted to strengthen their own procurement systems. Sharing this experience will promote improved practices. Collective action is also needed to deal with firms debarred because of evidence of malpractice or bribery in connection with winning development assistance contracts. The World Bank and the European Community have taken a lead in this regard. If investigations produce legally defensible information, the scope for other development agencies acting on this information also to debar firms from their development assistance programs appears to offer a potentially powerful deterrent against corrupt practices in development assistance procurement.