

A Practical Guide:
Measuring Corruption and the Impact
Of Anti-Corruption Interventions

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**Management
Systems
International**

A Practical Guide:
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I. Introduction

A. Purpose: The purpose of this guide is to provide field managers with practical guidance on:

- Options and approaches for assessing corruption
- Addressing corruption as a cross cutting theme
- Measuring the impacts of anti-corruption interventions.

This guide draws on numerous important resources on corruption. These are referenced throughout the guide and summarized in Annex A.

B. The Broader Context: Corruption is a fundamental obstacle to development. Recent research has demonstrated the linkage between good governance and sustainable development more broadly. This is sometimes referred to as the “development dividend”:

“In our research, we found a large causal effect running from improved governance to better development outcomes. An improvement of one standard Deviation in the rule of law from the low level prevalent in Russia to the “middling” Level in the Czech Republic or, alternatively, a reduction in corruption from the very high level prevalent in Indonesia to the lower level in Korea leads to between a two- and fourfold increase in per capita incomes, a decline in infant mortality of similar magnitude, and an improvement of 15-25 percentage points in literacy levels. ...These large causal effects suggest that good governance should be given a high priority on the development and poverty-reduction agendas.” (Kaufmann, Kraay and Zoido-Lobaton 2001,40)

Corruption is also a development problem because it affects the poor disproportionately, particularly through discrimination in the provision of public services. In addition, the portion of a poor family’s income devoted to corrupt practices is much greater than better off families. Annex B demonstrates how corruption affects the lives of the poor on a daily basis and provides a human perspective on this problem.

In October 2000, Congress passed the International Anti-Corruption and Good Governance Act (IAGGA). The purpose of the IAGGA is “to ensure that United States assistance programs promote good governance by assisting other countries to combat corruption throughout society and to improve transparency and accountability at all levels of government and throughout the private sector”. (IAGGA, Section 202 (b)). The IAGGA incorporates anti-corruption as one of the five major goals of U.S. foreign development policy.

“Efforts to fight corruption are gathering momentum in all parts of the world. Globalization of capital, increasingly democratic politics and a growing intolerance for corruption have fueled these efforts. While meaningful reductions in corruption entail a long time horizon, the process requires political leadership, collective action, and informed decisions throughout.”
World Bank Institute, Improving Governance and Controlling Corruption

There is also an emerging consensus among other donors that good governance is a pre-requisite for sustainable development. In February of 2000, several countries of South Eastern Europe (SEE) adopted the Stability Pact Anti-Corruption Initiative (SPAI), which is

supported by the World Bank. SPAI provides “incentives for policy reform and sets out a number of commitments for policy reform that SEE countries need to implement to eradicate corruption...”. (The World Bank, 2002)

C. The USAID Environment: Over the last few years, corruption has emerged as an increasingly important factor in USAID programming. While USAID programs have focused on improving governance and supporting media and civil society for some time, strategies to address corruption more directly and holistically are relatively new. In the past, USAID programs focused on public sector corruption. Recently, the element of corporate governance has been added as a necessary element of anti-corruption programming. There is also greater recognition that corruption affects all sectors, and therefore must be addressed as a cross cutting theme.

In 1997, the Eastern Europe and Eurasia (E&E) Bureau established an anti-corruption working group (ACWG) to develop a strategic approach to combating corruption in the region. The ACWG recently developed a paper, entitled *A Strategic Approach to Combating Corruption in Europe and Eurasia: Transparency—Accountability—Awareness—Prevention—Enforcement (TAAPE) (draft)*. This paper will be discussed and referenced throughout the guide.

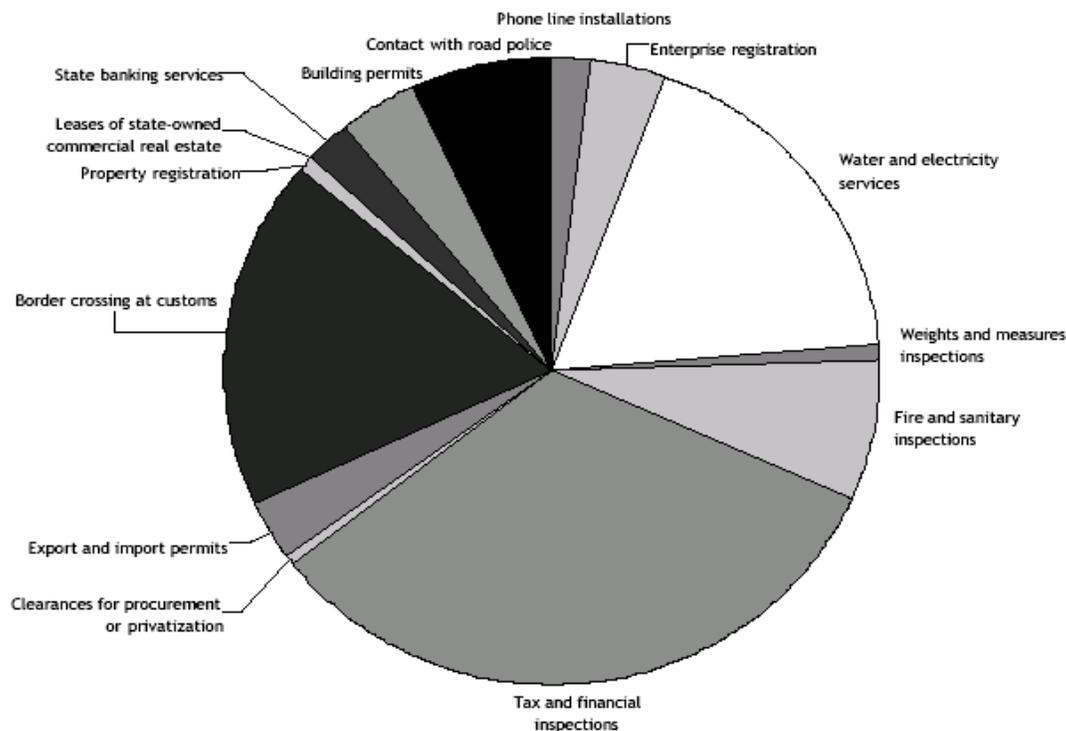
II. Practical Approaches for Assessing Corruption

This guide attempts to clarify the practical aspects of conducting a corruption assessment. This guide does not necessarily address specific substantive issues to be examined in the course of an assessment. Instead, it attempts to outline possible options and approaches for assessing corruption within the USAID context, while making reference to other key resources where appropriate.

A. Corruption: A Complex Problem. For purposes of this guide, the broad definition of corruption posed in the TAAPE paper is used; “corruption refers to the rent-seeking behavior of agents acting to further their own illegitimate interests in violation of the legitimate interests of their principals” (ACWG, 2002 draft). This definition is broad enough to include corporate governance as well as public sector governance.

The key challenge in assessing corruption is to move beyond corruption as a general concept toward defining the specific aspects of the problem. An assessment must focus on understanding the magnitude, level and location of corruption in a particular country context. Corruption is a complex problem that takes numerous forms. For example, the World Bank concludes that in Albania, a key problem is a weak judiciary rather than regulatory failure, while in Georgia, regulatory failures appear to be a critical constraint (World Bank, 2001). The location of the problem also differs from country to country. Figure 1 provides an example of where corruption occurs in Georgia, based on a World Bank survey.

Figure 1: Where does corruption occur in Georgia?



Source: *The World Bank- GORBI survey of 350 enterprises, May 1998 and Kaufmann, Pradhan and Ryterman, 2001.*

The characteristics of corruption are numerous. Corruption may exist on a grand scale or be petty. It may be sporadic or pervasive; horizontal or vertical; it may be entail bribes, extortion, theft, patronage, or state capture. It is critical to understand this range of characteristics, because the solutions, options, and priorities that flow out of an assessment are based on having a clear understanding of the problem.

B. Options and Approaches for Assessing

Corruption: The following describes some of the practical steps for a project manager to determine how corruption can be best assessed in the USAID context (see figure 2 for a summary of the steps):

Step 1: Understand the “Landscape” (Assessment Options and Approaches): The first step in considering how to approach an assessment is to understand the different types of assessment options and when they might be most appropriate. Figure 3 (on the following page) provides an overview of how and when different types of assessments may be useful. Corruption assessments, as most other assessments, generally focus on two major levels of analysis. The first is the “macro level” or the big picture within a country and the second is focused on more specific types of implementation issues.

The purpose of a country level assessment is to understand the corruption problem more broadly within a particular country context. What is the nature, magnitude and location of the problem? At this level, a number of existing sources provide country diagnostic assessment tools and data that can be used to understand the problem within one country or to compare and contrast one country with others.

Moving down the continuum, there are assessments that include the country level analysis mentioned above, but take it a step further to feed into USAID’s strategic planning process. Such an assessment might propose priorities or analyze other donor activities so that USAID can make strategic choices about how it will respond to the problem. For example, USAID DG assessments are often used prior to the development of a country strategic plan to understand the country environment and develop priorities that flow into the strategic planning process.

At the next level, an assessment might be used to examine an issue across a portfolio or within a sector as a cross-cutting issue. The purpose is to gain a better understanding of a particular development issue or to determine how to address it within USAID’s program. Possible approaches might include conducting a stand-alone corruption assessment or incorporating corruption as an issue within a sectoral assessment.

Figure 2: Steps in Designing a Corruption Assessment

Step 1: Understand the “Landscape” (Assessment Options and Approaches)

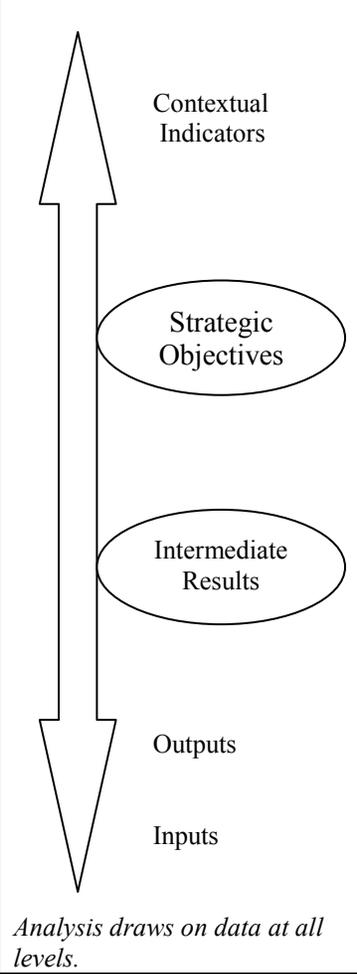
Step 2: Define the Purpose of the Assessment

Step 3: Develop an Assessment Approach

- 3.1 Use E&E’s strategic framework (TAAPE)
- 3.2 Identify issues to be Examined
- 3.3 Inventory available data from other sources
- 3.4 Determine whether and to what extent additional data must be collected
- 3.5 Incorporate Priority Setting

Step 4: Develop a SOW

Figure 3: Assessing Corruption and Measuring Anti-Corruption Interventions in the USAID Context

Level of Assessment	Purpose	Possible Approaches	Data Use for Performance Monitoring
The “Macro” Level	Country Level: To understand the nature, magnitude and location of the problem in the country as a whole and/or in comparison to other countries.	Other Sources: Use other sources, such as country diagnostic assessments and data compiled by Transparency International, the World Bank, etc.	
	Strategic Planning: USAID strategic planning includes the above, but also takes it a step further to understand what USAID’s response to the problem should be (incorporating comparative advantage, organizational priorities, constraints, etc).	USAID DG Assessments: Incorporate into the DG assessment methodology (this leads into the development of priorities and USAID’s country strategic planning process).	
	Strengthening Programming: To understand a particular development issue and to determine how to address it within USAID’s program or to address an issue within a particular sector.	Corruption Assessment: Conduct an assessment focused on corruption in a particular country. Sectoral Assessments: Incorporate corruption as an element of sectoral assessments.	
Implementation	Project/Activity Planning: To understand how to implement the strategy.	Draws on macro assessments, outlined above, to develop specific recommendations on how to implement a strategy. This includes the design, substance, timing, and sequencing of interventions as well as outlining management issues and solutions. May be included as a part of “macro assessments”.	

The candidate indicator tables provided in annex D are focused primarily on SO and IR level indicators.

At the level of implementation, the purpose is to understand how to implement a country strategy. Drawing on macro analysis, recommendations are developed for the design, substance, timing, and sequencing of interventions.

Step 2: Define the Purpose of the Assessment: Once the range of options and approaches for an assessment are understood, the purpose of the assessment can be defined. What are the specific management questions that must be answered? For example, is the purpose to understand the problem within a country, compare one country to another, develop a strategy, refine or strengthening an existing program, or design activities?

Step 3: Develop an Assessment Approach:

3.1 Use E&E's Strategic Framework: The E&E Bureau's strategic framework proposes a holistic approach for addressing corruption based on 5 complementary types of interventions that promote the following characteristics (otherwise known as TAAPE):

- Transparency
- Accountability
- Awareness
- Prevention
- Enforcement

TAAPE can be used to analyze corruption within a particular country, as a key development constraint across a specific USAID strategy, or within a particular sector (such as health or economic growth, etc). Therefore, it provides a lens through which corruption can be assessed at any level, whether at the country level or at the level of implementation.

3.2 Identify Issues to be Examined: The next step is to determine the substantive topic areas related to corruption that should be covered, in addition to those posed by TAAPE. *The Handbook on Corruption Assessments* (Dininio, 2002) is a starting point for this and reviews the various issues that should be examined as part of an assessment, such as changes in levels of corruption (i.e. the trajectory), public attitudes toward corruption, laws, etc.

3.3 Inventory Available Data From Other Sources: A number of other resources are available to begin to get a sense of the problem within a country. The *Handbook on Using Corruption Assessments* also provides a summary of major corruption indices available from other organizations. In addition, the methodology, timeframe, advantages and disadvantages of each index is discussed. This guide should be used as a starting point to determine what data type of country level data is available.

Earlier data on corruption focused almost exclusively on public or business opinion surveys. This presents a number of problems. As Johnston points out, "superficial changes may change perceptions for the better without attacking underlying problems, while serious, well-conceived reforms leading to significant new revelations, dismissals, trials and convictions may foster the perceptions that the problem is growing worse" (Johnston and Kpundeh, 2002, 2). Second, there

are a number of external factors that affect public perceptions so that it is often difficult to use such data to measure the effectiveness of specific USAID interventions.

Public perception data are most useful when it is focused on specific costs and incentives of corruption (Johnston and Kpundeh, 2002, 4 and 15). For example, rather than surveying general questions of perception, one might ask how long it takes to get a business license, whether police come when called, or what percent of revenues a firm has paid for bribes (note; these data can be difficult but not impossible to collect, if respondents are ensured of confidentiality).

More recent approaches have combined various types of data to get a better picture of the level and magnitude of corruption. For example, the Opacity Index, developed by PricewaterhouseCoopers, is one example that incorporates social, economic, and perception data. Other approaches focus more exclusively on governance. The Stability Pact Anti-corruption Initiative (SPAI) is one example, which measures a set of common governance indicators across the countries of South Eastern Europe. These include the availability of a standard set of indicators, various indicators of civil service pay, budgetary volatility, among others. This data is particularly useful because it can be compared across a number of SEE countries as well as the EU.

3.4 Determine Whether and to What Extent Additional Data Must be Collected: Once the data is inventoried, a decision should be made as to whether additional data collection is necessary. Managers should also consider the level of confidence they have in the data to make this decision. If adequate data is available, the assessment might focus more on gathering and analyzing existing data.

3.5 Incorporate Priority Setting: Assessments can play an important role in providing a sense of priorities among problems to be tackled and/or potential solutions. The assessment team usually spends a substantial amount of time interviewing a variety of actors within a country and can often bring a useful external perspective to this issue. In particular, the DG assessment methodology requires options in each area of analysis to be presented in order of priority.

The priorities proposed in the assessment may facilitate the decision making process within USAID. It is important to recognize that "... an optimal strategy from an analytical standpoint is not necessarily optimal from a practical one". (Center for Democracy and Governance 2002). Once an assessment is complete, USAID must make final decisions on how to respond to a set of problems. To make this decision, a number of strategic issues are considered, such as foreign policy priorities, comparative advantages, organizational priorities (as exhibited by the USAID Administrator, Regional Bureaus or the Agency's strategies), and constraints (e.g. staffing and budgeting). In the area of corruption, other donor activities are also particularly important. The World Bank and the EU are often influential players in this arena and are frequently engaged in wide ranging reforms of importance to corruption, such as civil service reform.

Step 4: Develop a SOW for the Assessment. Information from the previous steps should then be incorporated into a scope of work (SOW). In some cases, the program manager may want the assessment team to propose optimal approaches given their expertise. For example, the assessment team may be asked to inventory data and recommend whether additional data

collection is required. In developing the SOW, the program manager must also consider the types of skills required on the team. If corruption is addressed as a cross cutting issue, then it is often useful to assemble a team with a range of expertise across sectors.

III. Anti-Corruption as a Cross-Cutting Theme

There has been an emerging recognition that democracy and governance in general is a crosscutting theme in USAID programs. Nowhere is this more evident than in the area of corruption, where the elements of transparency, accountability, and awareness cut across all types of programs, whether in health, education, or economic growth.

USAID's success in the other core areas of sustainable development is inextricably related to democratization and good governance.

--- *USAID's Strategies for Sustainable Development*

A recent study by the Center for Development Information and Evaluation (CDIE) found that programs that had successfully strengthened cross-sectoral linkages, were able to enhance development results and in some cases produced remarkable accomplishments. (Lippmann, 2001). For example, one mission incorporated democratic principles and good governance into a rural economic development program. As a result of USAID training, members of rural economic associations began to hold government officials more accountable. One association was even able to bring about a reorganization of the tax collection system that increased local revenues. At the same time, local authorities became more transparent in handling public finances. This represents the nexus between democracy, good governance, and economic growth. When all these elements were addressed in a synergistic and coordinated manner it led to impressive development results.

While on one hand, the importance of incorporating crosscutting linkages is clear, the challenge remains—how can it be operationalized in practical terms? The CDIE study also noted that Agency systems are not necessarily geared toward supporting cross-sectoral programming. Most systems such as budgeting and reporting, are organized by sectors. Nonetheless, there are several areas or points where corruption can be addressed as a crosscutting issue, depending on the needs and priorities of the mission. This section of the guide outlines options and opportunities to enhance synergy between corruption and other sectors.

A. Multi-Sectoral Assessment Approaches

Multi-Sectoral Approaches: It may be useful to conduct a specific assessment of corruption within a particular sector (as a stand-alone assessment) or incorporate it as part of a broader sector assessment (for example, within private sector, health, energy, and democracy and governance). The advantage of using this approach is that it brings the issue of corruption to another level of detail that is most directly relevant to a specific sector.

TAAPE assists in using cross-sectoral approaches in two ways. First, TAAPE provides 5 key characteristics that can be used to assess the nature of the problem across sectors. TAAPE can assist in defining priorities across various sectors or across the portfolio. For example, transparency may be a common problem across all sectors. Second, each sector in the E&E region has a set of unique problems and issues related to corruption that must be understood. TAAPE includes annexes that summarize some of the key corruption issues by sector. These potential areas for reform are summarized in Figure 4:

Figure 4: A Multi-Sectoral View: Potential Areas for Reform¹

<p>Democracy and Governance:</p> <ul style="list-style-type: none"> ➤ Political Leadership ➤ Parliament ➤ Local Government ➤ Judicial Reform ➤ Procurement Reform ➤ Financial Management ➤ Civil Service Reform ➤ Customs Reform ➤ Media ➤ Civil Society 	<p>Health Sector:</p> <ul style="list-style-type: none"> ➤ Low salaries ➤ General acceptance of corrupt practices ➤ Construction, rehabilitation, equipping, supplying of hospitals ➤ Fraud in the procurement of pharmaceuticals, medical equipment and supplies ➤ Absenteeism from public jobs to engage in private practice ➤ Advising patients to undergo unnecessary procedures ➤ Fraudulent coding of operations to obtain higher reimbursements from social insurance funds.
<p>Energy Sector:</p> <ul style="list-style-type: none"> ➤ Interference in the flow of funds/barter/offsets within the system to fuel suppliers ➤ Manipulation of the flow of electricity to favored customers ➤ Opaque uneconomic energy import arrangements 	<p>Corporate Governance:</p> <ul style="list-style-type: none"> ➤ Shareholder's Rights ➤ Equitable Treatment of Shareholders ➤ Recognize and protect the rights of other stakeholders including employees, lenders, creditors, suppliers, and local communities. ➤ Timely and accurate disclosure of all material information regarding business entities including financial situations, performance, ownership and governance ➤ Strategic Guidance of businesses, effective monitoring of management and accountability of corporate boards (includes the prevention of conflicts of interest, the elements mentioned above as well as implementing internationally accepted accounting standards, internal controls, external oversight, and other compliance and integrity systems)

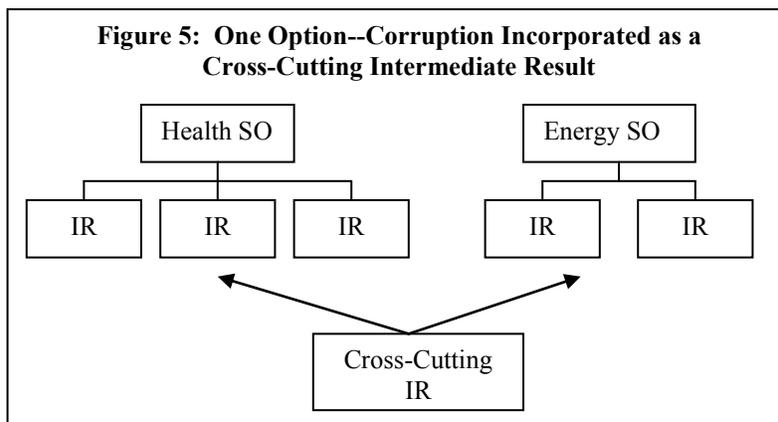
Cross-Sectoral Expertise: Another way to ensure that corruption is addressed effectively across other sectors is to include team members with a range of expertise in sectors most relevant to the USAID program.

B. Strategic Planning: Strategic planning offers another opportunity to integrate corruption as a cross-cutting theme. There are a number of options a mission may consider in integrating a crosscutting theme into the strategic planning process. The optimal choice is based on the needs, priorities and logic of each mission program. However, regardless of how anti-corruption appears in the results framework, anti-corruption interventions should be *managed as* a crosscutting element of the program (e.g. by ensuring that those with expertise in corruption interact across SO's).

¹ Summarized from A Strategic Approach to Combating Corruption in Europe and Eurasia (TAAPE), annexes on sectoral issues and approaches.

- *Strategic Objective (SO) or Special Objective (SPO)*: In some cases, a crosscutting theme may be so critical to the accomplishment of a strategy, that a separate objective may be warranted (either in the form of a strategic objective or a special objective). A strategic objective represents a major area of strategic investment for a mission, in terms of staffing and funding. A special objective is expected to be smaller in scope, may be experimental, responds to a short-term crisis, or is a research activity (ADS 201.3.3.6).

- *Intermediate Results (IR)*: The more common approach is to develop one or more cross-cutting intermediate results that are intended to work across sectors in a portfolio. One alternative is to include a crosscutting intermediate result. See figure 5 for one possible formulation. A second alternative is to include one anti-corruption objective under



each SO. In this case the intermediate result may differ from SO to SO depending on the nature of the corruption problem within a particular sector. A third alternative, is to incorporate an anti-corruption intermediate result under the DG strategy to serve as the focal point of the program. The appropriate choice should be based on the logic and the strategic approach to corruption within the mission. Some examples of anti-corruption IR's from mission programs are as follows²:

- Increased Public Awareness of Corruption
- Increased Government Efforts to Reduce Corruption
- Improved Enforcement of Anti-Corruption Initiatives in Select Ministries

- *Narrative Discussion*: While results frameworks are extremely useful in representing a strategy and the causal linkages between objectives in a simple way, they have limitations. They do not constitute the whole of the strategy. They do not show priorities, overall sequencing, and they are not designed to show the synergies within a program. In some cases, crosscutting issues may be best handled in the narrative of a strategy. As an example, the TAAPE framework could be used to highlight particular problems or areas of focus across the program.

C. Performance Monitoring: There are two ways in which crosscutting issues can be addressed in the context of performance monitoring. First, there may be some indicators that lend themselves to standardization to facilitate easier analysis and comparison across sectors. Institutional capacity development and policy change are two examples. These areas of reform may involve similar processes in the same country even in different sectors. For example, there may be a set of common characteristics that can be measured across public institutions, such as service delivery (effectiveness, distribution of services, etc) or budgeting (open and effective budgeting),

² Some examples taken from Silver, Robin, Indicators Handbook II: Using Qualitative Indicators, p.46.

or wage comparisons (if a living wage is one constraint). A similar model could be constructed for private sector governance or policy changes.

The value of standardizing select indicators must be weighed against the need to maintain indicators that are most relevant to the objective that they are intended to measure. Mission staff or a performance monitoring expert can review performance monitoring plans (PMPs) to determine whether there are some candidates for standardization. If indicators are standardized, the final outcome should represent a consensus between SO teams on the best models and measurement approaches.

Second, PMP data should be analyzed by SO teams to determine whether the program is on track, whether adjustments are necessary, and to assess implications for the program more broadly. This provides an opportunity to draw on expertise within the mission that may be outside of the normal SO team. In this case, if there is a “corruption expert” at the mission or other staff who have experience in addressing corruption issues, it may be useful to elicit their feedback on the data and/or the team’s assessment of progress when viewed through the lens of corruption.

D. Management and Operations: How can crosscutting themes be operationalized and managed effectively? There are a number of options that might be considered by a mission to integrate corruption as a cross-cutting theme:

- **Create and Expand Internal Resources:** Designate an individual or a team to champion anti-corruption. The role of this team might be to expand their own expertise in this area, act as a resource to others in outlining options and approaches, assist in analyzing the issues from a corruption perspective, and recommend potential approaches and solutions.
- **Outside Experts:** Draw on the expertise of outside experts or advisors when necessary to provide analysis of corruption, to assist in developing effective PMPs, and to complement the skills of mission staff.
- **Activity Design, Evaluations and Analytic Agendas:** Incorporate corruption into activity design, evaluations and analytic agendas to better understand and address the issue across sectors.
- **Reporting/Analysis:** Encourage implementing partners to report and/or analyze how they are addressing corruption.

However, in considering any of these options, care needs to be taken not to treat corruption as a cursory “checklist” item. The complexity of the problem needs to be fully understood to determine which strategy is most appropriate, where efforts should be focused and what priorities emerge among competing demands as well as other cross cutting themes. Therefore, it may be important to strategize about approaches, priorities, and sequencing. For example, where is the problem undermining the achievement of USAID objectives most seriously?

Another important factor in operationalizing anti-corruption efforts effectively (as well as any crosscutting theme) is that USAID staff as well as implementing partners must have the

appropriate knowledge and skills to address corruption effectively. Training options range from the more informal to the formal. For example, on the informal side, one staff member might become the “corruption guru” and may be able to provide an overview of corruption for other colleagues. However, if anti-corruption is a major area of importance for the mission’s program, it may be more appropriate to conduct a workshop or training session, conducted by experts in the field, for mission staff.

IV. Measuring the Impact of Anti-Corruption Interventions

- A. The Distinction Between Measuring Corruption and Measuring the Impact of Anti-Corruption Interventions:** This guide draws a distinction between measuring corruption and measuring the impacts of anti-corruption interventions. It is critical to understand this distinction. Measuring corruption directly is difficult for a number of reasons, including a lack of common definitions, the fact that it is clandestine and there are few incentives and/or opportunities for affected parties to report corruption.

So what is the solution? There is a consensus among experts in this field that “...efforts should not focus on the measurement of corruption itself, but rather on *those aspects of governance that create incentives to corruption and reveal its effects.*” (Johnston and Kpundeh 2002, 3). For example, because there is a high correlation between good governance and reducing opportunities for corruption, indicators of good governance can be used as a proxy for measuring a reduction in corruption.

In this field, the greatest challenge is to a) understand the overall problem and b) define the appropriate substance, sequence and timing of interventions. Once the interventions are designed, measuring the impacts of those specific interventions is not so different from other types of DG programming. For example, USAID missions have measured institutional reform or legislative and policy changes for some time. Again, the greater question is to understand the specifics—what institutional reforms, what changes in legislation or policy?

- B. The Importance of Performance Monitoring in Understanding Corruption:** Establishing effective performance monitoring systems has been a long-standing objective of USAID programming. However, the need for effective performance monitoring systems is amplified even further when addressing corruption for the following reasons:
- **Data Availability:** The transparent availability of data is itself a way to address corruption. It helps to expose real issues and problems and it provides a way for the public to engage more substantively on corruption issues.
 - **New Programming Area:** Corruption is a relatively new programming area compared to other areas within USAID. Therefore, data are required to test our hypotheses about how to address the problem so that lessons can be learned over time.
 - **De-Politicization:** Data may help to de-politicize the problem because it turns the focus on the data rather than subjective debate or scandal. However, this requires managers to ensure that the data is of high quality and that approaches and methodologies for data collection are sound.

C. Understanding Levels and Uses of Data: The right hand column of Figure 3 (on page 5), shows the different levels of data and how that data links to USAID systems. These different levels exist on a continuum; there are not always distinct lines between one level and the next. The following describes the different levels and uses of this data (examples of are provided in figure 6).

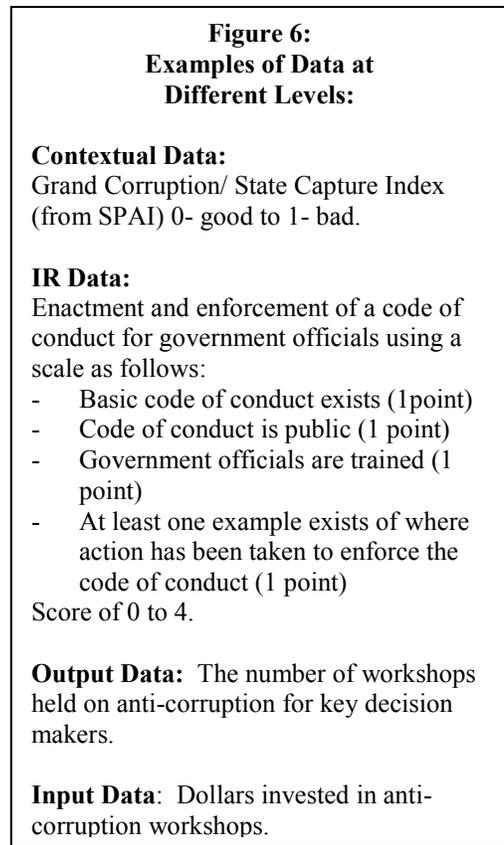
➤ *Contextual Data.* Much of the data that is available from other sources is useful to get a sense of the magnitude and nature of corruption at the country level. These data are often referred to as *contextual*. For example, the freedom house index conveys the overall level of freedom within a country. While this information is important in providing context (similar to how an economic growth program is likely to track a number of national statistics such as GNP, for example), it is not necessarily a *performance indicator*. These data measure a bundle of attributes and processes that are difficult to disentangle from each other – and thus are unlikely to be affected by AID policy except in the very long term. In the case of the freedom house index, a USAID mission would likely not want to be held accountable for making a country “freer”.

➤ *SO and IR Data:* In USAID’s system, indicators used to measure the progress of SO’s and IR’s should focus primarily on measuring performance. Performance indicators represent achievement of the objective and should be plausibly associated with USAID activities.

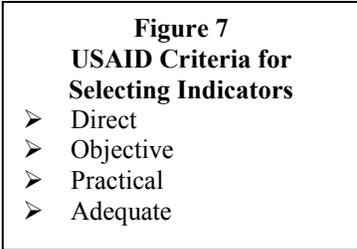
➤ *Input/Output Data:* Managers must track lower level inputs and outputs as a part of activity management. The number of workshops held or the number of participants receiving training are examples of output data.

D. Selecting Indicators: This section will summarize the criteria used to select an optimal set of indicators (see figure 7 for a summary). USAID has numerous resources that provide further guidance on various aspects of selecting indicators and developing performance monitoring plans (PMPs). These are listed in the references provided in Annex A, under “further references on performance monitoring and evaluation”.

The first question a team should ask is “what must this program or project achieve to be considered a success?” This question is important in terms of making the indicators relevant and meaningful to front line managers. An indicator should convey a key aspect of program achievement and should be useful for internal decision making as well as reporting. USAID has four key criteria that guide the selection of indicators as follows:



➤ *Direct:* A performance indicator should measure as closely as possible the result it is intended to measure. When the most direct measure is not available or data collection is not cost-effective at a frequency useful to managers, proxy indicators may be used. Particularly if proxy indicators are used, the rationale for the indicator should be included in the PMP.



➤ *Objective:* An indicator should be clear and unambiguous about what is measured and what data are collected. To think of it another way, an external party should be able to understand exactly what is being measured and should be able to come to the same conclusion over the interpretation of the results.

➤ *Practical:* An indicator is practical if data can be obtained in a timely way and at a reasonable cost. Data should be available with enough frequency so that program performance can be assessed on a regular basis. In general, SO level data should be available at least on an annual basis while other data may be available in more frequent intervals.

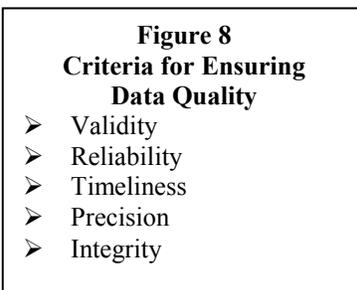
➤ *Adequate:* Taken as a group, performance indicators should be the minimum necessary to ensure that progress toward the result is sufficiently captured. A general rule of thumb is that between 1 and 3 indicators should be sufficient to measure an objective.

E. Data Quality: Data quality has gained increasing importance over the last few years. USAID has 5 standards to assess data quality as follows (see figure 8):

➤ *Validity:* Do data clearly and directly measure what is intended?

➤ *Reliability:* Using the same measurement procedures, can the same result be obtained repeatedly?

➤ *Timeliness:* Are data sufficiently current and available frequently enough to inform management decision-making at the appropriate levels?



➤ *Precision:* What margin of error is acceptable given the likely management decisions to be affected?

➤ *Integrity:* Are mechanisms in place to reduce the possibility that data are manipulated for political or personal reasons?

These 5 standards require USAID managers to understand the methodology and approach for data collection, consider the level of confidence in the data, and build in approaches for ensuring high quality.

F. The Indicator Tables: The indicator tables attached in Annex D provide an overview of potential indicators that can be used for programming, primarily at the SO and IR level. Again,

this would track closely with the idea that performance monitoring should focus primarily on measuring the impact of anti-corruption interventions. Those impacts are shown as SO's and IR's in USAID systems. This list is not intended to be exhaustive but rather is intended to generate ideas in each of the major areas that corruption programming might take place. Individuals or SO teams can use this table to facilitate discussion and to modify indicators for their own context.

One of USAID's criteria is that an indicator be objective, or in other words, clear and unambiguous about what is being measured. The following provides an example:

Imprecise: The number of successful export firms.

Precise: The number of export firms experiencing an annual increase in revenue of at least 5%

It is important that indicators are defined as clearly as possible to reduce subjectivity. Qualitative indicators are particularly vulnerable to this problem. In some cases, the indicator tables provide notional definitions for qualitative indicators rather than precise definitions to provide a starting point for discussion. For example, an improved business or regulatory atmosphere may include the simplification of licensing procedures as one element of the definition. If this is used, then it must be further defined. How is simplification defined? Which licensing procedures are being targeted? Examples of how qualitative indicators can be operationalized in the form of an index or scale are provided in Annex C.

G. Analyzing Performance Data: The role of performance monitoring is to reveal whether specific interventions are achieving results. The role of analysis and/or evaluation is to focus on a larger, more complex set of issues. Once PMP data is collected, it is important to analyze that data and to understand the meaning behind the numbers. There are a set of general questions that may help guide data analysis as follows:

- Is progress in terms of addressing corruption on track?
- What circumstances led to exceeding or falling short of targets? Falling short of targets may not mean that a project has failed. The key lies in understanding what has occurred and why it has occurred.
- Do critical assumptions remain valid? If critical assumptions are no longer valid, are adjustments in programming or the indicators required?
- Are the set of corruption interventions still valid, given the overall corruption trends in the country? What broader trends may be affecting these interventions?

The last question is particularly important, to ensure that programs have significant impact and remain valid in a particular country context. This issue closes the loop and asks managers to reexamine specific interventions in light of the "big picture".

Because anti-corruption programming is relatively new compared to other USAID sectors, one of the key challenges will be to understand the analytic connections between variables. There are a number of ways to this type of data analysis. One possible approach is to use the TAAPE framework to examine a particular issue across the portfolio. For example, the mission could

examine data related to transparency across the portfolio to determine whether common themes emerge.

Another approach may be to categorize indicators as follows:

- **Predictive Variables:** Wage data might be an example of this, where low wages in comparison to the private sector may be one of other “predictors” of corruption. Weak audit capacity or relatively high costs of providing a common service are other examples.
- **Measuring the Nature of the Problem:** The second type of indicators reflect the nature of the corruption problem itself. Examples are public or business perception surveys (e.g. asking a firm what % of revenues are spent on bribes or asking the public whether police come when called).
- **Outcome Variables:** These indicators could include the improved outcomes that result from improved efficiency and effectiveness. Examples might include improved or more effective service delivery or improved distribution of services across regions.

If indicators in the PMP were organized and analyzed around these categories some interesting questions could be examined. For example, are there a set of specific predictive variables that are most indicative of whether the problem will occur?

H. Demonstrating Progress: One question often asked in the area of corruption is: how do we know that we are making progress (see figure 9)? To summarize what has been discussed, at the broadest level, the magnitude, the location, and the nature of the problem must be understood. This requires assessment of the problem at the country level, drawing on existing data and country diagnostic tools. The assessment team can examine common themes and issues that emerge. This process helps USAID missions to design interventions in a strategic way to address the problem (either as standalone anti-corruption interventions or to strengthen anti-corruption programming within existing areas). The design of interventions requires further specificity on how corruption will be addressed.

Once interventions are designed, the indicator tables provide a set of indicators that USAID missions can draw upon to develop their performance monitoring plans. Finally, good performance monitoring requires that once data are collected, they are again analyzed against the broader country context to ensure that programming remains relevant and focused on key issues.

**Figure 9:
How do we know we are
making progress?**

1. Assess (understand the problem)
2. Design (interventions or strengthen existing programs; this process requires further specificity on how the USAID mission will address corruption and should flow from the assessments in step 1)
3. Identify Key Indicators for specific interventions (the indicator tables attached in this guide provide examples)
4. Analyze Resulting Performance Data within the Broader Context provided in #1 above

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Annex B: A Human Perspective on Corruption

Excerpted from *The Moral Critique: Corruption in Developing Countries* by Stephen Schwenke

The hypothetical character is a generally healthy young single Kenyan man named James Mwangi. He has recently migrated to Nairobi from a rural life, seeking his fortune. He sustains himself through construction jobs as a laborer, and rents a very rudimentary accommodation in a shantytown known as Mathare Valley. At a direct, personal level, he is confronted with the following typical daily incidents of corruption:

- a) harassment by police seeking petty bribes
- b) "chai" payments (kickbacks) to the construction foreman of 1/3 of his daily wages, as an "entry fee" for securing a job each day, but with no job security
- c) fees to youth gang members in the shantytown for "protection"

Mwangi is carefully saving whatever small amount of shillings remains after buying his food and essentials, in order to pay a significant bribe to the construction foreman to be engaged on the "permanent" staff. Of course he knows that this offers no real job security except that he and other "permanent" staff get some preference in the daily selection of workers, and he will be "entitled" to be issued boots and a safety hat. For the interim, he must work in dangerous conditions barefooted and without safety equipment, since (due to bribes to inspectors by the construction firm) labor safety laws are not enforced. Mwangi has no cash reserves or assets available for any emergencies that might arise should he be injured, and even his extended family would be hard pressed to come to his aid. The government provides very basic public health services, if he is willing to miss work to wait an entire day. Should he be hospitalized with no spare money to use as bribes he would be forced to sleep on a bed frame without a mattress, or even on the dirty floor of a ward in the Kenyatta National (public) Hospital. He would receive no food unless he could pay for it, although charity organizations would see to it that he received at least some bread.

Even with prudent saving, Mwangi will have no money available to buy new clothing or shoes, or to travel "home" to his family and village for at least a year. His teeth require dentistry, but that is entirely out of the question. Still, James Mwangi clings to a faint hope of a better future. There is, of course, a larger story affecting Mwangi. Due to systematic corruption, large amounts of aid funding that had been intended to provide better education, housing, medical care, enforcement of job safety regulations, and a small lending scheme have been "diverted." Efforts by union organizers to establish labor unions for construction workers have been frustrated by a variety of corrupt activities, particularly the co-opting of labor leaders by extortion, as labor unions would result in higher wages and better, more secure employment arrangements. Such a result would not be to the benefit of powerful elite politicians, who have financial interests in construction firms. Even the building he is working to construct is structurally inadequate, due to corrupt building plans review practices allowing the contractor to skimp on reinforcing steel in his concrete. Foreign and domestic investment that would have created plentiful jobs, and provided specialized job training for Mwangi and his friends never happened, as investors lost interest in placing their funds in the insecure and poorly managed Kenyan economy (Mauro 1998). Basic infrastructure expenditures budgeted by the government that would have provided

safer roads relatively free from potholes, clean piped water, and sanitation will not happen due to "irregularities" in the bidding of the contracts.

There are also ways that corruption will affect Mwangi that cannot be isolated. A general sense of powerlessness that comes from living in such harsh conditions with so few prospects for betterment and with no voice in even local affairs leaves Mwangi often desolate and downcast. This in time affects not just his mood but also his health, and it is clear that his tiny spark of hope for a lucky break will not sustain him forever.

Annex C: Examples of Scales and Indices – Operationalized

1. Milestone Scale: The functioning of an Inspector General office, using a scale to reflect incremental progress. The total score ranges from 0 to 4. The scale is scored on the following criteria:

- A charter is approved for the creation of an independent IG, with core responsibilities clearly defined (1 point)
- A budget is allocated for IG functions (1 point)
- Minimal staff are hired (a minimum of 10 auditors, the head of the IG office and at least 2 other senior level positions) (1 point)
- Audits are conducted. (1 point)

2. Index Indicators:

A. Example 1: Key pieces of legislation related to anti-corruption are passed. Key laws are identified in the table below.

Anti-Corruption: Legislative Progress Index:

Key Bills	Stages in the Legislative Process							
	Key CSO's ³ present their positions on the issues (1 point)	Legislation is drafted (1 point)	Public hearings are held. (1 point)	Debate is held. (1 point)	Parliament approves the bill (1 point)	Legislation is sent to the executive for approval. (1 point)	Legislation is passed. (1 point)	Score
Freedom of Information Bill	X	X	X					3
Public Hearing Bill	X	X	X	X	X			5
Disclosure of revenues and expenditures of national and local government	X							1
TOTAL SCORE:								9

³ Civil Society Organizations.

B. Example 2: The IG office executes mandates or performs tasks⁴. In the following example, 1 represents a minimal level of activity while 5 represents a high level of activity. The total score would range from 5 to 25.

Element	Score
A. Elaborates standards for behavior of public officials.	1 2 3 4 5
B. Provides guidance to other institutions of government for the establishment of internal affairs/disciplinary offices.	1 2 3 4 5
C. Investigates and initiates prosecution of high-level public offices.	1 2 3 4 5
D. Creates or coordinates anti-corruption campaigns at the national and/or sub-national levels (regions, states, provinces, for example)	1 2 3 4 5
E. Designs and Implements an anti-corruption education/awareness program (for the general public, for civil servants).	1 2 3 4 5
TOTAL SCORE	

⁴ Example taken from Silver, Robin. 2002. Indicators Handbook II: Using Qualitative Indicators. Washington, D.C. : USAID.

Annex D: Anti-Corruption Candidate Indicators

Section A: Governance

1. Institutional/Organizational Reforms
 - Management
 - Audit Capacity
 - Personnel Systems
 - Financial Management/Budgeting
2. Legal, Regulatory, and Policy Reforms
3. Economic Reforms
 - The Private Sector
 - Taxation
 - Economic Legal, Regulatory, and Policy Reforms
4. Responsiveness to Citizens
 - Public Notice and Transparency
 - Service Delivery

Section B: Civil Society

1. Civil Society Organizations (CSOs)
2. Public Awareness and Media
3. Private Sector Initiatives

Section C: Rule of Law

Section D: Elections and Political Processes

The TAAPE Criteria:

The “primary” criteria used in the TAAPE model are transparency, accountability, and awareness, prevention and enforcement. These tables note the primary TAAPE attribute based on the definitions below, although clearly some reforms may address more than one attribute. Characteristics are noted as follows:

- T= Transparency: connotes open, participatory government and dissemination of and access to reliable, useful, and sufficient information about public sector institutions and officials.
- AC= Accountability: refers to the duty of agents to account to their governments, citizens, and other stakeholders for their actions and the use of resources entrusted to them.
- AW= Awareness: includes educational and related activities that lead to the identification, socialization, and institutionalization of societal and professional values that promote integrity and decreased tolerance for corruption.
- P= Prevention: the systemic reform of institutions so as to decrease opportunities for corruption.
- E= Enforcement: encompasses the application and enforcement of civil and criminal laws, administrative sanctions, codes of conduct and disciplinary sanctions to ensure accountability.

Note: Please refer to Chapter IV section F (p. 17) of the guide for a discussion of the indicator tables. It is important to note that the indicators chosen must be grounded in sound analysis of a society’s particular corruption problem. In addition, tracking changes requires an analysis of sustained trends over longer periods of time.

Section A: Governance

Indicator	Definition and Unit of Measurement	Relevance of Indicator	TAAPE Criteria	Comments
1. Institutional/ Organizational Reforms				
➤ Management				
Data Availability	<p>This indicator is the percentage of a specific set of indicators available from government. Higher figures indicate increased transparency. However, better data availability also reflects how much work was invested for the particular country to collect the data.</p> <p>Unit: % of standard indicators available.</p>	<p>For stakeholders to express their approval or disapproval of public policy and to formulate policy alternatives, it is necessary that information pertaining to public policy is available. Although it is by no means the only factor associated with accountability, publicly provided information about both the social milieu and the execution of public policy can greatly enhance the level of accountability governments face. Failure to collect and publish data therefore reflects not only weak capacity but also an absence of transparency in government.</p>	T	<p>Source: World Bank/SPAI. The World Bank collects this data for the Stability Pact Anti-Corruption Initiative (SPAI). Either the standard indicators used in the Stability Pact Anti-Corruption Initiative (SPAI) can be used or USAID could select a standard set of indicators in consultation with public sector counterparts.</p>
Effectiveness of Legislative Oversight	<p>To be effective, a legislative body requires:</p> <ul style="list-style-type: none"> - Technically competent staff - strong committees - budgetary independence - significant oversight powers - constitutional role in approving political appointments - requirements for anti-corruption agencies to report to parliament rather than the executive. <p>Unit: Scale or index.</p>	<p>As a check to executive authority and to enhance accountability where a dominant executive branch might otherwise operate with impunity.</p>	AC	

Indicator	Definition and Unit of Measurement	Relevance of Indicator	TAAPE Criteria	Comments
<p>Establishment of Hot Lines</p> <p>Or</p> <p># of phone calls received by hot line or # of cases pursued as a result of hotline calls.</p>	<p>To be established, a hot line should likely be publicized and operational, and have established procedures to act on information.</p> <p>Unit: Yes/No or scale.</p> <p>Unit: Number</p>	<p>Indicates that hotlines are operational. Enlists the assistance of coworkers, businesses, and citizens to report corrupt acts.</p>	<p>AC</p>	
<p>The number of days an audit is delayed to the legislature.</p>	<p>The indicator is the number of days that the reported audit is delayed. Delays in auditing are defined as the elapsed time between the end of the financial year and the tabling of externally audited financial statements in the legislature.</p> <p>Unit: number of days</p>	<p>The rationale for this indicator is that the executive should be held accountable by the legislature for its fiscal management and underlying policy actions.</p>	<p>AC</p>	<p>Source: The World Bank/SPAI.</p>
<p>Open and Competitive Procurement Procedures</p>	<p>Open bidding process (posted procedures), clear procedures criteria for bidding, procedures are posted.</p> <p>Unit: Scale or index.</p>	<p>The more that the bidding process is open, the more likely it is to be fair.</p>	<p>T</p>	<p>Related to this are on-line procurement procedures – they not only show biddable projects but actually track bid levels in real time, in ways accessible to anyone. This approach has been used in Mexico.</p>
<p>Number or percentage of government contracts or % of monetary amount of government contracts advertised in a set number and category of media channels.</p>	<p>Procedures, channels of publicity, and required time should be worked out in consultation with government contracts office and business community.</p> <p>Unit: Number or percentage.</p>	<p>Full timely advertisement of bids/tenders for government contracts is a first and important step toward open government bidding and contract system; reduces opportunity for corruption.</p>	<p>T</p>	<p>If government is becoming more transparent, the trendline should be up, but this will depend on political will of government, strength of patronage systems, ethnic differences, alternative sources of contracts in the same lines of business. Could possibly look at a select sample of possibly larger contracts, NGOs and opposition parties may monitor.</p>

Indicator	Definition and Unit of Measurement	Relevance of Indicator	TAAPE Criteria	Comments
Distribution of services or enforcement	<p>Distribution of services (for example looking at the number or amount of services provided by locality), enforcement among segments of jurisdiction. Speed of service delivery to segments of jurisdiction. Service/enforcement requests not drawing response.</p> <p>Unit: Service delivery data (e.g. number or amount of services provided) disaggregated by region, ethnic group or economic status.</p>	This data assists in determining whether there is a fair and equitable distribution of services among regions or different socio-economic classes.	AC	Source: Johnston. Can be obtained by examining Agency Records, household/user, business enterprise surveys or “test cases”. This is a good cross-cutting indicator that could be used in a number of sectors.
Establishment of regulatory bodies in particular sectors	<p>For example in energy, this might include the creation of an autonomous, transparent and accountable regulatory body with authority. Each relevant element (e.g. autonomous, transparent, and accountable) would have to be defined. In addition, the establishment of a regulatory body might include a number of steps that could be incorporated into a scale or index, such as the official establishment of the regulatory body, minimal staffing & funding levels, etc.</p> <p>Unit: Scale or Index</p>	Indicates enhanced ability to balance competing interests against public needs.	AC	See annex C for an example of how an index can be used to capture the functioning of an organizational entity (index example 2).
Establishment of information centers	<p>Information centers may provide information and/or assistance in paying bills, land title registration, business licensing, business registration and other public services. The establishment of such centers may include a number of steps that could be incorporated into a scale or index, such as the official establishment of the regulatory body, minimal staffing & funding levels, etc.</p> <p>Unit: # of information centers, scale or an index.</p>	Demonstrates increasing government accountability and the perception of its role as serving the public.	AC	The World Bank’s eGovernance pages have examples of this sort of information, often available as part of internet demonstration projects.

Indicator	Definition and Unit of Measurement	Relevance of Indicator	TAAPE Criteria	Comments
Posting in government offices of application requirements and fees for licenses issued by that office	Number of offices with relevant licensing and fee requirements posted. Unit: Number	Indicates increasing transparency.	T	This indicator can be used across a variety of sectors.
Posting of fee schedules.	Number of institutions that post fees. Unit: Number	Indicates increasing transparency.	T	This could be applied across sectors. For example, it may include hospitals, clinics among other types of offices.
Use of multiple suppliers	Number and source of suppliers or rotation of suppliers. Rotation of suppliers could capture the number of different suppliers within a specified timeframe. Unit: Number of suppliers or number of different suppliers per specific timeframe.	Shows that one supplier does not have a monopoly, encourages competition.	AC	Internet accessible databases are sometimes used to track this data. See comment for “open and competitive bidding processes”.
Grand Corruption/State Capture Index	The scale ranges from 0 to 1, where values closer to 1 indicate more corruption. Perceptions of corruption are gauged through the WBES/BEEPS survey instrument (World Bank and European Bank for Reconstruction and Development’s Business Environment and Enterprise Performance Survey). For further detail on this survey, consult A Review of Corruption Assessments. The indicator is constructed from an index of six questions gauging business perceptions of corruption. Unit: Index	Provides an overall sense of grand corruption and state capture.	AC	Source: The World Bank/SPAI. This is probably more of a contextual indicator—used to understand broader country trends.
➤ Audit Capacity				

Indicator	Definition and Unit of Measurement	Relevance of Indicator	TAAPE Criteria	Comments
Creation or strengthening of a key anti-corruption entity.	<p>This could be an Inspector General/ Ombudsmen/Anti-Corruption Agency/ or Regulatory body. Criteria would have to be developed, taking into account the following elements:</p> <ul style="list-style-type: none"> - Minimal staffing requirements - Staff with appropriate skills - Adequate equipment or materials to perform work - Appropriate reporting mechanisms - Adequate budget - Evidence of regular auditing and monitoring of corruption (e.g. audit reports regularly produced at prescribed frequency). - Reports are available to members of the public or the press - Reports are submitted for review to an elected body <p>Unit: Index or Scale.</p>	Demonstrates an independent body has the authority to conduct audits and hold the public sector accountable.	AC	See annex C for an example of an index that demonstrates the functioning of an IG office.
Establishment of corruption monitoring and evaluation system.	<p>A monitoring and evaluation system includes the identification of a set of performance indicators to determine whether progress is being made. Such a system may also track audit recommendations and whether recommendations are acted upon. Information from such a system should be examined and analyzed on an annual basis at a minimum and should be used to guide management decision making.</p> <p>Unit: Yes/no or scale.</p>	A monitoring and evaluation system is particularly important for tracking a core set of objective data to help managers determine whether activities are ultimately impacting the problem.	AC	

Indicator	Definition and Unit of Measurement	Relevance of Indicator	TAAPE Criteria	Comments
Adoption of generally accepted auditing standards.	Includes the acceptance of internationally recognized accounting standards. These standards should be explicitly defined. Unit: Yes no or scale.	This establishes the foundation for greater accountability.	AC	
Number of audits completed	Number of audits completed by a key anti-corruption institution(s). Unit: Number	Particularly, at the point such an institution is established, this indicator demonstrates its capacity to carry out one of its primary functions.	AC	May need to consider target setting. In the beginning, it may be good to see the numbers increase, but over time, numbers may stay more constant. In addition, there are other complimentary issues that should be assessed. Are audits of good quality, for example, are audit recommendations acted on?
Number of auditors	Number of auditors per anti-corruption institution. Unit: Number	Particularly in the early phase, this conveys the capacity of the institution to carry out audits.	AC	Other quality issues need to be considered as well. For example, are auditors qualified? Are there problems with turn-over? What audit standards apply?
Percent of government budget audited according to required standards in the last financial year	Percent of total government budget that has been audited over the last year. Unit: Percent	Indicates the range of coverage of audits.	AC	If the range of coverage is low it may indicate a capacity problem.
% or # of examples of full investigation of significant breaches of procedures or ethics at relatively high levels being pursued fully and fairly to transparent outcome, & if necessary to enforcement.	% of significant cases in which such full investigations occur compared to all such cases. # would refer to the # of occasions on which this occurred. Examples can be in the form of brief “case studies” illustrating that the system is working at both high and low levels of government. Unit: # or %	Only way of observing whether the rules, the agencies, and the resources are coming together and having the desired outcome.	AC	Positive conclusions may be tempered by the continuation of cases which are known to have been overlooked or only partially pursued.

Indicator	Definition and Unit of Measurement	Relevance of Indicator	TAAPE Criteria	Comments
% or number of government departments/agencies with audit findings	Percent or number with audit findings (e.g. that find an error) and/or equivalent for inspections of contracts and procurements.	Can be used to indicate level of compliance with regulations and policies or it may flag further examination of whether there are barriers to compliance.	AC	This indicator can be useful if viewed as a “flagging indicator”. For example, if numbers are high, then other issues would need to be further examined, such as whether audits are of acceptable quality, whether a poor level of compliance is due to poor enforcement mechanisms, overly complex policies and regulations or lack of transparency in those regulations.
➤ Personnel Systems				
Improved Personnel systems	This might include the following elements: clear policies and criteria for hiring, firing, job requirements, ant-nepotism regulations, codes of ethics, the provision of training, performance based incentives, regular performance assessments. Unit: Scale or Index.	More formalized and rational personnel systems limit opportunities for corruption.	P	
% of new officers recruited by competitive exam conducted in a fair manner.	Unit: %	Indicates that systems are based on merit rather than patronage.	P	
Civil Service Pay (Vertical Compression)	This is a measure of the difference between the highest paid employee in a range of positions and the lowest paid employee. The indicator is a ratio—figures can be compared to OECD/EU averages.	If these gaps are too wide it may indicate a problem in the civil service systems.	P	Source: The World Bank/SPAI. While data compiled by the World Bank is based on government wide averages, USAID could examine whether this data is available for a particular ministry that it is working with to compare with the government wide figure.

Indicator	Definition and Unit of Measurement	Relevance of Indicator	TAAPE Criteria	Comments
Average government Wage to per capita GDP	<p>Figures near one are considered better.</p> <p>Unit: Ratio</p>	<p>To attract and retain high quality employees, governments compete in labor markets. If government wages are too far out of line with the market value of employees, governments may either be wasteful or not attract highly qualified employees. This indicator specifically compares government wages to the per capita GDP within the country. Petty corruption is more likely to occur where salaries are inadequate. In some cases, a reduction in work force may be used to increase salaries.</p>	P	<p>Source: The World Bank/SPAI. While data compiled by the World Bank is based on government wide averages, USAID could examine whether this data is available for a particular ministry that it is working with to compare with the government wide figure.</p>
Average government wage to average manufacturing wage	<p>Figures near one are considered better.</p> <p>Unit: Ratio</p>	<p>To attract and retain high quality employees, governments compete in labor markets. If government wages are too far out of line with the market value of employees, governments may either be wasteful or not attract highly qualified employees. This indicator specifically compares government wages to manufacturing wages within the country. Non-competitive wages can result in petty corruption and a lack of administrative capacity.</p>	P	<p>Source: The World Bank/SPAI. While data compiled by the World Bank is based on government wide averages, USAID could examine whether this data is available for a particular ministry that it is working with to compare with the government wide figure.</p>

Indicator	Definition and Unit of Measurement	Relevance of Indicator	TAAPE Criteria	Comments
Average government wage to average financial sector wage	<p>Figures near one are considered better.</p> <p>Unit: Ratio</p>	<p>To attract and retain high quality employees, governments compete in labor markets. If government wages are too far out of line with the market value of employees, governments may either be wasteful or not attract highly qualified employees. This indicator compares government wages to financial sector wages within the country. Non-competitive wages are likely to attract less qualified employees than competitive wages and result in petty corruption and a lack of administrative capacity.</p>	P	<p>Source: The World Bank/SPAI. While data compiled by the World Bank is based on government wide averages, USAID could examine whether this data is available for a particular ministry that it is working with to compare with the government wide figure.</p>
Average government wage to average private sector wage	<p>Figures near one are considered better.</p> <p>Unit: Ratio</p>	<p>To attract and retain high quality employees, governments compete in labor markets. If government wages are too far out of line with the market value of employees, governments may either be wasteful or not attract highly qualified employees. This indicator compares government wages to private sector wages within the country. Non-competitive wages are likely to attract less qualified employees than competitive wages and result in petty corruption and a lack of administrative capacity.</p>	P	<p>Source: The World Bank/SPAI. While data compiled by the World Bank is based on government wide averages, USAID could examine whether this data is available for a particular ministry that it is working with to compare with the government wide figure.</p>

Indicator	Definition and Unit of Measurement	Relevance of Indicator	TAAPE Criteria	Comments
Turnover rate of central government employees	Higher figures indicate decreased governmental capacity. Unit: %	This indicator measures the experience of employees and institutional memory of executive bureaucracies. Additionally, a spike in a time series immediately following the election of a new chief executive can indicate a reliance on patronage and capricious hiring practices. This indicator is a measure of both administrative capacity and of executive accountability. It is intended to measure civil service professionalism and whether a country has a career civil service which survives changes in power and thus assures an amount of continuity in policies. A professional civil service is more likely to hold the executive accountable.	P	Source: The World Bank/SPAI. While data compiled by the World Bank is based on government wide averages, USAID could examine whether this data is available for a particular ministry that it is working with to compare with the government wide figure.
Labor to capital ratio for government projects.	Unit: ratio.	A very high ratio might suggest that public programs have become patronage/employment projects, while a very low level might suggest corruption is skewing budgets toward big-ticket/high-bribe capital projects; the standard of comparison could be other units of government and/or private-sector activities, depending upon the kind of service or function being performed.		The World Bank collects this data in a number of countries.
➤ Financial Management & Budgeting				

Indicator	Definition and Unit of Measurement	Relevance of Indicator	TAAPE Criteria	Comments
Deviation from Functional Appropriations	<p>Lower figures indicate increased accountability of the executive to the legislature. This indicator consists of the actual budget and expenditure figures for each of the functions of health, education, public order, public works, local government, and defense. The absolute differences for the figures in each category are summed and divided by six (for six categories). This figure is divide by the sum of the total expenditure for all six categories. The figure ranges form 0 to 100 percent, where values closer to zero indicate less deviation.</p> <p>Unit: %</p>	Vast deviations between expenditures and appropriations indicate that governments are not accountable to their legislatures.	AC	Source: The World Bank/SPAI.
Contract Intensive Money	<p>The proportion of the money supply that is not held in the form of currency, i.e. the proportion that is held in bank accounts and as other financial assets. Contract intensive money is calculated as one minus the ratio of currency outside of banks to the sum of money and quasi-money (in the IFS, one minus line 14a divided by the sum of lines 34 and 35).</p>	The percentage of contract intensive money indicates in part how much faith investors have in the government’s ability and willingness to enforce financial contracts, and to refrain from expropriating financial assets. It is a measure of trust in banks and in the government.	AC	Source: The World Bank/SPAI. This is a proxy for the general level of confidence investors have in the government more broadly. It may be more useful as a “contextual indicator” for USAID because it may be difficult to show a plausible association between specific USAID interventions and this indicator. This indicator allows for international comparison and observation of changes on an annual basis.
Adoption of generally accepted accounting standards	<p>Acceptance of internationally recognized accounting standards.</p> <p>Unit: Yes/no or scale.</p>	Indicates greater adherence to internationally recognized standards.	AC	

Indicator	Definition and Unit of Measurement	Relevance of Indicator	TAAPE Criteria	Comments
Existence of an open budget process	<p>Can be applied to national and local budgeting, but often concentrated at the local level to provide citizens with an opportunity to provide input. An open budget process must be defined. It could entail the provision of budget information to the public or posting of meetings where the public is allowed to participate.</p> <p>Unit: Yes/no or scale..</p>	Enhances transparency of government expenditures and income.	T	
Improved Financial Management Systems	<p>Establishment of modern financial management systems. This may include:</p> <ul style="list-style-type: none"> - Computer operations that allow for comparisons of data to disclose abuses such as duplicate payments. - Computer-assisted audits that allow selected sampling of activities subject to abuse - Automatic flash points that call attention to repetitive or inappropriate budgetary maneuvers or deviations in areas of vulnerability - General ledger controls over valuable resources such as land, buildings, vehicles, computers, and electronic equipment - Single bank accounts use to consolidate public funds and eliminate “off-budget” expenditures. <p>Unit: Scale or index.</p>	Improves accountability by enhancing transparency and oversight in government operations.	AC	Source: World Bank.
Comparing prices of standard goods	<p>Create database of prices of standard goods and terms of payment to uncover differences in prices paid.</p> <p>Unit: Yes/No (standard data base exists) or scale of steps in the development of the database.</p>	Uncovers potential abuses.	AC	Source: World Bank.

Indicator	Definition and Unit of Measurement	Relevance of Indicator	TAAPE Criteria	Comments
Sub-national revenues as a percent of total revenues	<p>Sub-national expenditures as a percent of total expenditures is defined as the sum of total local government revenues and total provincial or state government revenues divided by the sum of total local government revenues, total provincial or state government revenues, and total central government revenues.</p> <p>Unit: Percentage.</p>	<p>Higher figures indicate increased local revenue collection. Increased decentralization indicates higher levels of accountability to citizens.</p>	AC	Source: The World Bank.
Tracking expenditures to specific outputs	Tracks the flow of public funds e.g. and resulting outputs. For example expenditures vs. school enrollment rates.	Indicates whether there is leakage of funding.	AC	This may be a good “flag” for conducting further analysis on the causes of the problem.

Indicator	Definition and Unit of Measurement	Relevance of Indicator	TAAPE Criteria	Comments
2. Legal, Regulatory and Policy Reforms				
<p>a) Laws and regulations requiring government information sharing on key issues are in place;</p> <p>Or</p> <p>b) Improvements made in the requirements for information sharing compared to a list of reforms promoted.</p>	<p>Key areas include requirements for freedom of information, holding of public meetings, open records and reports, information on availability of services, and on-going administrative investigations.</p> <p>Unit: Could be yes/no; or there could be a score against a checklist of desired laws.</p>	<p>Rules requiring government ministries to hold public meetings, allow for public input are an essential basis for access to information. Increasing the number of situations which government has to open proceedings to the public and press indicates improved environment for citizen access.</p>	<p>T</p>	<p>Could be obtained through the monitoring of government documents and/or laws and regulations. General rules for all government departments could be established fairly rapidly; specific rules for different ministries and situations might increase incrementally.</p>
<p>Simplification and elimination of conflicts among key legislation within a sector.</p>	<p>This could be tracked by defining simplification and elimination of conflict specifically for one piece of legislation. Alternatively, if several pieces of legislation are tracked, then some general criteria could be developed. Once clear definitions are developed, the number of laws simplified and/or where key conflicts were eliminated could be reported.</p> <p>Unit: Number of laws simplified, scale or index.</p>	<p>The ambiguity and lack of clarity caused by complex and burdensome laws are a key constraint.</p>	<p>P</p>	<p>See annex C for an example of an index that tracks legislative progress (index example 1). Criteria could be modified to represent simplification and elimination of conflict, which is the focus on this indicator.</p>
<p>Regulations and policies regarding privatization are transparent</p>	<p>Criteria for transparency must be defined. This could apply to processes (e.g. whether processes are set up in a way to promote competition) as well as providing “the rules” to a wide array of interested parties.</p> <p>Unit: Scale or index.</p>	<p>Indicates increased transparency in an areas that has been ripe for corruption in a number of countries.</p>	<p>T</p>	<p>This may be a particularly important indicator, given the range of inside deals that masquerade as “privatization” in some parts of the world.</p>

Indicator	Definition and Unit of Measurement	Relevance of Indicator	TAAPE Criteria	Comments
Policies that mandate annual reporting and disclosure of revenues and expenditures of national and local governmental units and results of operations.	<p>This could encompass one policy or a set of policies. The indicator could then be # of policies that require disclosure and reporting of revenues and expenditures at the national and local level and results of operations. Alternatively, if there is one overarching policy, progress could be captured on a scale or index.</p> <p>Unit: # of policies that meet specified criteria, scale or index.</p>	Indicates transparency in terms of decentralization, under the assumption that increased decentralization leads to increased accountability.	T	

Indicator	Definition and Unit of Measurement	Relevance of Indicator	TAAPE Criteria	Comments
Enactment and/or Enforcement of Freedom of Information Legislation	<p>The following provide some basic elements that might be a part of a) enacting legislation and b) enforcing legislation. These criteria should be modified to reflect each country context. See also “comments”.</p> <p>Enactment may include the following types of steps:</p> <ul style="list-style-type: none"> - Key policy area is analyzed and options developed - Specific policy proposals are developed - Public debate and discussions are held - Legislation is drafted and introduced to parliament - Legislation is debated - Legislation is passed - Law meets basic or minimal standards (must be defined) - Law is disseminated/ publicized <p>Enforcement includes the development of a system of enforcement. This may include the following types of elements:</p> <ul style="list-style-type: none"> - An implementation plan is developed - There is a process or system for redress - An appropriate individual, office, or ministry is designated with responsibility for implementing the law. - Financial resources are allocated or disbursed to implement the law. - Necessary organizational changes are made - Training is conducted to increase technical and managerial capacity - Evidence/cases that demonstrate that the law is enforced <p>Unit: Scale or index.</p>	Laws requiring the government to provide information to the public are an essential legal instrument that gives the public, the media and CSOs the right to demand information.	T	Because legislative changes tend to be longer term in nature and each phase encompasses numerous steps, these types of indicators usually cover either enactment or enforcement. That is, in the early stages, the indicator could focus on enactment. Once the legislation is enacted, the indicator can then be changed to track implementation

Indicator	Definition and Unit of Measurement	Relevance of Indicator	TAAPE Criteria	Comments
Enactment and/or Enforcement of Financial Disclosure Laws	See notes above for Enactment and/or Enforcement of Freedom of Information Legislation.	Enhances the transparency of officials' finances. These laws require public officials to declare their assets and incomes, and thereby act as a deterrent to profiting through corruption.	T	See notes above for Enactment and/or Enforcement of Freedom of Information Legislation.
Enactment and/or Enforcement of Laws that Require Open Hearings	See notes above for Enactment and/or Enforcement of Freedom of Information Legislation	Enhances the transparency of government processes.	T	See notes above for Enactment and/or Enforcement of Freedom of Information Legislation.
Enactment and/or Enforcement of Laws that Require Campaign Finance Reform	See notes above for Enactment and/or Enforcement of Freedom of Information Legislation	Reduce the reliance of political candidates on special interests who influence government policy in their favor.	AC	See notes above for Enactment and/or Enforcement of Freedom of Information Legislation.
Enactment and/or enforcement of codes of conduct or other legally binding statements for elected and government officials	See notes above for Enactment and/or Enforcement of Freedom of Information Legislation	Codes of conduct limit the influence of individuals where personal interests may be at stake and encourage transparency in assets	AC	See notes above for Enactment and/or Enforcement of Freedom of Information Legislation. (See also "application of sanctions")
Enactment and/or Enactment of Whistle Blower Protection	See notes above for Enactment and/or Enforcement of Freedom of Information Legislation	Indicates whether citizens or employees have some level of protection in exposing abuses.	AC	See notes above for Enactment and/or Enforcement of Freedom of Information Legislation.

Indicator	Definition and Unit of Measurement	Relevance of Indicator	TAAPE Criteria	Comments
Application of sanctions	<p>Sanctions may range from the ability of authorities to address corruption within a government agency to mandatory sanctions associated with legislation. The following are possible elements that might be included with the application of sanctions.</p> <ul style="list-style-type: none"> - firing public officials engaged in corrupt deals and render them ineligible for pension distributions or future public employment - denial of public services to users offering bribes - revocation of eligibility to bid on procurement - any embezzled monies must be returned to the state - misappropriated properties or goods must be forfeited - mandatory minimal sentence for offenses <p>Unit: # of cases where sanctions have been applied, scale or index.</p>	Demonstrates enforcement.	E	Legislation may include sanctions. However, in addition to criminalizing corruption, governments can establish sanctions for smaller cases of corruption outside the formal legal system as well.

Indicator	Definition and Unit of Measurement	Relevance of Indicator	TAAPE Criteria	Comments
The provision of plain language guides for businesses and individuals regarding legal standards and rights	<p>This indicator could measure: the number of plain language guides distributed, the number of laws with plain language guides developed and distributed, depending on what is most appropriate. This could cover areas that are most relevant to the public or businesses, such as taxation, licenses, registration, and customs, for example.</p> <p>Unit: See above discussion</p>	A key element of transparency is ensuring that the public understands key legal standards and rights.	T	
3. Economic Reforms				
➤ The Private Sector				
Perception of corruption	<p>Surveys of businesses, persons, or firms attempting to do business with the state. These surveys might focus on specific issues such as:</p> <ul style="list-style-type: none"> - Whether an individual or firm has received a demand for a major bribe - The number and predictability of inspections - Speed of delivery /performance of services, inspections. <p>Or general perceptions such as:</p> <ul style="list-style-type: none"> - % of individuals that believe corruption is a major constraint <p>Unit: Depends on survey. Example: % of firms or individuals who believe x, y, or z or the average speed of delivery of a service.</p>	Depends on the questions tracked. Can be used to measure service delivery, the extent of corruption from a business perspective , or general perceptions.	Could be T, AC, AW depending on the questions tracked.	Sources: Johnston. When public perception surveys are focused on specific services (e.g. speed of delivery), this data can be very useful.

Indicator	Definition and Unit of Measurement	Relevance of Indicator	TAAPE Criteria	Comments
Number of Independent Business Start Up Procedures	<p>The number of independent procedures—figures can be compared to OECD/EU averages.</p> <p>Unit: # of procedures.</p>	Simplification makes it easier for new businesses to start up and makes it more likely they will operate in the formal economy.	AC	Source: The World Bank/SPAI. The number of procedures and fees incurred in starting new businesses varies dramatically across countries. Some regulation is required on efficiency and equity grounds; however, the number of procedures required to start a new business and the cost in time and fees, tends to be very low in many countries (such as Canada) in which social and environmental regulations are most stringent. The obstacles that an entrepreneur must surmount to open a new business in many countries far exceed anything that can be justified on efficiency grounds. Excessive government regulation of small businesses tends to increase the share of economic activity in the informal sector.
# of businesses registered in a sample year.	<p>Registration means official registration with a ministry or board of trade, commerce, or membership in a chamber of commerce.</p> <p>Unit: # of businesses.</p>	Shows increased participation/confidence in the formal economic and legal sector. Easier registration, fewer disincentives or transaction costs for joining the formal sector (i.e. taxes, restrictions), better implementation of the law.	AC	Can obtain data by reviewing business registration records. An upward trend would be positive.
Share of bribes paid out of total revenue	<p>% of revenues paid toward bribes.</p> <p>Unit: Average % of revenues.</p>	Shows the impact on revenues.	AC	Firms must be convinced that the data will be strictly confidential and surveyors must be trained to use appropriate interview techniques.
Bribe cuts paid in public procurement	<p>Value of bribe cuts.</p> <p>Unit: \$ value</p>	Demonstrates the level of corruption in procurement.	AC	Firms must be convinced that the data will be strictly confidential and surveyors must be trained to use appropriate interview techniques.

Indicator	Definition and Unit of Measurement	Relevance of Indicator	TAAPE Criteria	Comments
% of firms incurring additional costs of business (bribes)	% of firms incurring bribes. Unit: %	This provides a sense of the magnitude of the problem.	AC	Firms must be convinced that the data will be strictly confidential and surveyors must be trained to use appropriate interview techniques.

Indicator	Definition and Unit of Measurement	Relevance of Indicator	TAAPE Criteria	Comments
➤ Taxation				
Number of taxes imposed on taxpayers	Number of taxes. Unit: #	Decreasing numbers could represent the simplification of tax laws.	AC	The high number of tax laws is a significant problem in a number of countries. This makes it difficult for the taxpayer to comply and opens up possibilities for increased corruption since no one fully understands “the rules”. This may be most useful if it can be compared with other countries. Also, it needs to be complimented with other indicators and/or some analysis to ensure that new or remaining laws are indeed simpler.
Level of information dissemination on tax laws	Number of people reached by information on tax laws, implementing regulations, forms, instructions, and “plain language” guides to taxes and tax administration. Unit: # of people	Indicates increased transparency.	T	
The number of tax offices where service charters and /or taxpayers rights are openly posted.	Unit: # of tax offices.	Indicates increased transparency.	T	
Elimination of key nuisance taxes	A target set of key nuisance taxes would need to be defined. One point could be awarded for the elimination of each for a total score on a scale. Unit: points on a scale (1 point for each nuisance tax eliminated)	Indicates simplified and more rationale tax system.	AC	
% of firms that claim a tax credit and received it	Unit: %	Helps identify problems in tax compliance vs. tax administration.	T	
% of firms that received expected tax credit.	Unit: %	Indicates transparency and clarity of the system.	T	

Indicator	Definition and Unit of Measurement	Relevance of Indicator	TAAPE Criteria	Comments
International Trade Tax Revenue	Higher figures indicate decreased governmental capacity. International trade tax revenue is calculated as the percentage of all revenue that is collected from international trade taxes. Unit: %	Reliance on revenue from trade taxes is widely believed to reflect weak administrative capacity.	AC	Source: The World Bank/SPAI.

Indicator	Definition and Unit of Measurement	Relevance of Indicator	TAAPE Criteria	Comments
➤ Economic Legal, Regulatory, and Policy Reform				
Improved Business Regulatory Atmosphere	<p>Key elements of an improved business regulatory atmosphere must be defined. This may include:</p> <ul style="list-style-type: none"> - Elimination or simplification of licensing procedures - Elimination of tariffs, quotas, exchange rate restrictions, price controls, and permit requirements, at the same time this reduces transaction costs, bottlenecks and fosters competition. <p>Alternatively, a small set of key indicators could be selected. For example, the number of licenses required to open a business.</p> <p>Unit: Either a set of specific indicators or an index intended to capture the overall regulatory atmosphere.</p>	A more streamlined, rational and clear regulatory atmosphere is likely to reduce opportunities for corruption.	AC	
Key tax laws are improved	<p>Criteria for “improvement” must be defined. This might include:</p> <ul style="list-style-type: none"> - Simplification of laws - The inclusion of clear and objective standards - Sanctions that are appropriate to the level and magnitude of the violation. <p>Unit: Index.</p>	Criteria included in the indicator would signal improvements in tax laws.	AC	See also discussion under Legal, Regulatory, & Policy Reforms. This could also be designed to capture reforms in key regulations and a similar format could be used as discussed under “Enactment and/or Enforcement of Freedom of Legislation” on p. 16. An example of an index is also provided in annex C.
Legislation/regulations are consistent with WTO standards.	<p>Standards are defined as a part of the World Trade Organization treaty.</p> <p>Unit: Yes/No or alternatively a scale can be developed outlining key steps in acceding to the WTO. In this case, the % of WTO criteria met could be reported to convey incremental change.</p>	Direct measure of whether a country has a set of laws that are recognized as conforming to international standards or commercial soundness.	AC	Can be obtained from WTO records.

Indicator	Definition and Unit of Measurement	Relevance of Indicator	TAAPE Criteria	Comments
3. Responsiveness to Citizens				
➤ Public Notice and Transparency				
# or % of occasions (for which it is required) for which government agencies provide adequate notice of public hearings	“Adequate” will vary according to the complexity and length of materials to be read; “customers” should be consulted on what is reasonable and realistic taking account of normal constraints on government time.	Advance notice is the first indication that the government is sincere about opening up investigations, deliberations, etc. to the public and to interest groups. Also indicates sufficient advance planning about information dissemination by government agencies.	T	Should show a positive trendline especially if there is a focus and programmatic support, but may differ from ministry to ministry.
# or % of occasions (for which it is required) for which government agencies provide adequate notice to the press of public hearings.	As above, “adequate” depends on circumstances, but press needs less time than organizations that need to respond.	Advance notice to the press is an indication of government sincerity about opening up investigations, deliberations, etc. and informing the broad public.	T	Should show a positive trendline especially if there is a focus and programmatic support, but may differ from ministry to ministry.
# of target agencies out of those required to do so or in a specific locality or functional area providing full information to the public about the services that they are required to deliver.	Information provided in good time and through a variety of channels accessible to different types of communities, i.e. through mass media, including radio, government notice, extension officers, health officers, or to relevant NGOs and in relevant languages could develop an index, if useful	It is essential that the public knows what it has the right to expect from a government agency; it gives the public some basis to judge services and puts pressure on an agency to live up to promise.	T	Can be collected through monitoring of government agencies (or a sample of select ones) that are required to inform the public; interviews with key NGO leaders. It may be necessary to rely on a qualitative review. The trend might rise at first and then decline if difficulties are caused or government is embarrassed by press informing public of errors or wastage.
# of joint commission meetings between government and civil society (functional areas/ministries of significant relevance to be selected).	Number of public-private commissions or number of times that all such commissions meet to discuss substantial issues, such as education, health, etc.	Indicates government open to sharing plans, information, & ideas with and listening to civil society or key informed individuals.	AC	Trend should increase although in the medium term, the quality of the interchange and the influence of private citizens and of the commissions will be more important than the number of meetings.

Indicator	Definition and Unit of Measurement	Relevance of Indicator	TAAPE Criteria	Comments
Number of public hearings	<p>Hearings where citizens have an opportunity to provide input—e.g. independent party may monitor the process, a process is set up to facilitate broad participation, citizens have an opportunity to present comments and positions.</p> <p>Unit: Number</p>	Indicates greater transparency and accountability. Provides a forum for public input.	T	

Indicator	Definition and Unit of Measurement	Relevance of Indicator	TAAPE Criteria	Comments
➤ Service Delivery				
% of citizens who say that they are satisfied with services.	Unit: %	Focuses on quality of services and interactions with service providers, as perceived by customers.	AC	Analysis must show that corruption one of the key causes of poor service. In some cases, CSO's can use this type of data to generate a "report card" on government services.
Quality of services provided	The type of service must be defined. Then criteria can be developed for how to define "quality". For example, in India a citizen forum was created to monitor the quality of roads. A CSO put together a series of simple tests that can be used by citizens to monitor quality. Unit: May vary depending on approach (e.g. could be a scorecard, scale or index incorporating quality criteria).	Indicates improved ability of citizens to hold government accountable. In particular, technology can be used to keep the public from understanding quality issues.	AC	
Time and/or cost to customers of getting government services.	Time (in work days) or cost (in dollars or local currency) of getting government services. This could be used for a number of services including licensing, the provision of utilities, permits, payment of invoices etc. Unit: Depends on how this is measured, some examples provided above.	Indicates improvements in management & increased efficiency which is a proxy for reductions in corruption.	AC	Usually obtained through surveys or government records.
Number of steps involved in processes	This could encompass administrative steps or handling of files, inspections, negotiations. Unit: # of steps or an index demonstrating improvements in an administrative system.	Indicates improved efficiency	AC	Source: Johnston.

Indicator	Definition and Unit of Measurement	Relevance of Indicator	TAAPE Criteria	Comments
<p>Transparent procedures for a) licensing, b) procurement c) privatization d) tax collection and e) customs.</p>	<p>Index might be appropriate taking into account the following (these are illustrative examples):</p> <ul style="list-style-type: none"> - timely publication for all bids, tenders auctions, applications etc - user-friendly information - publication of decisions - clear rules of appeal - examples of fair appeal processes - sense among stakeholders of impartiality in decisions - sense of impartiality among the informed public <p>Panel of experts could use criteria such as these as basis for scoring.</p> <p>Unit: Index.</p>	<p>This indicator seeks to measure how far government has come in establishing and practicing such open and fair processes.</p>	<p>T</p>	<p>A panel of experts might include a mix of lawyers with expertise in these areas, business persons, academics, members of business associations, think tanks, ex-senior government officials and would have to be established. Panelist would have to meet every 1 or 2 years. If there is a serious problem of corruption, the benchmarks will be low and then, assuming there is political will and relatively effective programs aimed at enhancing transparency, some improvement should be anticipated. But it should also be anticipated that stakeholders who benefit from corruption will consistently seek to circumvent new procedures and provide alternative incentives. A smooth upward trendline therefore should not be expected.</p>

Section B: Civil Society

Indicator	Definition and Unit of Measurement	Relevance of Indicator	TAAPE Criteria	Comments
➤ Civil Society Organizations				
Number of NGOs' with that identify anti-corruption as one of their mandates	<p>Number of active non-governmental organizations that specifically identify the promotion of anti-corruption as one of their mandates. Anti-corruption should be clearly defined.</p> <p>Unit: #</p>	This is a proxy indicator that gets at effective advocacy via more advocacy.	AW	Source: DG Handbook. It should only be used if a more direct indicator is unavailable. Data can be derived from interviews with NGOs and is likely low cost. The indicator may be more relevant in countries where NGOs are just beginning to have a voice and are to nascent to see a measurable change in their ability to advocate—which would still be the long term objective. Few very strong NGOs may have more impact than several weak ones.
# of NGOs with specialized expertise and capacity to monitor, analyze, and publicize government corruption.	NGOs that have a mission to focus on corruption and have personnel with the necessary specialized skills.	In addition to independent government agencies, it is necessary to have non-governmental agencies to observe the reality of independence and effectiveness of these agencies, to act as consumer protectors and advocates, to make the public aware, and play a policy advocacy role on this topic.	AW	If one begins with none, or one or two, then the trendline could be expected to rise slowly. It may soon become static which is not a problem; then the more important question relates to their effectiveness rather than their number.
# or % of advocacy NGOs rated as effective or showing an improvement on an index.	<p>See The Handbook for Democracy and Governance Program Indicators, Appendix C, part D for the advocacy index.</p> <p>Unit: # or % of NGOs improving on an index.</p>	This demonstrates increasing capacity to advocate effectively.	AW	There are several examples of such indices and they can be adapted to fit local conditions or program emphasis areas (see USAID TIPS No. 15 on Measuring Institutional Capacity available on the USAID web).

Indicator	Definition and Unit of Measurement	Relevance of Indicator	TAAPE Criteria	Comments
Number of recommendations provided by CSOs on combating corruption/ number of recommendations that are adopted.	Criteria should be developed. For example, recommendations may need to meet certain criteria for quality (a result of sound analysis, presented in written form and address a key constraint, etc). Unit: Ratio. Disaggregated by type of issue (procurement, customs, courts, privatization, etc)	This could be a cross-cutting indicator.	AC (on the part of the government)	
Number of CSOs that are members of a coalition to address corruption or number of networks to address corruption	“Networks” or “coalition” must be defined. Unit: Numbers	Indicates increasing networking of CSOs to address corruption.	AW	
Number of CSO’s that monitor court proceedings	Unit: #	Indicates the number of “watchdog” CSOs.	AW	
# or % of target NGOs who believe their advocacy has lead to policy and legal changes and can provide specific examples of change.	Unit: Percent.	Measures actual impact of the advocacy. This is a higher level indicator since it measures whether advocacy has had impact.	AW	Data can be obtained through a survey of NGOs. The number should increase over time. This would also require identifying target laws that NGOs are lobbying for. This is often used as an SO level indicator.
➤ Public Awareness & Media				
Public perceptions of corruption in the delivery or provision of selected government services, as reported in opinion polls.	Questions could cover a number of perceptions about corruption. One example is % of population (disaggregated if possible and judged relevant) perceiving corruption as a serious problem. Unit: % of population who believe x, y, or z.	Relevant because although these measures are subjective, they are derived from surveys of either the general public or most relevant client groups (i.e. property tax payers, water users, and business persons, (whose assessments can indirectly affect flows of international private capital). However, perception may not always track closely with reality.	AW	Trends will need to be set and interpreted with care. It is possible with increased openness and more media attention that public perception may be more negative at first. Targets might need to take this into account at first, and then look to improvements. Targets could be set at intervals of 3 to 5 years by specifying some desired amount of change since the first benchmark survey.

Indicator	Definition and Unit of Measurement	Relevance of Indicator	TAAPE Criteria	Comments
Level of distrust of bureaucratic officials	Household /user, business enterprise surveys, public opinion surveys, Agency “report cards”. The following types of issues could be covered: <ul style="list-style-type: none"> • Expectations of demands for payments • Expectations regarding effects of payments • Expectations regarding speed, fairness of agency functions • Expectations regarding possible recourse Unit: % of respondents.	Level of distrust is related to perceptions of corruption.	AW	Source: Johnston.
Perceptions of corruption by surveys of businesses or firms attempting to do business with the state.	Questions could cover a number of issues. Example: % of owners or managers of registered businesses (representing different sectors and sizes, and if relevant ethnic/religious or regional populations) perceiving corruption as a serious problem. Unit: % of respondents.	Although these measures are subjective, they are derived from surveys of important and interested client groups (whose assessments can indirectly affect flows of international private capital).	AW	Requires a decision about which are key areas of licenses, and then interviews (or a survey) with a cross section (i.e. rich /poor, men/women, ethnic groups) of the public involved in obtaining licenses. Trendline could be expected to decrease. One should keep in mind that trends will also depend on good management and not only on reduction in corruption; and also that an improvement in services may lead to increased demand and that may once again increase delays.
Level of understanding of the public of their rights	% of population that can identify at least 3 key legal rights.	Understanding rights is a key component of addressing corruption.	AW	
% of population reached in a media campaign on anti-corruption	Dissaggregate by type of media (radio, TV, public speaking events, etc). Unit: %	Indicates the magnitude of public awareness.	AW	This number requires analysis vis a vis the big picture. A workshop with a small group of key decision makers may have more impact than a large advertising campaign.

Indicator	Definition and Unit of Measurement	Relevance of Indicator	TAAPE Criteria	Comments
Frequency of public awareness activities on anti-corruption.	<p>Frequency of TV and radio programs, public debates, reports on anti-corruption initiatives or that educate the public about their legal rights.</p> <p>Unit of Measure: a) number of TV programs b) number of radio programs c) number of flyers, posters, bulletins and newsletters distributed to the citizenry</p>	Any public awareness campaigns must track the outputs of activities.	AW	This is an activity level indicator. It must be complemented with numbers on the number of people reached through such campaigns.
Legislation that protects journalists' rights	<p>Replace poorly-written libel and slander laws that establish clearer and more transparent standards and processes for revocation of media licenses.</p> <p>Unit: # of improved laws or index reflecting progress across a set of laws.</p>	Poor libel laws prevent media from playing an effective watchdog role.	AW	
Increased Investigative Reporting of Corruption in the Media	<p>Number of articles or news shows on corruption activities.</p> <p>Unit: number.</p>	This is a proxy for increasing awareness on corruption.	AW	The quality of reporting is also important. See quality indicator below.
Quality of media investigation and reporting of corruption	<p>Index might be appropriate; taking into account a) numbers of papers, journals, radio and TV programs covering corruption; b) effort invested in investigations, c) use of documentary and interview findings, d) a variety of views (including those of the investigated); and e) perseverance with an issue.</p> <p>Unit: Scale or index.</p>	Media has an especially important role to play as a watchdog and publicize of corruption. Some bias is inevitable, but it is important that the media keeps some balance insofar as it listens to and reports all sides of the case.. However, if the media is not independent, this indicator is irrelevant.	AW	Requires careful monitoring of the media. There may be NGOs or the media itself may do this. If not, then it may be possible to rely on a panel of experts; or it may be necessary to set one up; and they should make their assessments on a fixed set of criteria along the lines suggested. Every 2 years may be adequate.
➤ Private Sector Initiatives				

Indicator	Definition and Unit of Measurement	Relevance of Indicator	TAAPE Criteria	Comments
Number of anti-corruption initiatives promoted by the private sector.	<p>An “anti-corruption initiative” should be defined. An anti-corruption initiative may be an activity that is designed to address corruption, defined as “rent-seeking behavior of agents acting to further their own illegitimate interests in violation of the principles of their principles”. This could incorporate public and/or public sector corruption, as appropriate.</p> <p>Unit: #</p>	Indicates growing intolerance of corruption.	AC	
% of firms participating in anti-bribery pacts	<p>An anti-bribery pact should be defined. An example: Transparency International’s “islands of integrity” approach.</p> <p>Unit: %</p>	Indicates growing resistance to corruption.	AC	

Indicator	Definition and Unit of Measurement	Relevance of Indicator	TAAPE Criteria	Comments
Number of business associations (or number of businesses involved with associations) that support improved corporate governance practices.	<p>Corporate governance practices could incorporate elements such as the following;</p> <ul style="list-style-type: none"> - shareholder's rights - equitable treatment of shareholders - protection of the rights of other stakeholders including employees, lenders, creditors, suppliers and local communities - timely and accurate disclosure of all material information regarding business entities including financial situations, performance, ownership and governance - strategic operations of business, effective monitoring of management and accountability of corporate boards (including the prevention of conflicts of interest, the elements mentioned above, as well as implementing internationally accepted accounting standards, internal controls, external oversight, etc). <p>Unit: number of businesses or associations or index.</p>	Indicates improved corporate governance and accountability.	AC	
Number of public-private sector partnerships supporting improved corporate governance practices.	<p>The terms partnership should be defined. Ideas on how to define corporate governance practices are provided above.</p> <p>Unit: number.</p>	Indicates an increasing willingness of the public and private sector to work together to address corporate governance issues.	AC	
Creation of professional associations that develop and enforce professional standards and codes of ethics.	<p>Number of professional associations or the movement of a professional association toward the development or adoption of professional standards and/or codes of ethics.</p> <p>Unit: Number of associations, scale or index.</p>	Indicates increased recognition of the need to adopt ethical standards.	AC	

Indicator	Definition and Unit of Measurement	Relevance of Indicator	TAAPE Criteria	Comments
Improved legislation governing legal organization and taxation of not-for-profit organizations and associations.	This could include civil society groups, chambers of commerce, professional associations. Unit: Scale or index following specific legislation.	Indicates greater freedom for such organizations to organize and address corruption.	AC	

Section C: Rule of Law

Indicator	Definition and Unit of Measurement	Relevance of Indicator	TAAPE Criteria	Comments
Rules for carrying out investigations of senior officials established.	The establishment of written rules for carrying out investigations. Criteria would have to be developed. These rules might attempt to mitigate conflicting interests or incorporate impartial parties. For example, in some cases, an independent prosecutor works with the public prosecutor to carry out investigations of senior officials. To be established there must also be evidence that the rules are used. Unit: Yes/No, scale or index.	Increases impartiality.	P	
Establishment of codes of conduct	Codes of conduct established and enforced for judges, attorneys, clerks and litigants. Unit: Yes/No or could develop a scale with key criteria showing incremental change.	Limits opportunities for corruption.	P	See also discussion under governance, p. 18, indicator “enactment and/or enforcement of codes of conduct or other legally binding statements for elected government officials”.
Improve systems for the selection of judges, prosecutors and police	Criteria could be developed including clear, merit based and more transparent systems for selection. Unit: Scale or index.	Assists in increasing the professionalism of judges, prosecutors and police.	P	
% of the population that has litigated against government entities (including the police)	Unit: %	Higher figures indicate increased accountability.	AW	Source: The World Bank./SPAI
% of businesses that have litigated against government entities (including the police) in the past five years	Unit: %	Higher figures indicate increased accountability	AW	Source: The World Bank/SPAI.

Indicator	Definition and Unit of Measurement	Relevance of Indicator	TAAPE Criteria	Comments
% of cases appealing administrative decisions	Unit: %	Lower figures indicate increased administrative capacity.	AC	Source: The World Bank/SPAI.
% of informed people who report that there is a set of widely available written rules and regulations establishing procedures or internal regulations for carrying out decisions, actions, and major functions in the various sector institutions.	Decisions, actions are major functional events, i.e.. arrests, investigations, judicial findings, etc. Sector institutions are courts prosecution and police. Informed people would be the technical people working in those organizations as well as the professionals that work with the organizations, such as lawyers, law academics, etc) Unit: % by major institution.	Transparency depends on existence of predetermined rules or criteria for institutional actions. These are usually written but in any case should be widely known.	T	
Number of court cases or prosecutions related to corruption	Specific areas of corruption might be defined. For example, it could be narrowed to an increase of cases focusing on conflict of interest. Unit: # of cases.	Indicates increasing enforcement.	E	
Improved prevention of corruption in case management and court administration	Elements may include: - random assignment of cases - limitations on ex-parte conversations with judges - establishment of responsible personnel and practices for handling case files from the commencement of a law suit through enforcement. Unit: Scale or index.	Indicates improved and more efficient administrative systems which help to reduce opportunities for corruption.	P	
Number of convictions related to corruption.	Unit: # of convictions.	Indicates improved enforcement.	E	
Number of Decisions Overturned to Confirmed Court Decisions	Unit: # of decisions.	Lower figures indicate increased judicial capacity.	AC	Source: The World Bank/SPAI.
% of cases disposed of per year	Unit: % of cases.	Higher figures indicate increased judicial capacity.	AC	Source The World Bank/SPAI

Indicator	Definition and Unit of Measurement	Relevance of Indicator	TAAPE Criteria	Comments
Number of Independent Legal Actions to Evict Tenant	Members of the largest international association of law firms, Djankov et al. Have collected data for 109 countries on the number of “independent procedural actions” required to file a complaint and to obtain and enforce a judgement in each of two common areas of dispute: collection of overdue debt, and eviction of non-paying tenants. Law firms completing the questionnaire also estimated the duration in days from initiation to completion of the process, for debt collection and for rent eviction. For simplicity and comparability, hypothetical cases were described in detail to the responding law firms: it was assumed the plaintiff had fully complied with the agreement, the defendant presented a poorly justified opposition, the case was heard in the local courts in the country’s largest city, the amount of the claim was specified, etc.	The number of independent procedures--- figures can be compared to OECD/EU averages. Where procedures are inordinately complex and lengthy, even for enforcing breaches of contract where no facts are in dispute, commercial activity suffers.	AC	Source: The World Bank/SPAI.

Indicator	Definition and Unit of Measurement	Relevance of Indicator	TAAPE Criteria	Comments
Number of Independent Legal Actions to Collect Overdue Debt	Members of the largest international association of law firms, Djankov et al. Have collected data for 109 countries on the number of “independent procedural actions” required to file a complaint and to obtain and enforce a judgement in each of two common areas of dispute: collection of overdue debt, and eviction of non-paying tenants. Law firms completing the questionnaire also estimated the duration in days from initiation to completion of the process, for debt collection and for rent eviction. For simplicity and comparability, hypothetical cases were described in detail to the responding law firms: it was assumed the plaintiff had fully complied with the agreement, the defendant presented a poorly justified opposition, the case was heard in the local courts in the country’s largest city, the amount of the claim was specified, etc.	The number of independent procedures-- figures can be compared to OECD/EU averages. Where procedures are inordinately complex and lengthy, even for enforcing breaches of contract where no facts are in dispute, commercial activity suffers.	AC	Source: The World Bank./SPAI
Number of police investigations related to corruption Or Number of judicial investigations	Unit: # of investigations	Indicates increasing enforcement. However, very low numbers might indicate cover-ups or basic flaws in the strategy of delegating anti-corruption responsibilities to the police	E	
Policies and procedures that allow public or media access to court proceedings	Key policies or procedures could be defined and then tracked against a scale or index. Unit: Scale or index.	Indicates transparency in court proceedings.	T	
Revision of civil and criminal procedure codes, substantive laws, and regulations to simplify procedural requirements and reduce opportunities for discretionary conduct.	Key laws could be targeted and then tracked against criteria in a scale or index. Unit: Scale or index.	Indicates decreased opportunities for corruption.	P	

Indicator	Definition and Unit of Measurement	Relevance of Indicator	TAAPE Criteria	Comments
Number of laws which address corruption	Laws that are included must address corruption substantively. Corruption refers to the rent-seeking behavior of agents acting to further their own illegitimate interests in violation of the legitimate interests of their principles. Unit: Scale or index.	Indicates increasing commitment by government to institutionalize changes to address corruption.	Depends on law.	Refer back to Governance—Legal, Regulatory and Policy Reforms on page 15.

Section D: Elections and Political Processes

Indicator	Definition and Unit of Measurement	Relevance of Indicator	TAAPE Criteria	Comments
Fair voting procedures	Voting procedures: <ul style="list-style-type: none"> - Conform to international standards - Are internally consistent and clear - Require transparency - Include avenue of redress Unit: Yes/No or Scale.	Measures transparency and accountability.	AC	Should demonstrate progress toward conformity with international standards in successive election cycles.
Establishment of Campaign Finance Reforms	Reforms may limit or regulate donations, require disclosure of funds, provide free television time and eliminate off-budget government funding sources. Unit: Yes/No or Scale.	Indicates transparency and accountability.	AC	Refer back to Governance—Legal, Regulatory and Policy Reforms on page 18.
Competitive Legislative Elections Index	No legislature: 1; Unelected legislature: 2; elected, 1 candidate; 1 party, multiple candidates: 4; multiple parties are legal but only one party won seats; 5; multiple parties did win seats but the largest party received more than 75% of the seats: 6; largest party got less than 75%: 7	If the electorate has a choice of several parties and candidates for seats in the legislature, and the candidates are elected through a competitive process, the legislature will be more accountable to the public.	AC	Source: World Bank.
Competitive Executive Elections Index	No executive: 1; Unelected executive: 2; elected, 1 candidate; 3; 1 party, multiple candidates: 4; multiple candidates from multiple parties are legal but only one party won votes: 5; multiple candidates did win votes but the winning candidate received more than 75% of the vote: 6; winning candidate won less than 75% of the vote: 7.	If the electorate has a choice of candidates from several parties of the executive position, and the candidates are elected through a competitive process, then the executive will be more accountable to the public.	AC	Source: World Bank