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TATWEER
National Capacity Development in Public Management
تطوير
تنمية القدرة الوطنية في ادارة مؤسسات الدولة

Principles of Anti-Corruption Competency Course

MODULE 1

CONCEPTS, PRINCIPLES AND TERMINOLOGY

CONCEPTS AND TERMINOLOGY

The failure to address corruption undermines all development efforts and has a devastating impact on attempts to foster good governance and on human rights, especially affecting the poor and marginalized.

CONCEPTS AND TERMINOLOGY

CORRUPTION

- **The abuse of entrusted power for private gain. Corruption can be classified in different ways depending on the amounts of money lost and the sector where it occurs.**
- **It encompasses unilateral abuses by government officials such as embezzlement and nepotism, as well as abuses linking public and private actors such as bribery, extortion, influence peddling and fraud.**

CONCEPTS AND TERMINOLOGY

ADMINISTRATIVE CORRUPTION

- **Corruption that alters the implementation of policies, such as being able to get a driving license even if you don’t qualify for it.**

POLITICAL CORRUPTION

- **Corruption that influences the formulation of laws, regulations and policies such as revoking licenses and gaining the sole right to operate monopolies.**

CONCEPTS AND TERMINOLOGY

ADMINISTRATIVE/POLITICAL CORRUPTION COMBINED DEFINITION

- **Manipulation of policies, institutions and rules of procedure in the allocation of resources and financing by political decision makers, who abuse their position to sustain their power, status and wealth.**

CONCEPTS AND TERMINOLOGY

PUBLIC SECTOR

- **The government and its decentralized units including the police, military, public roads and transit authorities, primary schools and healthcare system that use public funds and provide services based on the motivation to improve citizens' lives rather than to make a profit.**

CONCEPTS AND TERMINOLOGY

GRAND CORRUPTION

- **Corruption which is apparent up to the highest levels of government, leading to a breakdown of confidence in good governance, the rule of law and economic stability.**

PETTY CORRUPTION

- **Corruption that involves the exchange of small amounts of money or minor favors by those seeking preferential treatment, the employment of friends and relatives in minor positions, etc.**

CONCEPTS AND TERMINOLOGY

- **Petty corruption usually reflects specific weaknesses within systems.**

- **Grand corruption can involve the distortion and manipulation of entire systems to serve private interests.**

- **It is not possible to draw clear lines between grand and petty corruption. Petty corruption is facilitated by and often linked to grand corruption.**

CONCEPTS AND TERMINOLOGY

"ACTIVE" AND "PASSIVE" CORRUPTION

- The terms "active" and "passive" corruption are used in two distinct senses. Generally, in discussing offences such as bribery, "active bribery" refers to the party who offers or actually pays the bribe, while "passive" bribery refers to the person who receives the bribe.

CONCEPTS AND TERMINOLOGY

BRIBERY

- The offering, promising, giving, accepting or soliciting of an advantage as an inducement for an action which is illegal, unethical or a breach of trust.

CONCEPTS AND TERMINOLOGY

Recognized instances of bribery include, but are not limited to the following:

- **Offering or receiving gifts, tips or favors**
- **Bribery to avoid liability for taxes or other costs**
- **Bribery in support of fraud**
- **Bribery to avoid criminal liability**
- **Bribery in support of unfair competition for benefits or resources**
- **Kickbacks**
- **Private-sector bribery**
- **Bribery to obtain confidential or “inside” information**

CONCEPTS AND TERMINOLOGY

Ghost Workers

- Employees who receive a salary but don’t actually do any work. Often the supervisor or other officials receive a kickback of part of the salary that the “ghost worker” receives.

CONCEPTS AND TERMINOLOGY

Embezzlement/corrupt theft

- When a person holding office in an institution, organization or company (in a position of entrusted authority) dishonestly and illegally appropriates, uses or traffics the funds and goods they have been entrusted with for personal enrichment or other activities.

CONCEPTS AND TERMINOLOGY

Fraud

- The act of intentionally deceiving someone in order to gain an unfair or illegal advantage (financial, political or otherwise). Countries consider such offences to be criminal or a violation of civil law.

CONCEPTS AND TERMINOLOGY

Extortion

- Act of utilizing, either directly or indirectly, one’s access to a position of power or knowledge to demand unmerited cooperation or compensation as a result of coercive threats.

CONCEPTS AND TERMINOLOGY

Abuse of Discretion

- In some cases, corruption can simply consist of the abuse of a discretion vested in the corrupt individual for his or her personal gain, without other inducements or influences.

CONCEPTS AND TERMINOLOGY

Nepotism

- Form of favoritism based on acquaintances and familiar relationships whereby someone in an official position exploits his or her power and authority to provide a job or favor to a family member or friend, even though he or she may not be qualified or deserving.

CONCEPTS AND TERMINOLOGY

Clientelism

- An unequal system of exchanging resources and favors based on an exploitative relationship between a wealthier and/or more powerful “patron” and a less wealthy and weaker “client”.

CONCEPTS AND TERMINOLOGY

Merit based system

- The system of appointing and promoting civil service personnel on the basis of merit (being the best person for the job) rather than patronage or loyalty.

CONCEPTS AND TERMINOLOGY

Access to Information

- The right by law — often through freedom of information legislation (acts or laws) — to access key facts and data from the government and any public body. Budgets, project approvals and evaluations are typically published although citizens can petition for more materials to be released.

Accountability

- The concept that individuals, agencies and organizations (public, private and civil society) are held responsible for executing their powers properly.

CONCEPTS AND TERMINOLOGY

Audit

- An internal or external examination of an organization's accounts, processes, functions and performance to produce an independent and credible assessment of their compliance with applicable laws and regulations.

Civil Society

- The arena, outside of the family, state and market where people associate to advance a common set of interests. Voluntary and community groups, non-governmental organizations (NGOs), trade unions and faith-based organizations commonly are included in this sphere, making the term broader than an NGO.

CONCEPTS AND TERMINOLOGY

Ethics

- Based on core values, a set of standards for conduct in government, companies and society that guides decisions, choices and actions.

Governance

- A concept that goes beyond the traditional notion of government to focus on the relationships between leaders, public institutions and citizens, including the processes by which they make and implement decisions. The term can also be applied to companies and NGOs. “Good” governance is characterized as being participatory, accountable, transparent, efficient, responsive and inclusive, respecting the rule of law and minimizing opportunities for corruption.

CONCEPTS AND TERMINOLOGY

Inspection

- An assessment to identify conditions.

- Investigation

  An official inquiry into an allegation of misconduct.

CONCEPTS AND TERMINOLOGY

Integrity

- Behaviors and actions consistent with a set of moral or ethical principles and standards, embraced by individuals as well as institutions, that create a barrier to corruption. Being accountable is also a part of having integrity.

Oversight

- The process of independently monitoring and investigating — internally or externally — the operations and activities of a government agency, company or civil society organization to ensure accountability and efficient use of resources.

CONCEPTS AND TERMINOLOGY

Rule of Law

- Legal and political systems, structures and practices that condition a government's actions to protect citizens' rights and liberties, maintain law and order and encourage the effective functioning of the country.

State Capture

- A situation where powerful individuals, institutions, companies or groups within or outside a country use corruption to shape a nation's policies, legal environment and economy to benefit their own private interests.

CONCEPTS AND TERMINOLOGY

Transparency

- A characteristic of governments, companies, organizations and individuals of being open in the clear disclosure of information, rules, plans, processes and actions.
- As a principle, public officials, civil servants, the managers and directors of companies and organizations and board trustees have a duty to act visibly, predictably and understandably to promote participation and accountability.

Whistle Blowing

- The sounding of an alarm by an employee, director or external person in an attempt to reveal neglect or abuses within the activities of an organization, government body or company (or one of its business partners) that threaten public interest, its integrity and reputation. The term in English is largely positive although many languages lack a similar concept with the same connotation.

MODULE 2

SITUATIONS THAT GIVE RISE TO CORRUPTION

SITUATIONS THAT GIVE RISE TO CORRUPTION

- Why should we care about identifying the situations that give rise to corruption?

- Because often, anti-corruption efforts fail.

SITUATIONS THAT GIVE RISE TO CORRUPTION

The factors that drive corruption are country, or even within country (regional) specific. Policy makers must understand the circumstances that cause, encourage or permit actors to engage in corrupt behavior. Shah, Anwar, "Tailoring the Fight against Corruption to Country Circumstances" from *Performance Accountability and Combating Corruption,* Anwar Shah, ed, 2007, IBRD/World Bank, 236.

SITUATIONS THAT GIVE RISE TO CORRUPTION

Institutional factors include legal or constitutional constraints; the nature of political and legislative structures; lack of economic competition in the private sector; overly wide discretion and a lack of accountability; social and cultural attitudes; the extent to which elements of civil society are able to participate in anti-corruption efforts; the extent to which resources are available; poverty or low socioeconomic status of officials which make them more susceptible to bribery.

SITUATIONS THAT GIVE RISE TO CORRUPTION

In general terms, the most common framework utilized to identify factors that can lead to corruption suggests that ***corruption stems from institutional attributes of the state and societal attitudes toward formal political processes.***

SITUATIONS THAT GIVE RISE TO CORRUPTION

Institutional structures that foster corruption:

- **Wide discretionary authority**
- **Little accountability**
- **Perverse incentives**

SITUATIONS THAT GIVE RISE TO CORRUPTION

Corruption is more likely to occur where public officials have ***wide discretionary authority*** over a variety of transactions because of government licenses, hiring regulations and ownership.

SITUATIONS THAT GIVE RISE TO CORRUPTION

Corruption is also more likely to occur where there is ***little accountability*** for the behavior of officials. These officials can get away with corruption because there a lack of transparency in government operations, as well as a lack of oversight and sanctions.

SITUATIONS THAT GIVE RISE TO CORRUPTION

Finally, corruption is more likely to occur where there are ***perverse incentives*** for public officials, that is, where the incentives encourage public officials to pursue self-serving rather than public-serving ends.

SITUATIONS THAT GIVE RISE TO CORRUPTION

In addition to institutional attributes, it is also important to take into account socially-embedded incentives to participate in or accept corrupt practices. Regardless of opportunities, costs and professional incentives within government institutions, general societal attitudes toward formal political processes have an influence on levels of corruption.

SITUATIONS THAT GIVE RISE TO CORRUPTION

Societal attitudes that foster corruption:

- **Personal loyalties**
- **Illegitimate government**
- **Inequality**

SITUATIONS THAT GIVE RISE TO CORRUPTION

In many societies, particularly in the context of poverty or conflict, allegiance to ***personal loyalties*** such as family, tribal, ethnic, religious or socioeconomic identity take precedence over allegiance to objective rules, or “the state”.

SITUATIONS THAT GIVE RISE TO CORRUPTION

In other cases, ***the low legitimacy of government*** (because it is repressive, ineffective, inharmonious with culture, or imposed by foreign rule) causes disregard for formal rules.

SITUATIONS THAT GIVE RISE TO CORRUPTION

Inequality may foster corruption as those disadvantaged by the system have an incentive to operate outside it. Dominance of a political party or ruling elite over political and economic creates incentives for those disadvantaged by the system to operate outside it.

SITUATIONS THAT GIVE RISE TO CORRUPTION

Until fairly recently, this framework- that corruption arises from institutional attributes of the state and societal attitudes toward formal political processes- formed the basis for anti-corruption programs implemented by international donor agencies.

SITUATIONS THAT GIVE RISE TO CORRUPTION

The problem with this model of corruption, known as principal-agent, is that it does not apply to situations in which the principals (high government officials) themselves do not act in the public interest.

SITUATIONS THAT GIVE RISE TO CORRUPTION

Institutional and social change is not enough to alter corrupt elites' incentive structures. In this context, the lack of *political will*—always a challenge for supporters of reform—becomes a major hindrance to anti-corruption efforts.

SITUATIONS THAT GIVE RISE TO CORRUPTION

Thus, the structure- agent approach to identifying the factors that influence corruption needs to be complemented by a more comprehensive approach that emphasizes grand corruption, examines the larger political and economic factors that inform corruption, and highlights the importance of political will. It is very difficult to overcome corruption when the people in power, and who benefit from it, do not have the will to address it.

SITUATIONS THAT GIVE RISE TO CORRUPTION

An expanded model of corruption examines not only institutional capacity and social attitudes, but also imbalances between *political* and *economic* attributes of developing societies that can shed light on the level of political will.

SITUATIONS THAT GIVE RISE TO CORRUPTION

Where economic opportunities more plentiful than political opportunities, people will often pursue *power through wealth*, using their economic influence to shape regulations and laws to suit in favor of their own interests, and excluding competitors from having the same access and benefits. “State capture” is a form of this phenomenon.

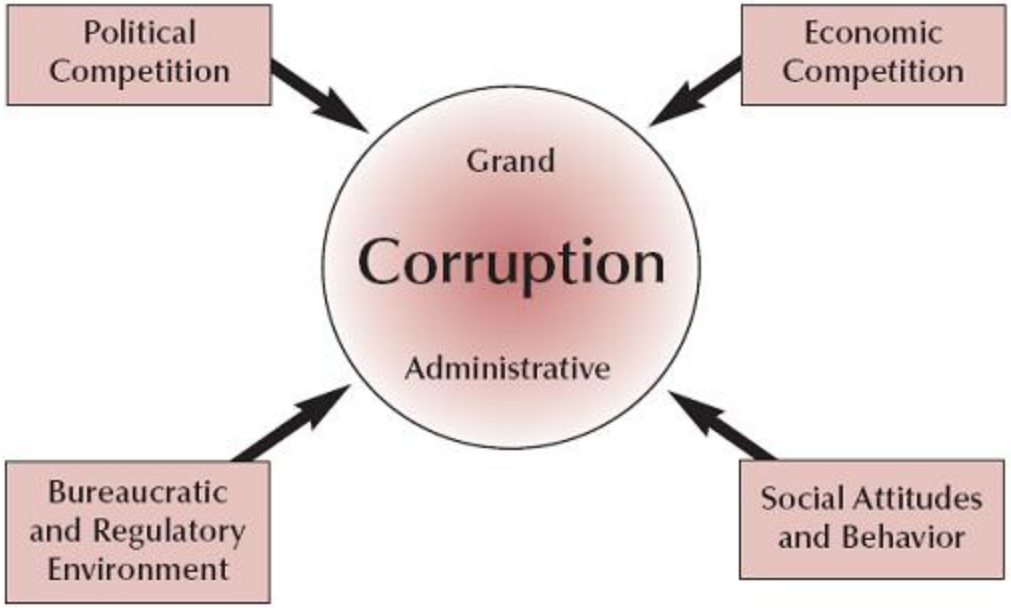
SITUATIONS THAT GIVE RISE TO CORRUPTION

On the other hand, in situations where political opportunities are more plentiful than economic prospects, elites often pursue *wealth through power*. In these situations, state power becomes a tool for gaining financial benefit from whatever economic resources are available in the country—this is “state predation”.

SITUATIONS THAT GIVE RISE TO CORRUPTION

- In these situations, powerful government officials are benefiting from the corruption, so national leaders will most likely be unwilling or unable to address corruption. In these situations there is generally little political competition and political will to combat corruption is weak.

SITUATIONS THAT GIVE RISE TO CORRUPTION



This model was developed by Michael Johnston, "Comparing Corruption: Participation, Institutions, and Development," in John J. Kleinig and William Heffernan, eds., *Corruption: Private and Public* , Rowman and Littlefield, 2002.

MODULE 3

COSTS OF CORRUPTION

COSTS OF CORRUPTION

CORRUPTION AND DEVELOPMENT

- Corruption is one of the main obstacles to development.
- Corruption undermines social, political and economic development.

COSTS OF CORRUPTION

Social Development

Corruption undermines service delivery, especially for the poor

- Corruption moves public investment choices away from service delivery toward other more lucrative areas, for example- major infrastructure projects.

COSTS OF CORRUPTION

- Bad financial management and sub-par procurement systems can cause fraud and unaccounted-for leakages in public budget allocations.
- This environment of scarcity in public services creates incentives for providers to demand payments for services to the poor that should be free or low cost.

COSTS OF CORRUPTION

Political Development

Corruption suppresses democracy

- Perceptions of unchecked corruption contribute to public unhappiness and disappointment with democracy. Corruption undermines the legitimacy and effectiveness of new democracies and democratic values like citizenship, accountability, justice, fairness, free speech and public accountability. Corruption raises the interests of the few over the many and violates the social contract between citizens and their elected representatives.

COSTS OF CORRUPTION

- Corruption also undermines democracy and good governance by subverting formal processes.
- More generally, corruption hurts the institutional capacity of government in general as procedures are disregarded, resources channeled away from where they should be going and officials are hired or promoted without utilizing a merit-based system.

COSTS OF CORRUPTION

Economic Development

- Corruption hinders economic growth.
- Corruption undermines economic development by causing inefficiency.

COSTS OF CORRUPTION

- Corruption generates economic distortions in the public sector by diverting public investment away from education and into capital projects where bribes and kickbacks are more plentiful.
- Corruption also lowers compliance with regulations; reduces the quality of government services and infrastructure; and increases budgetary pressures on government.

COSTS OF CORRUPTION

- Finally, corruption undermines opportunities for economic development because private sector companies do not want to invest in countries that have a high level of corruption, as they know that they will not receive a good return on their investment.

COSTS OF CORRUPTION

CORRUPTION AND POVERTY

- The level of poverty that exists globally is unacceptably high.
- Corruption aggravates conditions of poverty (low income, poor health and education status, vulnerability to shocks and other characteristics) in countries already struggling with the strains of economic growth and democratic transition.

COSTS OF CORRUPTION

- Corruption, by itself, does not produce poverty. Rather, corruption has direct consequences on economic and governance factors, as discussed earlier. This impacts poverty.

COSTS OF CORRUPTION

Economic factors

- There is a direct causal link between corruption and economic growth.
- Corruption affects poverty by impacting economic growth factors, which, in turn, impact poverty levels.
- In addition to limiting economic growth, there is evidence that corruption also exacerbates income inequality.

COSTS OF CORRUPTION

Governance factors

- Corruption affects poverty by influencing governance factors, which, in turn, impact poverty levels.
- Corruption reduces governance capacity, that is, it weakens political institutions and citizen participation and leads to lower quality government services and infrastructure.
- Corruption that reduces governance capacity also reduces public trust in government institutions. As trust declines the vulnerability of the poor increases as their economic productivity is affected.

COSTS OF CORRUPTION

CORRUPTION AND SECURITY

- Corruption facilitates and causes security risks globally, regionally nationally and sub-nationally.

COSTS OF CORRUPTION

- *Political*: The “buying” of political candidates, the judiciary and local police forces so that rule of law no longer prevails. This can alter security-related decisions.

- *Social*: The diversion of goods and resources that are meant for the many into the hands of a corrupt few. The use of public funds for human trafficking or arms dealing.

- *Economic*: The theft or diversion of money generated from natural resource wealth, meant for public use to fund paramilitary groups or insurgents.

COSTS OF CORRUPTION

Corruption can *facilitate* insecurity in the following ways:

- Serve as an accomplice for violence
- Reduce government resources for key sectors
- Limit access to information
- Promote impunity

COSTS OF CORRUPTION

Corruption can *cause* insecurity in the following ways:

- Exacerbate security threats
- Fuel conflict
- Promote state capture and abuse

COSTS OF CORRUPTION

CORRUPTION AND HUMAN RIGHTS

- Corruption is the cause and core of many human rights violations.
- Corruption coexists with an institutionalized failure to respect human rights.

COSTS OF CORRUPTION

Political and judicial corruption leads to compromised civil and political rights

- Corruption in electoral contests distorts the democratic process, this compromises the right of citizens to participate in their government.
- Political corruption can also lead to other branches of government being compromised. For example a judiciary compromised by corruption cannot provide justice and often allows violations of human rights to go unpunished.

COSTS OF CORRUPTION

Corruption leads to compromised rights to non-discrimination and equality

- Because corruption enables exclusion and marginalization, it promotes inequality and discrimination.
- This also causes a lack of political voice and the lowered accountability of governments to disadvantaged groups. Feeling they have no other choices, poor citizens may turn to corruption to meet their basic needs.

COSTS OF CORRUPTION

Corruption leads to compromised economic, social and cultural rights

- Corruption prevents the recognition of economic, social and cultural rights such as development and adequate living standards. This occurs because corruption obstructs the delivery of state services that citizens are entitled to.
- On a systemic level, as discussed previously, corruption diverts funds away from social services that provide vital assistance to the poor.

MODULE 4

RESPONSES TO CORRUPTION

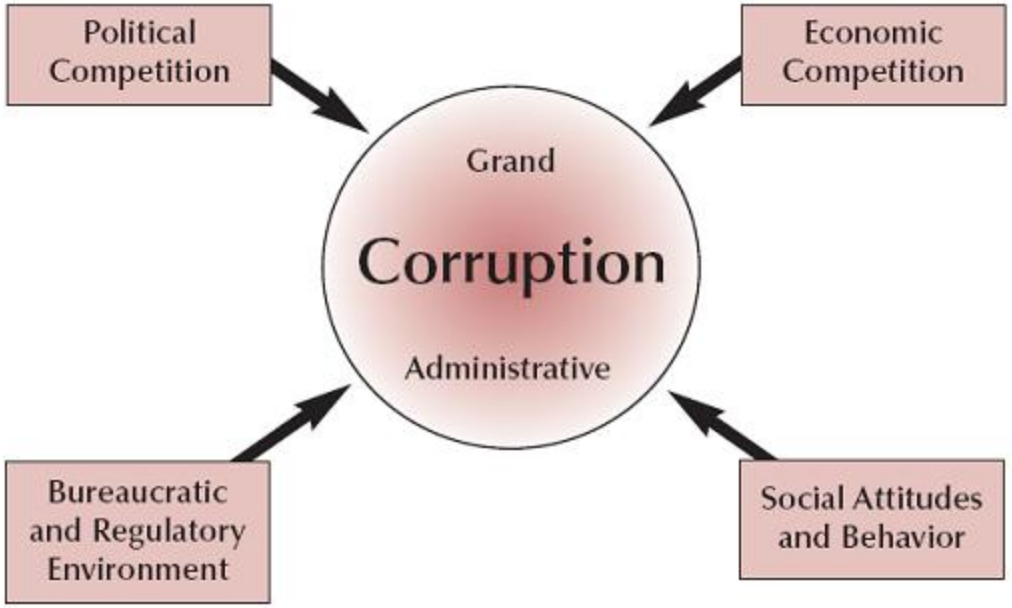
RESPONSES TO CORRUPTION

Responses to corruption are not one size fits all- they have to take into account the factors that contribute to corruption in the country specific context the are occurring. There are varying patterns of corruption and responses must reflect this. Anti-corruption efforts must address the local circumstances that encourage and permit corruption to occur; otherwise these efforts will not be successful.

RESPONSES TO CORRUPTION

There can be multiple levels, or categories of reforms- general “governance” reforms that are not necessarily a/c specific, and specific a/c reforms. The two are not mutually exclusive. In some cases, general “governance” reforms are needed to address the factors that influence corruption (the environmental factors) that exists in the country specific context before specific a/c reforms can be successful.

RESPONSES TO CORRUPTION



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RESPONSES TO CORRUPTION

The factors that influence corruption- (political competition, bureaucratic environment, economic competition, social attitudes and behavior) can be seen as components of “governance”.

RESPONSES TO CORRUPTION

"Public sector corruption is a symptom of failed governance. Governance is defined as the norms, traditions and institutions by which power and authority in a country are exercised. These norms, traditions and institutions include the institutions of participation and accountability in governance, mechanisms of citizen voice and exit, norms and networks of civic engagement; the constitutional-legal framework and the nature of accountability relationships between citizens and government; the process by which governments are selected, monitored, held accountable, and renewed or replaced; and the legitimacy, credibility , and efficacy of the institutions that govern political, economic, cultural and social interactions among citizens and between citizens and their governments". Shah, Anwar, 234.

RESPONSES TO CORRUPTION

Because corruption is a symptom of governance failure, the more corruption exists, the more a strategy should focus on the broader underlying features of the governance environment, and less on tactics that target specific corrupt behavior.

RESPONSES TO CORRUPTION

Priorities for Anticorruption Reforms Given Level of Corruption and Quality of Governance

Incidence of corruption/ quality of governance	Priorities for anticorruption efforts
High/poor	Establish rule of law, strengthen institutions of participation and accountability, establish citizens' charter, limit government intervention, implement economic policy reforms
Medium/fair	Decentralize and reform economic policies and public management; introduce accountability for results
Low/good	Establish anticorruption agencies, strengthen financial accountability, raise public and official awareness, require antibribery pledges, conduct high-profile prosecutions

Source: Huther and Shah 2000.

RESPONSES TO CORRUPTION

- Create a statutory framework-laws that clearly define and prohibit corrupt practices.
- Identify and expose corrupt behavior-transparency enhancing measures both in the government and civil society including collaboration between the two.
- Enhance institutional capacity to investigate and prosecute incidents of alleged corruption-objective standards, checks and balances to ensure even application of law.

RESPONSES TO CORRUPTION

- Reduce opportunities for corruption to occur- reducing discretion and personal contact between officials and citizens.
- Combat the culture of corruption- Build integrity among public officials and decrease citizen willingness to bribe-ethics codes and citizen initiatives.
- Build public perception of government as reforms take place-publicizing reforms and engaging the public. Seats, Ellen and Samantha Vardaman "Lessons learned fighting Corruption in MCC threshold countries: the USAID experience " 2009 , USAID, iv-v.

RESPONSES TO CORRUPTION

A successful anti-corruption strategy will implement reforms from some or all of these areas, depending on the specific circumstances present in the country in question-in other words the level of corruption and the quality of governance.

RESPONSES TO CORRUPTION

INSTITUTIONAL REFORM

- It is now accepted that reforms must address the institutions as well as individuals who work in those institutions. Leadership that promotes and applies integrity, accountability, transparency and a focus on objectives and results is key.

- Institutions are connected and reforms can not occur in isolation. This understanding has led to an expansion of the meaning of “institution” and of the types of institutions included in anti-corruption strategies.

RESPONSES TO CORRUPTION

Institutional changes can include, but are not limited to changes that seek to:

- **Limit authority-** Reducing the role of government/government officials in various activities, standardization, IT, streamlining, sops, reducing complexity, job descriptions, job qualifications- having standards in place to objectively judge performance, take away discretionary powers (Reduce opportunities).

RESPONSES TO CORRUPTION

- **Improve accountability**-Strengthening transparency and oversight such as hotlines, citizens charter, whistleblower protections, sanctions and reforms such as to the judiciary and legislature to help establish rule of law (identification and exposure; strengthen statutory framework; investigation and prosecution; combat a culture of corruption).

RESPONSES TO CORRUPTION

- **Improve incentives**-Redesigning terms of employment in public service (combat a culture of corruption).

RESPONSES TO CORRUPTION

Limit authority (reduce opportunities):

- **Reducing the amount of discretion** a public official has in the routine functions makes it more difficult for officials to bestow favors on a select few.

RESPONSES TO CORRUPTION

Limit authority/improve accountability (reduce opportunities):

- **Reducing Procedural Complexity-**Rules and procedures that are simple, and easy to apply are preferable to those that provide discretionary powers to government officials.

RESPONSES TO CORRUPTION

Improve accountability/citizen empowerment (identify and expose):

- **Transparency**
- **Transparency of information:** can reduce chances for corruption when transparency is ensured in every transaction with government.

RESPONSES TO CORRUPTION

Transparency in the Allocation of Public Resources (identify and expose/reduce opportunities):

- Transparency in the structures and procedures that dictate how public funds are spent helps to prevent corruption by reducing the opportunities for corrupt officials and transactions to remain undetected.

RESPONSES TO CORRUPTION

Improve accountability (Identify and expose):

- **Hot Lines and Whistle-Blower Protection**— Hot lines improve accountability by creating an opportunity for citizens to report corrupt acts.

RESPONSES TO CORRUPTION

Improve accountability (statutory framework/investigation-prosecution):

- **Strengthen Judicial Institutions/Rule of Law-** Strategies to reform judicial institutions should take into account the level of judicial independence and the specific legal and constitutional measures used to protect it. **Before anti-corruption reforms are instituted, there must be basic judicial independence from other elements of the state.**

  Judicial independence is identified as a necessary condition for a functioning rule of law. Judicial independence requires that there is no influence by non-judicial entities.

RESPONSES TO CORRUPTION

- The judiciary as an institution is essential to the rule of law, which influences efforts to combat corruption in many ways.
- The status that judges have makes them a powerful example for the conduct of others.

RESPONSES TO CORRUPTION

- Reforming and rebuilding judicial institutions is generally identified as a priority in anti-corruption strategies. This is because the courts have a critical role in ensuring that rule of law is upheld.

- The corruption of judicial institutions allows judicial decisions based on improper influences and untested assertions. It also denies the right to equality before the law.

RESPONSES TO CORRUPTION

Improve accountability (statutory framework):

- **Legislative change-** Structural changes often require legislative changes and also generally require administrative reforms as well.

In areas like the ensuring the independence of judicial offices, reforms to constitutions or fundamental laws might be required. Further, existing institutions will usually require amendments to abolish them or reforms.

RESPONSES TO CORRUPTION

Legislative Oversight (improve accountability):

- Checks and balances within the government system can ensure that members of the government are held accountable. For example, legislative oversight can be a potent check on executive authority, improving accountability in situations where the executive branch could operate with impunity.

RESPONSES TO CORRUPTION

Realign incentives (combat culture of corruption):

- **Increase pay, Incentives and punishments-** bureaucratic mechanisms should focus on accomplishments, implement a merit-based system and punish corruption.

RESPONSES TO CORRUPTION

Employee culture and motivation and the creation of positive incentives

- The culture and motivation of officials is vital for the prevention of corruption.
- Low status, salaries and living standards contribute to values sympathetic to corruption for multiple reasons.

RESPONSES TO CORRUPTION

Creating adequate and fair salaries, status and working conditions for officials can be a good preventive measure. Further, promotions and salary increases should be merit-based rather than based on corrupt criteria.

RESPONSES TO CORRUPTION

SOCIAL REFORM

- As discussed earlier, Public sector reforms in environments of low political will appear to have limited chances of success. In these environments citizen empowerment efforts are key.

RESPONSES TO CORRUPTION

- While corruption is a governance issue, it is also a social issue. It weakens trust and discourages a culture of efficiency and performance of social institutions. The state should provide an environment conducive for civil society to participate in corruption prosecution and prevention, and the promotion of a culture that does not tolerate corruption.

- In addition to institutional reforms, efforts to fight corruption must include societal reforms to change attitudes toward formal political processes and to mobilize political will for change.

RESPONSES TO CORRUPTION

Social changes can include, but are not limited to changes that seek to:

Change attitudes and mobilize public will

RESPONSES TO CORRUPTION

Public education and information campaigns (improve public perception):

- Societies are not the same and the message and target audience will vary. Despite differences, the general focus should be on educating people about the true nature and consequences of corruption in order to ensure that it is recognized when it occurs; to mobilize general opposition to it; and to ensure that the population is kept informed with respect to specific cases and efforts to combat corruption.

RESPONSES TO CORRUPTION

Investigative Journalism (identify and expose/ improve public perception):

- Investigative journalism cultivates anti-corruption attitudes and mobilizes political will for reform. In exposing corrupt acts, investigative reporting contributes to resentment about corruption and puts pressure on the government to change.

RESPONSES TO CORRUPTION

Strengthen Civic Advocacy Organizations/Civil Society Organizations (identify and expose/ improve public perception):

- Civil society, where it is free to organize and act, can become a vital partner in developing and strengthening ethical practices in the public sector.

RESPONSES TO CORRUPTION

Watchdogs in civil society (combat culture of corruption):

- Civil society bodies can monitor and evaluate local and central government processes, such as budget-preparation, personnel-related matters, public investment planning, public complaints, and public information channels. Magno, Francisco "Corruption Prevention Course" module 2, *Corruption prevention: theory and practice*, teaching guide, Presidential Anti-graft Commission, 2008, 44.

RESPONSES TO CORRUPTION

Watchdogs can help to build transparency

- **Transparency requires motivated, competent, adequately resourced and independent elements of civil society. These entities can scrutinize public administration and make observations and conclusions available to the public.** "UNODC Anti-corruption toolkit" UNODC 2002, 111.

RESPONSES TO CORRUPTION

Changes to the economic environment

- Economies cannot simply “grow” their way out of corruption. Although research has shown that governance maintains a strong causal effect on per capita incomes, it also shows that per capita incomes have a weak or even negative effect on the quality of governance, in part because many of the economic gains are often captured by corrupt elites.

RESPONSES TO CORRUPTION

Privatization

- Privatization involves the removal of the government (through state-owned enterprises) from economic activities. However, privatization is not always a good option, as often the corruption just shifts from the public to the private sector. Further, the process of privatization itself is extremely vulnerable to corruption.

RESPONSES TO CORRUPTION

Liberalization

- Liberalization is generally understood as the elimination or standardization of tariffs, quotas, exchange rate restrictions, permit requirements and price controls. This relates to corruption as these actions reduce the opportunities that officials can exercise wide discretionary powers, and make it very difficult, if not impossible for officials to take bribes for services.

RESPONSES TO CORRUPTION

Political Environment

- As mentioned previously, despite the importance of targeting grand corruption, these efforts often fail. Further, again despite the importance of political will to address corruption, there is very little that can be done to force high level government officials to get tough on corruption, as they often are benefiting from corrupt practices.

Principles of Anti Corruption - Competency Course

Training Course

Student Guide

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Principles of Anti-Corruption (Anti-Corruption Competency Course) Student Guide

1. Course Number and Title: 901 Principles of Anti-Corruption (Anti-Corruption Competency Course)

2. Course Description: This course is designed to develop the students' theoretical and practical knowledge base on core concepts and issues in the field of anti-corruption over multiple levels of analysis, both general and Iraqi context-specific. At the completion of the course the student will be able to confidently utilize basic anti-corruption terminology and concepts to a high level of professionalization, and be able to apply their enhanced practical knowledge base and critical analytical capacity gained to their day to day anti-corruption work.

3. Contact Hours: 28 hours, 7 days

4. Course Prerequisites: Student must be engaged in anti-corruption work in a professional capacity (i.e. BSA, IG, COI, CPI, OIG, PACCs)

5. Course Dates: TBD

6. Course Times: TBD

7. Course Location: TBD

8. Instructor: TBD

9. Required Text and Other Learning Resources: Student Guide

10. Course Overview: The purpose of this course is to provide students with the fundamental knowledge base required to be engaged in the anti-corruption field in a professional capacity. Along with the discrete body of knowledge it delivers, this course will build critical analytical skills which will serve as an underpinning to the acquisition of further specialized knowledge, as well as assist them in performing their job related tasks more effectively.

11. Course Objectives: Upon completion of this course the student should be able to do the following:

1. Speak about and understand anti-corruption related terms and issues with a high level of confidence, knowledge and ability.

2. Understand and articulate the varied causes, costs and responses to corruption from both a theoretical and applied perspective.

3. Display an understanding of various ways that corruption occurs in the context specific setting (Iraq); be able to apply the knowledge base gained in the course to better address corruption in their professional careers.

12. Instructional Techniques

A number of instructional techniques will be used to achieve the course objectives, and interactive teaching methods will be used throughout. Instructional techniques used in this course include:

Lecture: Lecture will be used to highlight and explain key concepts.

Questions and answers: The instructor is encouraged ask participants questions to gauge their understanding of the material. Participants will be encouraged to ask the instructor questions to gain clarification of concepts.

Discussion: Discussion of concepts and practices will be encouraged and facilitated by the instructor throughout the course, if he/she feels that the students are having difficulty grasping the subject matter presented in the lecture.

Group activities and exercises: Participants will meet in groups to engage in exercises that apply the knowledge base acquired from the course.

Final assessment: Participants will engage in a written final assessment to gauge their grasp of the subject matter.

13. Course Modules

Module 0: Introduction - 1 hr

- Outline of curriculum,
- module topics to be taught,
- performance and behavioral expectations

At the end of this block of instruction the student will understand the concepts and topics covered in the course; course structure; and requirements to successfully pass this course.

Module 1: Concepts, principles and basic terminology- 7 hrs

5 hrs instruction, 2 hrs interactive exercises

- Definitions of corruption; corruption explained
- Basic empirical and practical terms principles and concepts used in the anti-corruption field.

At the end of this block of instruction the student will understand the basic principles utilized in the academic and applied fields of corruption studies/anti-corruption. Further, students will be familiar with and be able to utilize terminology specific to the field of inquiry (anti-corruption) including various types of corruption, and their attributes.

Module 2: Situations that Give Rise to Corruption – 4 hrs

2 hrs instruction, 2 hrs interactive exercises

- Frameworks for analysis
  1. institutional attributes and social attitudes
  2. Political, economic and social factors

At the end of this block of instruction the student will be familiar with a range of factors that are recognized to contribute to corruption, as well as some standards utilized in the field of anti-corruption to identify the causes of corruption. Further, the student will be aware that there is no "one size fits all" standard and that each case will manifest its own unique attributes.

Module 3: Costs of Corruption – 4 hrs

2 hrs instruction, 2hrs interactive exercises

- Comprehensive overview and discussion of the varied costs of corruption including:
  1. Arrested development (social, economic and political)
  2. Increased poverty
  3. Compromised security
  4. Compromised human rights

At the end of this block of instruction the student will be able to understand and articulate the numerous and varied costs of corruption, from both a theoretical and applied perspective. Further, the student will understand the mutually reinforcing nature of these issues, as consequences of corruption, as well as factors that create an environment in which it is harder to implement successful anti-corruption efforts, thus leading to more corruption.

Module 4: Responses to Corruption – 10 hrs

8 hours instruction, 2 hours interactive exercises

- Prevention
  1. Institutional reform
  2. Social reform

At the end of this block of instruction the student will be familiar with the varied and numerous possible responses to corruption, both from a theoretical and applied perspective reflecting those utilized in a field environment. They will further become familiar with the challenges inherent in the application of responses.

Final Assessment: 2 hours

Lesson 0: Introduction 1 hour

- Introductions
- Ground Rules
- Course Contents
- Small Group Formation

At the end of this block of instruction the student will understand the concepts and topics covered in the course; course structure; and requirements to successfully pass this course.

Introductions

The instructor will introduce themselves and the students will do the same.

Ground Rules

- An important requirement of this course is full attendance, which is expected throughout the seven days.
- Each day will begin with a review of the material from the previous day.
- Each student is expected to respect their classmates. Discussion, and even disagreement is fine, but this must be done in a mutually respectful manner.
- Time management is a crucial factor in the success of the course; therefore, you are expected to respect all course times. You should be on time each morning, return to class promptly after the break, and remain until the end of the day.
- No smoking
- No mobile phones
- No side discussions
- An important aspect of this course is to foster interaction among participants to give you the opportunity to share experiences and skills with colleagues. Please freely contribute your experiences and ideas. However, that said, there is a limited amount of course time, and a large amount of material to go over. Please do not interrupt the instructor when they are lecturing. If you have a question, write it down, and then raise your hand during the question session. Further, the question and sharing time, and group

activity is for questions and legitimate sharing of helpful experience only, not for “grandstanding”, speeches, or long monologues displaying your own knowledge base.

Discussion of Course Contents-see this guide

Small Group Formation- write down the names of your group members below.

Module 1: Concepts, principles and basic terminology- 7 hrs

5 hrs instruction, 2 hrs interactive exercises

- Definitions of corruption; corruption explained
- Basic empirical and practical terms principles and concepts used in the anti-corruption field.

At the end of this block of instruction the student will understand the basic principles utilized in the academic and applied fields of corruption studies/anti-corruption. Further, students will be familiar with and be able to utilize terminology specific to the field of inquiry (anti-corruption) including various types of corruption, and their attributes.

The failure to address corruption undermines all development efforts and has a devastating impact on attempts to foster good governance and on human rights, especially affecting the poor and marginalized.

There is no comprehensive universally accepted definition of corruption and attempts to develop such a definition are fraught with legal, criminological and political difficulties. That said, for the purposes of this course, in order to ensure that we have a common understanding of the topic under discussion, we will utilize the commonly accepted definition of corruption offered by Transparency International.[1]

CORRUPTION

The abuse of entrusted power for private gain.

Corruption can be classified in different ways depending on the amounts of money lost and the sector where it occurs.

It encompasses unilateral abuses by government officials such as embezzlement and nepotism, as well as abuses linking public and private actors such as bribery, extortion, influence peddling and fraud.

[1] Definitions and discussions of said definitions in this module of the course taken from "UNODC Anti-corruption Toolkit" v4, UNODC, 2002, 6-10, and/or "The Anti-Corruption Plain Language Guide", Transparency International, July, 2009, unless otherwise noted.

Sometimes corruption is further broken down into more specific forms, such as administrative and political corruption:

Administrative Corruption: Corruption that alters the implementation of policies, such as being able to get a driving license even if you don't qualify for it.

Political Corruption: Corruption that influences the formulation of laws, regulations, and policies, such as revoking licenses, and gaining the sole right to operate monopolies.

Administrative/Political Corruption

Manipulation of policies, institutions and rules of procedure in the allocation of resources and financing by political decision makers, who abuse their position to sustain their power, status and wealth.

But what does this mean? To really understand it, we need to examine another concept: public sector.

Public Sector

The government and its decentralized units — including the police, military, public roads and transit authorities, primary schools and healthcare system — that use public funds and provide services based on the motivation to improve citizens' lives rather than to make a profit.

The job of anyone working in the "public sector" is supposed to be centered on trying to improve the lives of the general population. While corruption in the public sector has clearly negative outcomes, it cannot realistically be addressed without also dealing with corruption in society at large.

All forms of corruption undermine development and governance. However, the international community has tended to focus anti-corruption efforts on public sector corruption, and corruption that exists at the intersection of the public and private sectors. Often, corruption is defined as being either grand or petty.

GRAND CORRUPTION

Corruption which is apparent up to the highest levels of government, leading to a breakdown of confidence in good governance, the rule of law and economic stability.

PETTY CORRUPTION

Corruption that involves the exchange of small amounts of money or minor favors by those seeking preferential treatment, the employment of friends and relatives in minor positions, etc.

Petty corruption usually reflects specific weaknesses within systems. Grand corruption can involve the distortion and manipulation of entire systems to serve private interests. It is not possible to draw clear lines between grand and petty corruption. Petty corruption is facilitated by and often linked to grand corruption.

In your work you may also come across these terms as well:

"Active" and "passive" corruption

The terms "active" and "passive" corruption are used in two distinct senses. Generally, in discussing offences such as bribery, "active bribery" refers to the party who offers or actually pays the bribe, while "passive" bribery refers to the person who receives the bribe.

We will now move into a discussion of practical terms and concepts that are utilized in the field of anti-corruption. As professionals working in anti-corruption it is of vital importance that you possess and maintain a high degree of fluency in the language utilized in your field.

Bribery

The offering, promising, giving, accepting or soliciting of an advantage as an inducement for an action which is illegal, unethical or a breach of trust.

Bribery is the giving of a benefit with the purpose of influencing the outcome of an action or decision made by someone else. Bribery is the most commonly known form of corruption. Definitions and/or descriptions appear in international instruments as well as in the domestic laws of most countries.

In most legal definitions, both national and international, the purpose is to criminalize bribery. Thus, as a legal term, bribery is normally limited to cases where it is a public official who is receiving the bribe. Public official mean any individual who has power to make a decision or take some action that affects others. Politicians, law enforcement officials, judges, prosecutors and inspectors are all public officials.

Recognized instances of bribery include, but are not limited to the following:

Offering or receiving gifts, tips or favors
Bribery to avoid liability for taxes or other costs
Bribery in support of fraud-"ghost workers"
Bribery to avoid criminal liability
Bribery in support of unfair competition for benefits or resources
Kickbacks
Private-sector bribery
Bribery to obtain confidential or "inside" information

Ghost Workers

Employees who receive a salary but do not actually do any work. Often the supervisor or other officials receive a kickback of part of the salary that the "ghost worker" receives.

Embezzlement/corrupt theft

When a person holding office in an institution, organization or company (in a position of entrusted authority) dishonestly and illegally appropriates, uses or traffics the funds and goods they have been entrusted with for personal enrichment or other activities.

These types of corrupt activity involve the taking of money, property or other things of value by a person who has access to them due to their position or employment, but is not entitled to them.

In the case of embezzlement/corrupt theft, the property is taken by someone that it was entrusted to for safe keeping, whereas fraud is the use of incorrect information to persuade the person that has the property to turn it over voluntarily.

Only conduct which is committed by a public official or which affects the public interest in such a way to call for the application of the criminal law is considered embezzlement or corrupt theft.

Embezzlement/corrupt theft is a common occurrence. Anyone who is responsible for handling cash or other property can steal it, or assist others in stealing it, especially if adequate auditing or monitoring safeguards are not in place

Fraud

The act of intentionally deceiving someone in order to gain an unfair or illegal advantage (financial, political or otherwise). Countries consider such offences to be criminal or a violation of civil law.

Extortion

Act of utilizing, either directly or indirectly, one's access to a position of power or knowledge to demand unmerited cooperation or compensation as a result of coercive threats.

Extortion involves coercion such as the use or threat of violence or the exposure of damaging information in order to encourage cooperation.

Abuse of Discretion

In some cases, corruption can simply consist of the abuse gof discretion vested in the corrupt individual for his or her personal gain, without other inducements or influences.

For example, an official responsible for government contracting may abuse their discretion to purchase goods or services from a company in which they have an interest, but which isn't necessarily the best company to provide the goods or services.

Favoritism, nepotism and clientelism These also involve abuses of discretion. What is different in cases of favoritism, nepotism and clientelism is they are not based in the direct self-interest of the corrupt individual but someone else associated with him or her by patronage-affiliations such as family ties or membership in a political party, tribe, religious group or other grouping.

Nepotism

Form of favoritism based on acquaintances and familiar relationships whereby someone in an official position exploits his or her power and authority to provide a job or favor to a family member or friend, even though he or she may not be qualified or deserving.

Clientelism

An unequal system of exchanging resources and favors based on an exploitative relationship between a wealthier and/or

more powerful "patron" and a less wealthy and weaker "client".

These types of behavior (favoritism, nepotism, clientelism) are the opposite of a merit based system.

Merit based system

The system of appointing and promoting civil service personnel on the basis of merit (being the best person for the job) rather than patronage or loyalty.

We will now move on to the definition of some other terms commonly utilized in the anti-corruption field. Most of you are familiar with these, so we will not go as in-depth into the definitions.[2]

Access to Information

The right by law — often through freedom of information legislation (acts or laws) — to access key facts and data from the government and any public body. Budgets, project approvals and evaluations are typically published although citizens can petition for more materials to be released.

Accountability

The concept that individuals, agencies and organizations (public, private and civil society) are held responsible for executing their powers properly.

[2] All definitions in this section with the exceptions of inspection and investigation (author's own) taken from "The Anti-Corruption Plain Language Guide", Transparency International, July, 2009.

Audit

An internal or external examination of an organization's accounts, processes, functions and performance to produce an independent and credible assessment of their compliance with applicable laws and regulations.

Civil Society

The arena, outside of the family, state and market where people associate to advance a common set of interests. Voluntary and community groups, non-governmental organizations (NGOs), trade unions and faith-based organizations commonly are included in this sphere, making the term broader than an NGO.

Ethics

Based on core values, a set of standards for conduct in government, companies and society that guides decisions, choicbes and actions.

Governance

A concept that goes beyond the traditional notion of government to focus on the relationships between leaders, public institutions and citizens; including the processes by which they make and implement decisions. The term can also be applied to companies and NGOs. "Good" governance is characterized as being participatory, accountable, transparent, efficient, responsive and inclusive, respecting the rule of law and minimizing opportunities for corruption.

Inspection
An assessment to identify conditions**.**

Investigation
An official inquiry into an allegation of misconduct.

Integrity

Behaviors and actions consistent with a set of moral or ethical principles and standards, embraced by individuals as well as institutions, that create a barrier to corruption. Being accountable is also a part of having integrity.

Oversight

The process of independently monitoring and investigating — internally or externally — the operations and activities of a government agency, company or civil society organization to ensure accountability and efficient use of resources

Rule of Law

Legal and political systems, structures and practices that condition a government's actions to protect citizens' rights and liberties, maintain law and order, and encourage the effective functioning of the country.

State Capture

A situation where powerful individuals, institutions, companies or groups within or outside a country use corruption to shape a nation's policies, legal environment and economy to benefit their own private interests.

Transparency

A characteristic of governments, companies, organizations and individuals of being open in the clear disclosure of information, rules, plans, processes and actions. As a principle, public officials, civil servants, the managers and directors of companies and organizations, and board trustees have a duty to act visibly, predictably and understandably to promote participation and accountability.

Module 2: Situations that Give Rise to Corruption – 4 hrs
2 hrs instruction, 2 hrs interactive exercise

- Frameworks for analysis
  3. institutional attributes and social attitudes
  4. Political, economic and social factors

At the end of this block of instruction the student will be familiar with a range of factors that are recognized to contribute to corruption, as well as some matrices and standards utilized in the field of anti-corruption to identify the causes of corruption. Further, the student will be aware that there is no "one size fits all" standard and that each case will manifest its own unique attributes.

Why should we care about identifying the situations that give rise to corruption?

Because often, anti-corruption efforts fail. One of the reasons they fail is because they are based on "one-size fits all" approaches that do not take into account the factors that are causing the corruption to occur in the first place.

The factors that drive corruption are country, or even within country (regional) specific. Policy makers must understand the circumstances that cause, encourage or permit actors to engage in corrupt behavior. [3]

[3] Shah, Anwar, "Tailoring the Fight against Corruption to Country Circumstances" from *Performance Accountability and Combating Corruption,* Anwar Shah, ed, 2007, IBRD/World Bank, 236.

Very rarely will there be a single identifiable "cause" of a particular occurrence of corruption, but a number of contributing factors will usually be identifiable. These can include:

Institutional factors include legal or constitutional constraints; the nature of political and legislative structures; lack of economic competition in the private sector; overly wide discretion and a lack of accountability; social and cultural attitudes; the extent to which elements of civil society are able to participate in anti-corruption efforts; the extent to which resources are available; poverty or low socioeconomic status of officials which make them more susceptible to bribery.

Identifying and understanding information about such factors in the national or sub-national setting in which one is operating is critical to understanding the nature of the corruption itself and to formulating counter-measures.

In general terms, the most common framework utilized to identify factors that can lead to corruption suggests that **corruption stems from institutional attributes of the state and societal attitudes toward formal political processes.**[4]

From an institutional perspective, corruption arises where public officials have wide authority, little accountability and perverse incentives.

This means the more activities public officials control or regulate the more opportunities exist for corruption.

[4] The discussion in this section is taken from "A Handbook for fighting corruption" Center for Democracy and Governance (Washington, D.C.: USAID, 1999, PN-ACE-070 or PN-ACR-212), 9, and "DG University Anti-Corruption Distance Learning Module", *Part I, the Global Context for Anti-corruption Programming, V Causes of Corruption*, Center for Democracy and Governance, USAID, unless cited differently.

Institutional structures that foster corruption:
- Wide discretionary authority
- Little accountability
- Perverse incentives

Corruption is more likely to occur where public officials have ***wide discretionary authority*** over a variety of transactions because of government licenses, hiring regulations and ownership.

Corruption is also more likely to occur where there is ***little accountability*** for the behavior of officials. These officials can get away with corruption because there a lack of transparency in government operations, as well as a lack of oversight and sanctions.

Corruption related to lack of accountability often occurs due to a ***weakly embedded rule of law***. In situations in which laws apply to some but not others, or where the enforcement of the law is used to further private interests rather that protecting the public interests, the rich and powerful in the public and private sectors don't see themselves as being accountable to the public or to other government entities, so they can, and often do, make decisions that benefit themselves.[5]

Finally, corruption is more likely to occur where there are ***perverse incentives*** for public officials, that is, ***where the incentives encourage public officials to pursue self-serving rather than public-serving ends.***

In addition to institutional attributes, it is also important to take into account socially-embedded incentives to participate in or accept corrupt practices. Regardless of opportunities, costs and professional incentives within government institutions, general societal attitudes toward formal political processes have an influence on levels of corruption.

[5] Shah, Anwar, "Tailoring the Fight against Corruption to Country Circumstances" from *Performance Accountability and Combating Corruption* Anwar Shah, ed, 2007, IBRD/World Bank, 242.

Societal attitudes that influence corruption:

- Personal loyalties
- Illegitimate government
- Inequality

There are many factors that can influence groups or societies to disregard formal rules.

In many societies, particularly in the context of poverty or conflict, ***allegiance to personal loyalties*** such as family, tribal, ethnic, religious or socioeconomic identity take precedence over allegiance to objective rules, or "the state".

In other cases, the ***low legitimacy of government*** (because it is repressive, ineffective, inharmonious with culture, or imposed by foreign rule) causes disregard for formal rules.

Inequality may foster corruption as those disadvantaged by the system have an incentive to operate outside it. Dominance of a political party or ruling elite over political and economic creates incentives for those disadvantaged by the system to operate outside it.

Until fairly recently, this framework- that corruption arises from institutional attributes of the state and societal attitudes toward formal political processes- formed the basis for anti-corruption programs implemented by international donor agencies.

The argument was that institutional (bureaucratic and regulatory) reforms would help to address failures linked to corruption, while support for civil society, media and other public education efforts would shift

public attitudes and increase demand for accountability in the use of public resources.[6]

The problem with this model of corruption, known as principal-agent, is that it does not apply to situations in which the principals (high government officials) themselves do not act in the public interest.

Institutional and social change is not enough to alter corrupt elites' incentive structures. In this context, the lack of *political will*—always a challenge for supporters of reform—becomes a major hindrance to anti-corruption efforts. Institutional reform in these types of environments run the risk of being politically manipulated by corrupt elites and social changes often do not impact the officials engaged in the corrupt behavior.

Thus, the structure- agent approach to identifying the factors that influence corruption needs to be complemented by a more comprehensive approach that emphasizes grand corruption, examines the larger political and economic factors that inform corruption and highlights the importance of political will. It is very difficult to overcome corruption when the people in power, and who benefit from it, do not have the will to address it.

An expanded model of corruption examines not only institutional capacity and social attitudes, but also imbalances between *political* and *economic attributes* of developing societies that can shed light on the level of political will.

In this expanded model two types of experiences can emerge:

Where economic opportunities more plentiful than political opportunities, people will often pursue *power through wealth*, using their economic influence to shape regulations and laws to suit in favor of their own interests, and excluding competitors from having the same access and benefits. "State capture" is a form of this phenomenon.

[6] This, and the following discussion is taken from "USAID Anticorruption Strategy", USAID, 2005 PD-ACA-557, 21-23.

On the other hand, in situations where political opportunities are more plentiful than economic prospects, elites often pursue *wealth through power*. In these situations, state power becomes a tool for gaining financial benefit from whatever economic resources are available in the country—this is "state predation".

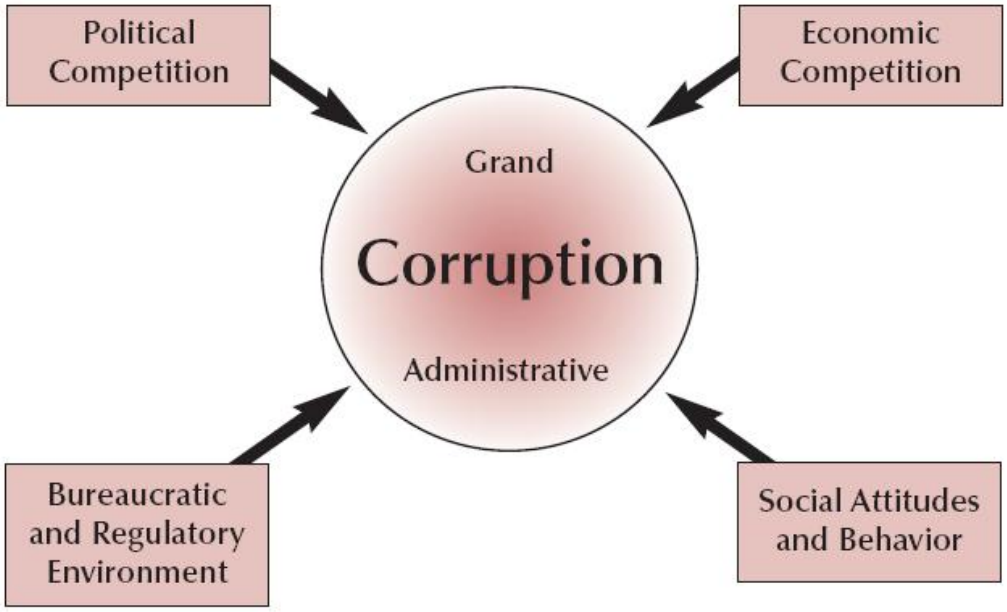
In these situations, powerful government officials are benefiting from the corruption, so national leaders will most likely be unwilling or unable to address corruption. In these situations there is generally little political competition and political will to combat corruption is weak.

Both state capture and state predation show how corruption, especially grand corruption, results from (and can be affected by) political and economic structures and processes beyond institutional and social attributes.

Grand corruption and lack of political will to address corruption make access to political and economic opportunities difficult and protect elites' privileged positions. Hence, reforms that increase competition in/allow access to these areas are important elements in a comprehensive strategy to reduce corruption.

The model[7] below shows the variety of factors that contribute to corruption and that can be used as points to address mitigating factors. Institutional factors and social attitudes remain important both in analyzing the extent and location of corruption, while the larger dynamics of economic and political competition help clarify other critical influences on corruption. The center circle shows the various ways corruption manifests, from lower-level, administrative corruption to activities that constitute elite or grand corruption, including state capture and predatory states.

[7] This model was developed by Michael Johnston, "Comparing Corruption: Participation, Institutions, and Development," in John J. Kleinig and William Heffernan, eds., *Corruption: Private and Public* (Lanham, MD: Rowman and Littlefield, 2002, it appears in "USAID Anticorruption Strategy", USAID, 2005 PD-ACA-557, 23.


Political Competition
Economic Competition
Grand
Corruption
Administrative
Bureaucratic and Regulatory Environment
Social Attitudes and Behavior

Module 3: Costs of Corruption – 4 hrs

3 hrs lecture, 1 hr interactive exercise

- Comprehensive overview and discussion of the varied costs of corruption including:
  1.Arrested development (social, economic and political)
  2.Increased poverty
  3.Compromised security
  4.Compromised human rights

At the end of this block of instruction the student will be able to understand and articulate the numerous and varied costs of corruption, from both a theoretical and applied perspective. Further, the student will understand the mutually reinforcing nature of these issues, as consequences of corruption, as well as factors that create an environment in which it is harder to implement successful anti-corruption efforts, thus leading to more corruption.

1. Corruption and Development

A strong global consensus has emerged that addressing corruption is essential for social, economic and political development. This is reflected in the ratification of the UN Convention against Corruption (UNCAC) by over 100 countries.

Corruption and Development

Corruption is one of the main obstacles to development

Corruption undermines social, political and economic development. [8]

After being a taboo subject until the 1990s, corruption has emerged as one of the major topics in the international development debate. One of the reasons for this was that empirical research established that corruption is highly detrimental to development.

Social development

Corruption undermines service delivery, especially for the poor

Corruption moves public investment choices away from service delivery toward other more lucrative areas, for example- major infrastructure projects.

Bad financial management and sub-par procurement systems can cause fraud and unaccounted-for leakages in public budget allocations.

This environment of scarcity in public services creates incentives for providers to demand payments for services to the poor that should be free or low cost.

Political Development

Corruption suppresses democracy

Perceptions of unchecked corruption contribute to public unhappiness and disappointment with democracy. Corruption undermines the legitimacy and effectiveness of new democracies and democratic values like citizenship, accountability, justice, fairness, free speech and public accountability. Corruption raises the interests of the few over the many and violates the social contract between citizens and their elected representatives.

[8] The following discussion taken from "USAID Anticorruption Strategy", USAID, 2005 PD-ACA-557, 5-6.

Corruption also undermines democracy and good governance by subverting formal processes.

More generally, corruption hurts the institutional capacity of government in general as procedures are disregarded, resources channeled away from where they should be going and officials are hired or promoted without utilizing a merit-based system.

Economic Development

Corruption hinders economic growth. Corruption undermines economic development by causing inefficiency.

Corruption generates economic distortions in the public sector by diverting public investment away from education and into capital projects where bribes and kickbacks are more plentiful. Corruption also lowers compliance with regulations; reduces the quality of government services and infrastructure; and increases budgetary pressures on government.

Finally, corruption undermines opportunities for economic development because private sector companies do not want to invest in countries that have a high level of corruption, as they know that they will not receive a good return on their investment.

Corruption and Poverty

The level of poverty that exists globally is unacceptably high.

Corruption aggravates conditions of poverty (low income, poor health and education status, vulnerability to shocks and other characteristics) in countries already struggling with the strains of economic growth and democratic transition.

Corruption not only reduces the net income of the poor but also, as discussed earlier, diverts programs aimed at meeting their basic needs — from water and sanitation to education and healthcare to other types of

projects. Corruption results in the misallocation of resources away from poverty reduction programs.

How does this occur?[9]

Corruption, by itself, does not produce poverty. Rather, corruption has direct consequences on economic and governance factors, as discussed earlier. This impacts poverty.

Economic factors

There is a direct causal link between corruption and economic growth. Corruption affects poverty by impacting economic growth factors, which, in turn, impact poverty levels. In addition to limiting economic growth, there is evidence that corruption also exacerbates income inequality.

Governance factors

Corruption affects poverty by influencing governance factors, which, in turn, impact poverty levels. First, corruption reduces governance capacity, that is, it weakens political institutions and citizen participation and leads to lower quality government services and infrastructure. Finally, corruption that reduces governance capacity also reduces public trust in government institutions. As trust declines the vulnerability of the poor increases as their economic productivity is affected.

Corruption and decreased security[10]

When corruption and security risks combine, the mix can compromise the safety of millions for the benefit of a few. One corrupt act can set off a chain of events that destroys security and undermines stability. Corruption facilitates and causes security risks globally, regionally nationally and sub-nationally.

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[9] This discussion taken from Chetwynd,Eric, Frances Chetwynd and Bertram Spector "Corruption and poverty: a review of recent literature" 2003, MSI.

[10] This discussion taken from Transparency International Working Paper 04 "Corruption and (in)Security" , 2008.

Corruption can compromise security in these areas:

Political: The "buying" of political candidates, the judiciary and local police forces so that rule of law no longer prevails. This can alter security-related decisions.

Social: The diversion of goods and resources that are meant for the many into the hands of a corrupt few. The use of public funds for human trafficking or arms dealing.

Economic: The theft or diversion of money generated from natural resource wealth, meant for public use to fund paramilitary groups or insurgents.

Corruption can *facilitate* as well as *cause* a rise in security risks for countries and citizens, bringing all of these concerns together. In both cases, increased insecurity can lead to increased corruption.

Corruption can *facilitate* insecurity in the following ways:

Serve as an accomplice for violence
Reduce government resources for key sectors
Limit access to information
Promote impunity

Corruption can *cause* insecurity in the following ways:

Exacerbate security threats
Fuel conflict
Promote state capture and abuse

Corruption and Human Rights[11]

Corruption is the cause and core of many human rights violations. Corruption coexists with an institutionalized failure to respect human rights. In countries where perceived corruption levels are high, like Iraq, it is also known that serious human rights abuses occur.

Fighting corruption is generally directed at ending abuses that put people in power who do not represent the society they govern, and that alter public policy processes. Further, anti-corruption efforts try to promote a judiciary that is independent; improve access to public services, particularly for the poor and vulnerable, and build transparency to positively effect development. These are all also issues that the human rights agenda addresses.

Political and judicial corruption leads to compromised civil and political rights.

Corruption in electoral contests distorts the democratic process, this compromises the right of citizens to participate in their government. Political corruption can also lead to other branches of government being compromised. For example a judiciary compromised by corruption cannot provide justice and often allows violations of human rights to go unpunished.

Corruption leads to a compromised right to non-discrimination and equality.

The principle of equality and non-discrimination is a fundamental pillar of the human rights regime. It requires states to actively take measures to ensure equality. Because corruption enables exclusion and marginalization, it promotes inequality and discrimination.

[11] This discussion taken from Transparency International Working Paper 5 , "Human Rights and Corruption" 2008.

This also causes a lack of political voice and the lowered accountability of governments to disadvantaged groups. Feeling they have no other choices, poor citizens may turn to corruption to meet their basic needs.

Corruption leads to compromised economic, social and cultural rights.

Corruption prevents the recognition of economic, social and cultural rights such as development and adequate living standards. This occurs because corruption obstructs the delivery of state services that citizens are entitled to. On a systemic level, as discussed previously, corruption diverts funds away from social services that provide vital assistance to the poor.

Finally, citizens in corruption ridden resource-rich countries have not seen their natural wealth be channeled into the better delivery of public services. Instead, natural resources have too often become a “resource curse” too often fueling corruption rather than growth.

Lesson 4: Responses to Corruption – 10 hrs

8 hours instruction 2 hour interactive exercise

- Prevention
  1 Institutional reform
  1. Social reform
  2. Economic reform
  3. Addressing political will

At the end of this block of instruction the student will be familiar with the varied and numerous possible responses to corruption, both from a theoretical and applied perspective reflecting those utilized in a field environment. They will further become familiar with the challenges inherent in the application of responses.

Responses to corruption are not one size fits all- they have to take into account the factors that contribute to corruption in the country specific context the are occurring. There are varying patterns of corruption and responses must reflect this. Anti-corruption efforts must address the local circumstances that encourage and permit corruption to occur; otherwise these efforts will not be successful.

Further, responses to corruption can be categorized as either prevention or enforcement efforts. It is important that you understand that the anti-corruption measures we are discussing here today fall under prevention, not enforcement.

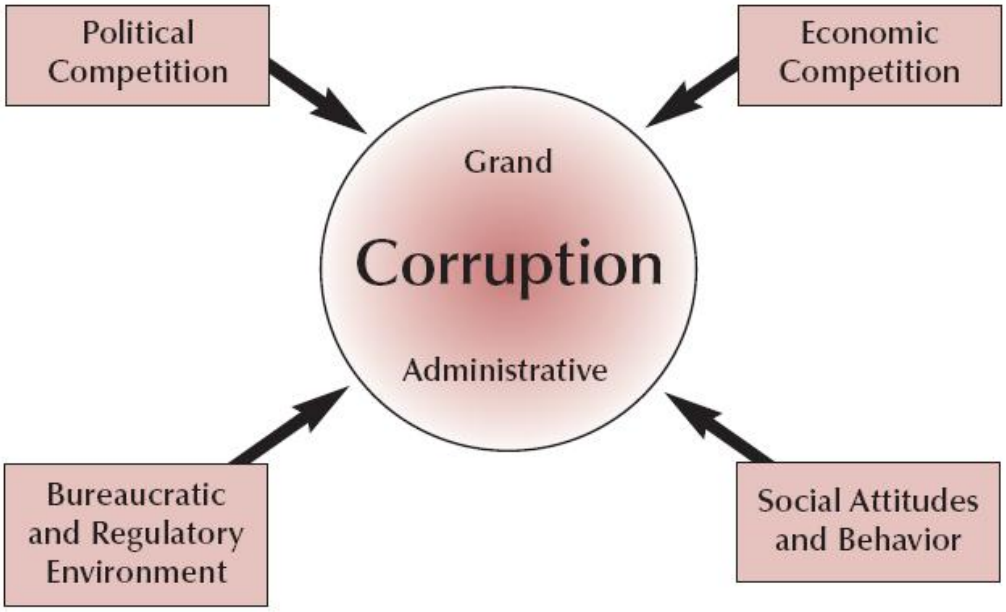
Enforcement measures include things such as criminal investigations, and are normally conducted by law enforcement agencies.

There can be multiple levels, or categories of reforms- general "governance" reforms that are not necessarily a/c specific, and specific a/c reforms. The two are not mutually exclusive. In some cases, general "governance" reforms are needed to address the factors that influence

corruption (the environmental factors) that exists in the country specific context before specific a/c reforms can be successful.

"Experience strongly suggests that combating corruption requires an indirect approach that starts with its root causes".[12]

Let's revisit the model we looked at in our discussion on the factors that influence corruption, or the root causes:



The "factors" that influence corruption (the bureaucratic environment, social, political and economic factors) can be seen as components of "governance".

[12] Shah, Anwar, "Tailoring the Fight against Corruption to Country Circumstances" from *Performance Accountability and Combating Corruption* Anwar Shah, ed, 2007, IBRD/World Bank, 243.

Public sector corruption is a symptom of failed governance. Governance is defined as the norms, traditions and institutions by which power and authority in a country are exercised. These norms, traditions and institutions include the institutions of participation and accountability in governance, mechanisms of citizen voice and exit, norms and networks of civic engagement; the constitutional-legal framework and the nature of accountability relationships between citizens and government; the process by which governments are selected, monitored, held accountable, and renewed or replaced; and the legitimacy, credibility , and efficacy of the institutions that govern political, economic, cultural and social interactions among citizens and between citizens and their governments.[13]

"Because corruption is a symptom of governance failure, the more corruption exists, the more a strategy should focus on the broader underlying features of the governance environment, and less on tactics that target specific corrupt behavior ".[14]

[13] Ibid, 234.

[14] Ibid, 243.

Priorities for Anticorruption Reforms Given Level of Corruption and Quality of Governance

Incidence of corruption/ quality of governance	Priorities for anticorruption efforts
High/poor	Establish rule of law, strengthen institutions of participation and accountability, establish citizens' charter, limit government intervention, implement economic policy reforms
Medium/fair	Decentralize and reform economic policies and public management; introduce accountability for results
Low/good	Establish anticorruption agencies, strengthen financial accountability, raise public and official awareness, require antibribery pledges, conduct high-profile prosecutions

Source: Huther and Shah 2000.

As this table[15] makes clear, where corruption is high, and governance, or political will for change is low, it is better to focus on more general changes to the features of the governance environment A lack of democratic institutions generally (an important component of accountability) has been shown to be a key determinant of corruption.[16]

Despite the necessity of targeting grand corruption as part of a cohesive strategy, it is an unfortunate reality that these efforts often fail to meet their objectives. "Anticorruption initiatives that were targeted at grand corruption- where high level officials were involved and where the scandal was particularly political and serious- have a tendency not to succeed."[17] Thus, in these situations it may be better to implement general changes to the governance environment rather than try to target individual instances of grand corruption.

[15] Ibid, 243.

[16] Ibid, 244.

[17] Spector, Bertram I., Michael Johnston and Phyllis Dininio "Learning across cases: trends in anticorruption strategies" in Spector, Bertam I., ed. Corruption in Developing Countries, 2002, Kumarian, 227.

There are many different frameworks available to determine potential anti-corruption measures that can be taken. One useful way to breakdown possible anti-corruption measures that takes into account the non-exclusivity of reform efforts is through thematic objectives that speak to changes that could be made. For example: [18]

1. Create a statutory framework- Laws that clearly define and prohibit corrupt practices.
2. Identify and expose corrupt behavior-transparency enhancing measures both in the government and civil society including collaboration between the two.
3. Enhance institutional capacity to investigate and prosecute incidents of alleged corruption-objective standards, checks and balances to ensure even application of law.
4. Reduce opportunities for corruption to occur-reducing discretion and personal contact between officials and citizens.
5. Combat the culture of corruption- Build integrity among public officials and decrease citizen willingness to bribe-ethics codes and citizen initiatives.
6. Build public perception of government as reforms take place-publicizing reforms and engaging the public.

A successful anti-corruption strategy will implement reforms from some or all of these areas, depending on the specific circumstances present in the country in question-in other words the level of corruption and the quality of governance.

We will now move on to a discussion of some specific institutional and social reforms that could be utilized in anti-corruption efforts:

[18] Seats, Ellen and Samantha Vardaman "Lessons learned fighting Corruption in MCC threshold countries: the USAID experience " 2009 , USAID, iv-v.

Institutional reform to the bureaucratic and regulatory environment[19]

Institution building used to be centered on creating or expanding institutional structures or technical skills used to run institutions.

It is now accepted that reforms must also address the individuals who work in those institutions as well. Leadership that promotes and applies integrity, accountability, transparency and a focus on objectives and results is key. Institutions are connected and reforms can not occur in isolation. This understanding has led to an expansion of the meaning of "institution" and of the types of institutions included in anti-corruption strategies.

A number of measures may be applied to establish new structures/institutions or to reform existing ones. Formal structural changes can require legislative changes and will almost always require administrative reforms. In some areas, for example the independence of judicial offices, changes to laws or even to the constitution might be required.

Reform programs must seek to accomplish change as quickly as possible, and incorporate as many incentives for change as possible, but it will also be important to incorporate reasonable objectives and expectations and not to force the pace of change to the point where it triggers a backlash from those involved.

Institutional changes can include, but are not limited to changes that seek to: [20]

- Limit authority- Reducing the role of government/government officials in various activities, standardization, IT, streamlining, sops, reducing complexity, job descriptions, job qualifications- having standards in place to objectively judge performance, take away discretionary powers (Reduce opportunities).

[19] This discussion taken from the "UNODC Anti-corruption toolkit" v4, UNODC 2002, 31-33.

[20] "A Handbook on Fighting Corruption" USAID, 1999; Seats, Ellen and Samantha Vardaman "Lessons learned fighting Corruption in MCC threshold countries: the USAID experience " 2009 , USAID.

- Improve accountability-Strengthening transparency and oversight such as hotlines, citizens charter, whistleblower protections, sanctions and reforms to strengthen democratic institutions of accountability such as to the judiciary and legislature; establish rule of law, (improve identification and exposure/strengthen statutory framework/investigation and prosecution/combat a culture of corruption).

- Improve incentives-Redesigning terms of employment in public service (combat a culture of corruption).

Some examples of possible reforms:

Limit authority (reduce opportunities):
Reducing the amount of discretion a public official has in the routine functions makes it more difficult for officials to bestow favors on a select few.

Too much discretion reduces accountability and transparency, creating conditions where corruption can flourish. Automating acts that were previously discretionary, realizing standard operating procedures and introducing objective personnel policies can reduce the opportunity for conflicts of interest and favoritism, nepotism and cronyism.[21]

Limit authority/improve accountability (reduce opportunities):
Reducing Procedural Complexity

[21] Seats, Ellen and Samantha Vardaman "Lessons Learned Fighting Corruption in MCC Threshold Countries: The USAID Experience " USAID, 2009, v.

Rules and procedures that are simple and easy to apply are preferable to those that provide discretionary powers to government officials.

Too much complexity in the decision-making process can negatively affect accountability structures. Procedures that are overly complex cause problems in the functioning of internal discretion-structuring and control mechanisms such as audits, increasing the potential for corruption.

Reforms can be adapted from best practices found to work in other countries or other areas of the government of the country in question, or be formulated as part of the process of overall strategies for good governance reforms or the control of corruption. [22]

Improve accountability/citizen empowerment (identify and expose/ reduce opportunities):

Transparency

Transparency of information: can reduce chances for corruption when transparency is ensured in every transaction with government. Since public office is a public trust, citizens have a right to information and have the right to know the activities that the government is involved in. Many anti-corruption programs include collaboration between civil society and government in order to increase the flow of information and transparency.

Transparency in the Allocation of Public Resources (identify and expose/reduce opportunities):

Transparency in the structures and procedures that dictate how public funds are spent helps to prevent corruption by reducing the opportunities for corrupt officials and transactions to remain undetected.

Transparency structures can be either internal, for example, with internal auditing, or external, for example where public resources or accounts are a matter of public debate in the legislature or by civil society

[22] UNODC Anti-corruption toolkit" v4, UNODC 2002, 110-111.

organizations or the media. Relevant information must be disclosed, easily understood and accessible to all who may want it.[23]

Improve accountability (identify and expose):

Hot Lines and Whistle-Blower Protection

Hot lines improve accountability by creating an opportunity for citizens to report corrupt acts. The government office responsible for investigating such acts often operates a hot line, which can be over the telephone, or online. Hot line administrative SOPs should limit file access on a "need to know" basis only.

Improve accountability (statutory framework/investigation-prosecution):

Strengthen Judicial Institutions/Rule of Law

Strategies to reform judicial institutions should take into account the level of judicial independence and the specific legal and constitutional measures used to protect it. Before anti-corruption reforms are instituted, there must be basic judicial independence from other elements of the state.

Judicial independence is identified as a necessary condition for a functioning rule of law. Judicial independence requires that there is no influence by non-judicial entities. The judiciary as an institution is essential to the rule of law, which influences efforts to combat corruption in many ways.

The status that judges have makes them a powerful example for the conduct of others. The independence of judges coupled with their important duties makes them a powerful force for anti-corruption, but it also presents challenges. For example, accountability structures must be

[23] Ibid, 111.

able to clearly monitor judicial activities in order to detect and deal with corruption and other conduct inconsistent with judicial office.[24]

Reforming and rebuilding judicial institutions is generally identified as a priority in anti-corruption strategies. This is because the courts have a critical role in ensuring that rule of law is upheld.

The corruption of judicial institutions allows judicial decisions based on improper influences and untested assertions. It also denies the right to equality before the law. Further, the corruption of the judiciary also greatly reduces the ability of judicial institutions to combat corruption. The courts are essential to the prosecution and punishment of individuals involved in corruption, but also act as more general accountability structures.[25]

Improve accountability (statutory framework):

Legislative change

Structural changes often require legislative changes and also generally require administrative reforms as well.

In areas like the ensuring the independence of judicial offices, reforms to constitutions or fundamental laws might be required. Further, existing institutions will usually require amendments to abolish them or reforms.

Legislative anti-corruption reforms should be introduced in tandem with education campaigns that focus on the nature and consequences of corruption, and the reform being proposed. As discussed earlier, because those who profit from corruption lack positive incentives to change their behavior, elements of surveillance and deterrence will also generally be needed.[26]

Although outside of the scope of this course, it is important to note that when an incident goes beyond administrative sanctions, fair and effective

[24] UNODC, 34, 53.

[25] Ibid, 34.

[26] Ibid, 33.

application of law enforcement must occur. Even the most robust statutory framework and strong independent judiciary will not contribute to anti-corruption efforts if a government does not enforce its laws in a vigorous and fair manner. When an investigation uncovers clear evidence of corrupt activity, those engaging in the corruption must be subject to the same laws as everyone else, no matter what their position. Further, if the individual is convicted, they must be punished accordingly, no matter how high their official position may be.[27]

Legislative Oversight (improve accountability):

Checks and balances within the government system can ensure that members of the government are held accountable. For example, legislative oversight can be a potent check on executive authority, improving accountability in situations where the executive branch could operate with impunity.

Realign incentives (combat culture of corruption):

Increase pay, incentives and punishments- bureaucratic mechanisms should focus on accomplishments, implement a merit-based system and punish corruption. The culture and motivation of officials is vital for the prevention of corruption. Officials with whom corrupt values and practices are institutionalized as cultural norms (bureaucratic cultures) will not support reforms intended to reduce corruption or strengthen anti-corruption measures such as transparency and accountability.

Low status, salaries and living standards contribute to values sympathetic to corruption for multiple reasons. Practically, officials who have low living standards are more likely to accept bribes or other benefits that could their living standards. Low salaries and low living standards can also be associated with low morale and self-esteem, which can create moral justifications for corrupt behavior.[28]

[27] Seats, Ellen and Samantha Vardaman "Lessons learned fighting Corruption in MCC threshold countries: the USAID experience " USAID, 2009

[28] "UNODC Anti-corruption toolkit" v4, UNODC 2002, 112.

Creating adequate and fair salaries, status and working conditions for officials can be a good preventive measure. Further, promotions and salary increases should be merit-based rather than based on corrupt criteria. Although salary increases can be costly, public officials should be able to maintain a basic standard of living on their salaries. However, it is important to note that research finds that this measure only works if officials cannot make a living on their wages as they currently exist. Otherwise, raising wages has not been shown to be effective.[29] Supporting non-monetary incentives for ethical public service can also be helpful. Also, educating officials about the importance of the work they do can help to increase professional status, and make them aware of the significance of their jobs.[30]

Social Reform[31]

As discussed earlier, public sector reforms in environments of low political will have limited chances of success. In these environments citizen empowerment efforts are also important.

While corruption is a governance issue, it is also a social issue. It weakens trust and discourages performance of social institutions. The state should provide an environment that allows civil society to participate in corruption prosecution and prevention, and the promotion of a culture that does not tolerate corruption.

In addition to institutional reforms, efforts to fight corruption must include societal reforms to change attitudes toward formal political processes and to mobilize political will for change. Societal reforms generate new information about the causes and costs of corruption, encourage demand for change and provide guidance on what to change. Societal reforms also cultivate structures to facilitate monitoring and advocacy by civil society. Without the mobilization of civil society,

[29] Shah, Anwar, "Tailoring the Fight against Corruption to Country Circumstances" from *Performance Accountability and Combating Corruption,* Anwar Shah, ed, 2007, IBRD/World Bank, 245.

[30] "UNODC Anti-corruption toolkit" v4, UNODC 2002, 113.

[31] Ibid, 151.

governments are unlikely to follow through on anti-corruption reforms if they become politically or economically difficult.

As discussed earlier, it is society as a whole that bears the costs of corruption rather than individuals, and it is the tolerance or apathy of populations that can allow corruption to continue. Mobilizing public opinion in support of strong anti-corruption measures means mobilizing popular support for high standards of integrity and performance in public and private administration and opposition to corrupt practices wherever they occur. If this occurs, anti-corruption strategies will have a greater chance of success. Finally, it is important that programs include collaborative efforts between the government and civil society to increase transparency.[32]

Social changes can include but are not limited to changes that seek to:

Change attitudes and mobilize public will.

Some examples of possible tools:

Public education and information campaigns (improve public perception):

Societies are not the same and the message and target audience will vary. Despite differences, the general focus should be on educating people about the true nature and consequences of corruption in order to ensure that it is recognized when it occurs; to mobilize general opposition to it; and to ensure that the population is kept informed with respect to specific cases and efforts to combat corruption.[33]

Investigative Journalism (identify and expose/ improve public perception):

Investigative journalism cultivates anti-corruption attitudes and mobilizes political will for reform. In exposing corrupt acts, investigative reporting

[32] Ibid, 151.

[33] Ibid, 151-152.

contributes to resentment about corruption and puts pressure on the government to change.[34]

Strengthen Civic Advocacy Organizations/Civil Society Organizations (identify and expose/ improve public perception):

Civil society, where it is free to organize and act, can become a vital partner in developing and strengthening ethical practices in the public sector.[35]

Watchdogs in civil society (Identify and expose):

Civil society bodies can monitor and evaluate local and central government processes, such as budget-preparation, personnel-related matters, public investment planning, public complaints, and public information channels.[36]

Civil society organizations in partnership with government agencies have a key role in monitoring the implementation of reforms. Citizen participation should be facilitated to encourage the voicing of concerns and needs through civil society representatives working closely with government institutions.

Watchdogs can help to build transparency.

Transparency requires motivated, competent, adequately resourced and independent elements of civil society. These entities can scrutinize public administration and make observations and conclusions available to the public. This includes media, NGOs/CSOs and academics, trade unions

[34] "A Handbook for fighting corruption" Center for Democracy and Governance (Washington, D.C.: USAID, 1999, PN-ACE-070 or PN-ACR-212), 16.

[35] Ibid.

[36] Magno, Francisco "Corruption Prevention Course" module 2, *Corruption prevention: theory and practice*, teaching guide, Presidential Anti-graft Commission, 2008, 44.

and professional associations that report on specific subject-areas to their constituencies.[37]

Changes to the Economic Environment:

Economies cannot simply "grow" their way out of corruption. Although research has shown that governance maintains a strong causal effect on per capita incomes, it also shows that per capita incomes have a weak or even negative effect on the quality of governance, in part because many of the economic gains are often captured by corrupt elites. [38] Economic policy reforms are an important way to limit government authority and curb corruption. This can be accomplished through reforms such as privatization or liberalization.

Privatization measures:

Privatization involves the removal of the government (through state-owned enterprises) from economic activities. However, privatization is not always a good option, as often the corruption just shifts from the public to the private sector. Further, the process of privatization itself is extremely vulnerable to corruption.[39].

Liberalization measures:

Liberalization is a more straightforward way to limit state authority and curb corruption.

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[37] "UNODC Anti-corruption toolkit" v4, UNODC 2002, 111.

[38] "USAID Anticorruption Strategy", USAID, 2005 PD-ACA-557,7.

[39] "A Handbook for fighting corruption" Center for Democracy and Governance (Washington, D.C.: USAID, 1999, PN-ACE-070 or PN-ACR-212), 10.

Liberalization is generally understood as the elimination or standardization of tariffs, quotas, exchange rate restrictions, permit requirements and price controls. This relates to corruption as these actions reduce the opportunities that officials can exercise wide discretionary powers, and make it very difficult, if not impossible for officials to take bribes for services.

Changes to the Political Environment:

As mentioned previously, despite the importance of targeting grand corruption, these efforts often fail. Further, again despite the importance of political will to address corruption, there is very little that can be done to force high level government officials to get tough on corruption, as they often are benefiting from corrupt practices. Thus, in situations with low political will and high levels of corruption it is best to engage in general reforms to the governance environment such as strengthening rule of law and free and fair elections. Committing to economic policy reform through international standards inherent in entities such as the WTO discussed previously is also helpful.

Principles of Anti-Corruption (Anti-Corruption Competency Course) Instructor's Manual

1. Course Number and Title: 901 Principles of Anti-Corruption (Anti-Corruption Competency Course)

2. Course Description: This course is designed to develop the students' theoretical and practical knowledge base on core concepts and issues in the field of anti-corruption over multiple levels of analysis, both general and Iraqi context-specific. At the completion of the course the student will be able to confidently utilize basic anti-corruption terminology and concepts to a high level of professionalization, and be able to apply their enhanced practical knowledge base and critical analytical capacity gained to their day to day anti-corruption work.

3. Contact Hours: 28 hours, 7 days

4. Course Prerequisites: Student must be engaged in anti-corruption work in a professional capacity (i.e. BSA, IG, COI, CPI, OIG, PACCs)

5. Course Dates: TBD

6. Course Times: TBD

7. Course Location: TBD

8. Instructor: TBD

9. Required Text and Other Learning Resources: Student Guide

10. Course Overview: The purpose of this course is to provide students with the fundamental knowledge base required to be engaged in the anti-corruption field in a professional capacity. Along with the discrete body of knowledge it delivers, this course will build critical analytical skills which will serve as an underpinning to the acquisition of further specialized knowledge, as well as assist them in performing their job related tasks more effectively.

11. Course Objectives: Upon completion of this course the student should be able to do the following:

1. Speak about and understand anti-corruption related terms and issues with a high level of confidence, knowledge and ability.

2. Understand and articulate the varied causes, costs and responses to corruption from both a theoretical and applied perspective.

3. Display an understanding of various ways that corruption occurs in the context specific setting (Iraq); be able to apply the knowledge base gained in the course to better address corruption in their professional careers.

12. Instructional Techniques

A number of instructional techniques will be used to achieve the course objectives, and interactive teaching methods will be used throughout. Instructional techniques used in this course include:

Lecture: Lecture will be used to highlight and explain key concepts.

Questions and answers: The instructor is encouraged ask participants questions to gauge their understanding of the material. Participants will be encouraged to ask the instructor questions to gain clarification of concepts.

Discussion: Discussion of concepts and practices will be encouraged and facilitated by the instructor throughout the course, if he/she feels that the students are having difficulty grasping the subject matter presented in the lecture.

Group activities and exercises: Participants will meet in groups to engage in exercises that apply the knowledge base acquired from the course.

Final assessment: Participants will engage in a written final assessment to gauge their grasp of the subject matter.

13. Course Modules

Module 0: Introduction - 1 hr

- Outline of curriculum,
- module topics to be taught,
- performance and behavioral expectations

At the end of this block of instruction the student will understand the concepts and topics covered in the course; course structure; and requirements to successfully pass this course.

Module 1: Concepts, principles and basic terminology- 7 hrs

5 hrs instruction, 2 hrs interactive exercises

- Definitions of corruption; corruption explained
- Basic empirical and practical terms principles and concepts used in the anti-corruption field.

At the end of this block of instruction the student will understand the basic principles utilized in the academic and applied fields of corruption studies/anti-corruption. Further, students will be familiar with and be able to utilize terminology specific to the field of inquiry (anti-corruption) including various types of corruption, and their attributes.

Module 2: Situations that Give Rise to Corruption – 4 hrs

2 hrs instruction, 2 hrs interactive exercises

- Frameworks for analysis
  1. institutional attributes and social attitudes
  2. Political, economic and social factors

At the end of this block of instruction the student will be familiar with a range of factors that are recognized to contribute to corruption, as well as some standards utilized in the field of anti-corruption to identify the causes of corruption. Further, the student will be aware that there is no "one size fits all" standard and that each case will manifest its own unique attributes.

Module 3: Costs of Corruption – 4 hrs

2 hrs instruction, 2hrs interactive exercises

- Comprehensive overview and discussion of the varied costs of corruption including:
  1. Arrested development (social, economic and political)
  2. Increased poverty
  3. Compromised security
  4. Compromised human rights

At the end of this block of instruction the student will be able to understand and articulate the numerous and varied costs of corruption, from both a theoretical and applied perspective. Further, the student will understand the mutually reinforcing nature of these issues, as consequences of corruption, as well as factors that create an environment in which it is harder to implement successful anti-corruption efforts, thus leading to more corruption.

Module 4: Responses to Corruption – 10 hrs

8 hours instruction, 2 hours interactive exercises

- Prevention
  1. Institutional reform
  2. Social reform

At the end of this block of instruction the student will be familiar with the varied and numerous possible responses to corruption, both from a theoretical and applied perspective reflecting those utilized in a field environment. They will further become familiar with the challenges inherent in the application of responses.

Final Assessment: 2 hours

Lesson 0: Introduction 1 hour

- Introductions
- Ground Rules
- Course Contents
- Small Group Formation

At the end of this block of instruction the student will understand the concepts and topics covered in the course; course structure; and requirements to successfully pass this course.

- Have all necessary equipments and training aids on hand, including:
  - Name Cards
  - Flip Chart/white-board
  - Markers
  - Laptop with PowerPoint presentation and screen
  - Instructor's Guide
  - Pads and pencils

Before the course

- Place one Student Guide at each desk, along with pads, pencils and name cards.

Introduction

The instructor should introduce him/herself to the students, and the students should introduce themselves to each other. Name cards will be filled out.

Ground Rules

The instructor should then go over the "ground rules" for the course concerning attendance and behavior:

- An important requirement of this course is full attendance, which is expected throughout the seven days.

- Each day will begin with a review of the material from the previous day.
- Each student is expected to respect their classmates. Discussion, and even disagreement is fine, but this must be done in a mutually respectful manner.
- Time management is a crucial factor in the success of the course; therefore, you are expected to respect all course times. You should be on time each morning, return to class promptly after the break, and remain until the end of the day.
- No smoking
- No mobile phones
- No side discussions
- An important aspect of this course is to foster interaction among participants to give you the opportunity to share experiences and skills with colleagues. Please freely contribute your experiences and ideas. However, that said, there is a limited amount of course time, and a large amount of material to go over. Please do not interrupt the instructor when they are lecturing. If you have a question, write it down, and then raise your hand during the question session. Further, the question and sharing time, and group activity is for questions and legitimate sharing of helpful experience only, not for "grandstanding", speeches, or long monologues displaying your own knowledge base.

Discussion of Course Contents

The instructor will ask the students to open their student guides, and go over the course outline so that the students will have a clear understanding of what is expected of them in the course.

Small Group Formation

The instructor will then break the students up into their 4 smaller groups for group exercises, it is up to the discretion of the instructor how the want to form the groups. The students will stay in these groups for the entire course, and will break up into them for the interactive activities.

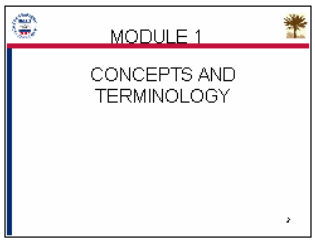
Module 1: Concepts, principles and basic terminology- 7 hrs

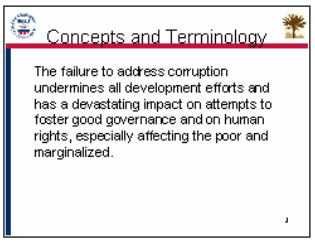
5 hrs instruction, 2 hrs interactive exercises

- Definitions of corruption; corruption explained
- Basic empirical and practical terms principles and concepts used in the anti-corruption field.

At the end of this block of instruction the student will understand the basic principles utilized in the academic and applied fields of corruption studies/anti-corruption. Further, students will be familiar with and be able to utilize terminology specific to the field of inquiry (anti-corruption) including various types of corruption, and their attributes.

PPS 1-3



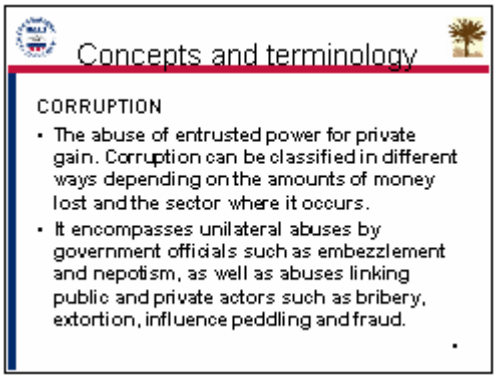


The failure to address corruption undermines all development efforts and has a devastating impact on attempts to foster good governance and on human rights, especially affecting the poor and marginalized.

There is no comprehensive universally accepted definition of corruption and attempts to develop such a definition are fraught with legal, criminological and political difficulties. However, specific forms of corruption are clearly defined and understood. Many of these forms of corruption are also criminal offences. That said, for the purposes of this course, in order to ensure that we have a common understanding of the topic under discussion, we will utilize the commonly accepted definition of corruption offered by Transparency International.[1]

[1] Definitions and discussions of said definitions in this module of the course taken from "UNODC Anti-corruption Toolkit" v4, UNODC, 2002, 6-10, and/or "The Anti-Corruption Plain Language Guide", Transparency International, July, 2009, unless otherwise noted.

PPS 4

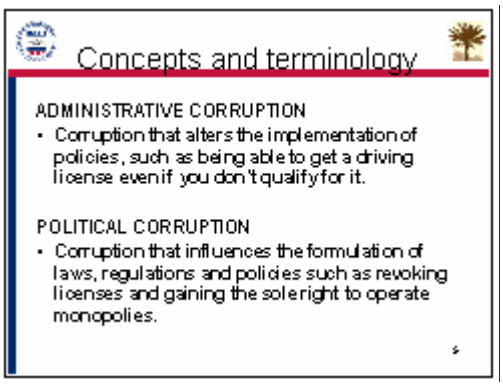


CORRUPTION
The abuse of entrusted power for private gain. Corruption can be classified in different ways depending on the amounts of money lost and the sector where it occurs.

It encompasses unilateral abuses by government officials such as embezzlement and nepotism, as well as abuses linking public and private actors such as bribery, extortion, influence peddling and fraud.

Some times corruption is further broken down into more specific forms, such as administrative and political corruption:

PPS 5

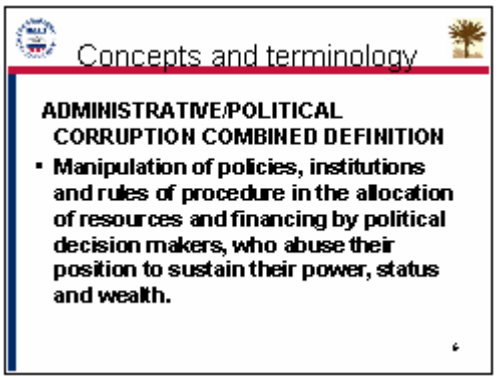


Administrative Corruption: Corruption that alters the implementation of policies, such as being able to get a driving license even if you don't qualify for it.

Political Corruption: Corruption that influences the formulation of laws, regulations, and policies, such as revoking licenses, and gaining the sole right to operate monopolies.

However, as there are no universally accepted definitions of what constitutes "administrative" and/or "political" corruption in the field, we will simply refer to public sector corruption in its entirety, utilizing the following definition that encompasses both of the aforementioned phenomena.

PPS 6

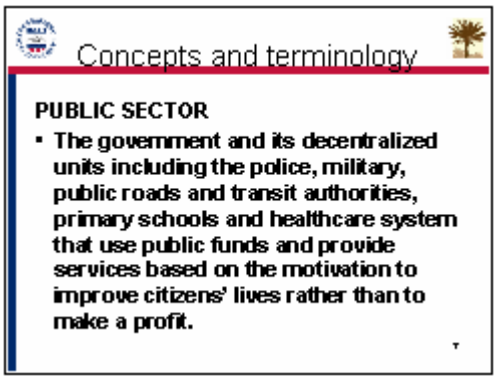


Administrative/Political Corruption

Manipulation of policies, institutions and rules of procedure in the allocation of resources and financing by political decision makers, who abuse their position to sustain their power, status and wealth.

But what does this mean? To really understand it, we need to examine another concept: public sector

PPS 7



Public Sector

The government and its decentralized units — including the police, military, public roads and transit authorities, primary schools and healthcare system — that use public funds and provide services based on the motivation to improve citizens' lives rather than to make a profit.

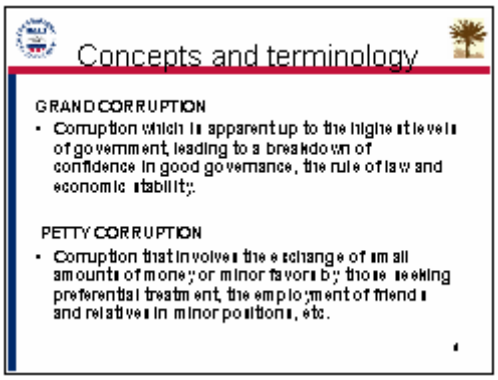
The job of anyone working in the "public sector" is supposed to be centered on trying to improve the lives of the general population. Not to improve their own lives, or the lives of their family, friends, tribal members, fellow party members, etc.

While corruption in the public sector has clearly negative outcomes, it cannot realistically be addressed without also dealing with corruption in society at large, for example political parties, the private sector and non-governmental organizations (NGOs).

All forms of corruption undermine development and governance. However, the international community has tended to focus anti-corruption efforts on public sector corruption, and corruption that exists at the intersection of the public and private sectors.

Often, corruption is defined as being either grand or petty.

PPS 8



GRAND CORRUPTION

Corruption which is apparent up to the highest levels of government, leading to a breakdown of confidence in good governance, the rule of law and economic stability.

PETTY CORRUPTION

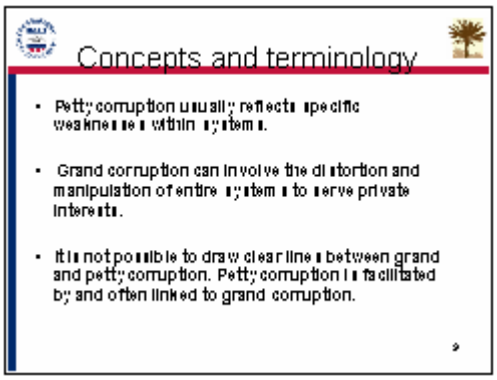
Corruption that involves the exchange of small amounts of money or minor favors by those seeking preferential treatment, the employment of friends and relatives in minor positions, etc.

Grand corruption usually involves exchanges of resources or advantages for high-level officials or firms. The transactions are usually large.

Petty corruption usually refers to smaller transactions involves mid- and low-level government officials.

Perhaps the most important distinction is that:

PPS 9



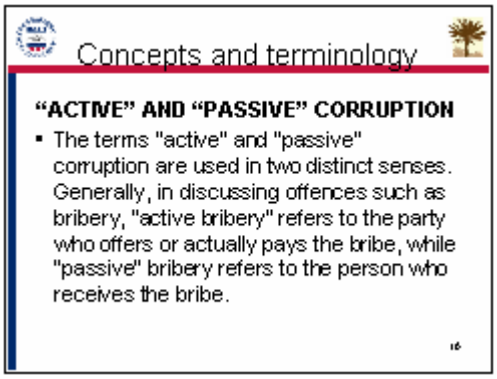
Petty corruption usually reflects specific weaknesses within systems.

Grand corruption can involve the distortion and manipulation of entire systems to serve private interests.

It is not possible to draw clear lines between grand and petty corruption. Petty corruption is facilitated by and often linked to grand corruption.

In your work you may also come across these terms as well:

PPS 10

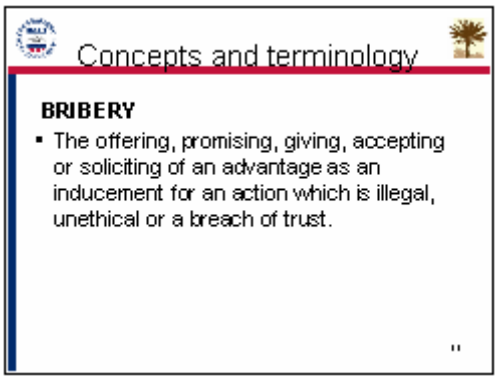


"Active" and "passive" corruption.

The terms "active" and "passive" corruption are used in two distinct senses. Generally, in discussing offences such as bribery, "active bribery" refers to the party who offers or actually pays the bribe, while "passive" bribery refers to the person who receives the bribe.

We will now move into a discussion of practical terms and concepts that are utilized in the field of anti-corruption. This is to ensure that you are able to speak in the "professional jargon" of your given field. You may know all or some of these definitions already- if you do, please see this section as a review, and use it as a test to determine if your knowledge base is up to date. As professionals working in anti-corruption it is of vital importance that you possess and maintain a high degree of fluency in the language utilized in your field.

PPS 11



Bribery

The offering, promising, giving, accepting or soliciting of an advantage as an inducement for an action which is illegal, unethical or a breach of trust.

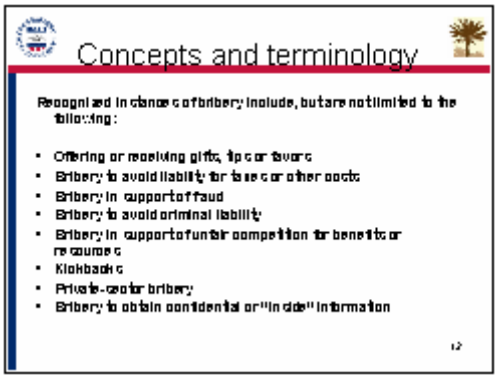
Bribery is the giving of a benefit with the purpose of influencing the outcome of an action or decision made by someone else.

Bribery is the most commonly known form of corruption. Definitions and/or descriptions appear in international instruments as well as in the domestic laws of most countries.

The “benefit” in bribery cases can be anything that could cause the desired outcome, including money, gifts, loans, donations to causes or valuable information. The benefit is either passed directly to the beneficiary, or indirectly to, or through, a third party. Bribes can be given on a one time case-by-case basis or as part of a continuing relationship in which officials are given regular benefits in exchange for things that favor the interests of the person paying the bribe.

In most legal definitions, both national and international, the purpose is to criminalize bribery. Thus, as a legal term, bribery is normally limited to cases where it is a public official who is receiving the bribe. Public official mean any individual who has power to make a decision or take some action that affects others. Politicians, law enforcement officials, judges, prosecutors and inspectors are all public officials.

PPS 12



Recognized instances of bribery include, but are not limited to the following:

Offering or receiving gifts, tips or favors
Bribery to avoid liability for taxes or other costs
Bribery in support of fraud
Bribery to avoid criminal liability
Bribery in support of unfair competition for benefits or resources
Kickbacks
Private-sector bribery
Bribery to obtain confidential or “inside” information

Offering or receiving improper gifts, tips, favors or commissions.

Public officials sometimes accept gratuities, gifts, donations to causes, or tips in exchange for services that they should be performing anyway. This is also known as "grease money". In return for the payment the official will expedite the case. Even if the payment is not directly linked to the interests of the applicant, these types of payments are difficult to

distinguish from bribery or extortion because links between payments and results will most likely develop.

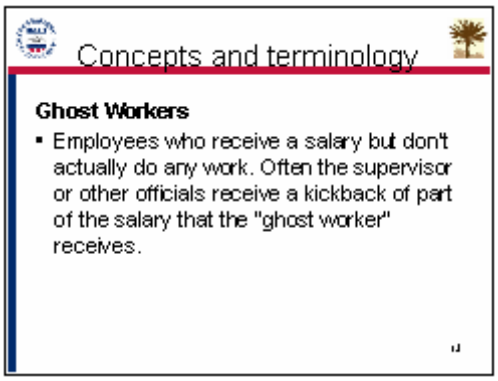
Bribery to avoid liability for taxes or other costs

Officials who work for or supervise revenue-collecting agencies, for example- customs officers or tax authorities can be bribed to reduce or eliminate revenues to be collected or to hide or overlook evidence of malfeasance.

Bribery in support of fraud

Payroll officials can be bribed to participate in listing and paying non-existent employees known as “ghost-workers”.

PPS 13



Ghost Workers

Employees who receive a salary but do not actually do any work. Often the supervisor or other officials receive a kickback of part of the salary that the “ghost worker” receives.

Bribery to avoid criminal liability

Criminal justice officials such as judges, officers or prosecutors can be bribed to ensure that criminal activities are not investigated or prosecuted, or to ensure a positive outcome if a case is prosecuted.

Bribery in support of unfair competition for benefits or resources

Employees who are responsible for making contracts for goods or services can be bribed to ensure that contracts with beneficial terms will be secured.

Kickback

If the bribe is paid out of the contract-proceeds themselves, it may also be described as a “kickback” or secret commission.

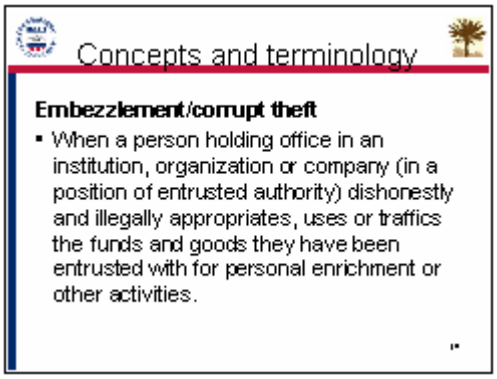
Private-sector bribery

Corrupt officials have been known to take bribes and then approve loans which do not meet basic criteria for approval and which often cannot be collected on later.

Bribery to obtain confidential or “inside” information

Employees who have access to confidential information can become the targets of bribery to induce them to disclose it. This occurs in the both public and private sectors.

PPS 14



Embezzlement/corrupt theft

When a person holding office in an institution, organization or company (in a position of entrusted authority) dishonestly and illegally appropriates, uses or traffics the funds and

goods they have been entrusted with for personal enrichment or other activities.

These types of corrupt activity involve the taking of money, property or other things of value by a person who has access to them due to their position or employment, but is not entitled to them.

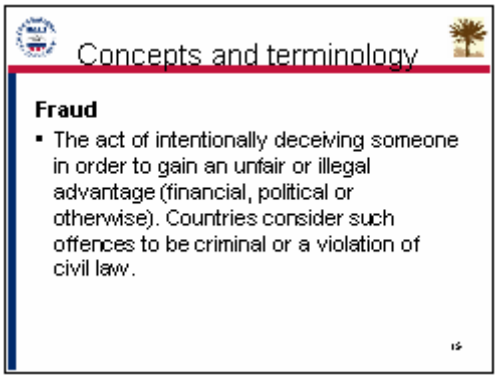
In the case of embezzlement/corrupt theft, the property is taken by someone that it was entrusted to for safe keeping, whereas fraud is the use of incorrect information to persuade the person that has the property to turn it over voluntarily.

An official who took parts of an aid donation, shipment of food or medical supplies and sold them would be committing corrupt theft or embezzlement, depending on the statutory framework of the country they are from.

Only conduct which is committed by a public official or which affects the public interest in such a way to call for the application of the criminal law is considered embezzlement or corrupt theft. The concept of theft goes far beyond what is considered corruption, including the taking of any property or valuable by a person with no right to it. If we go back to the above example, a person who is not in a position of entrusted authority who stole aid packages from a truck would be committing theft but not corrupt theft/embezzlement.

Embezzlement/corrupt theft is a common occurrence. Anyone who is responsible for handling cash or other property can steal it, or assist others in stealing it, especially if adequate auditing or monitoring safeguards are not in place. Employees or officials with access to company or government operating accounts can make unauthorized withdrawals, or give the information needed to do so to another person so they can make a withdrawal. Those who handle property are in a position to simply take it.

PPS 15



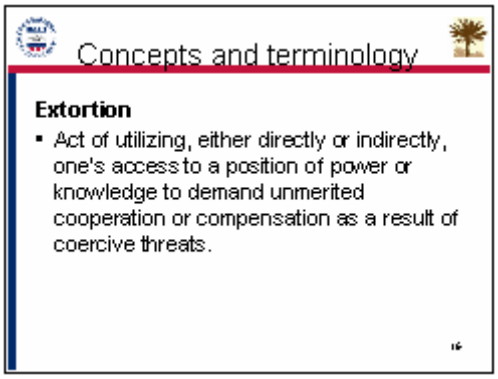
Fraud

The act of intentionally deceiving someone in order to gain an unfair or illegal advantage (financial, political or otherwise). Countries consider such offences to be criminal or a violation of civil law.

Going back to our previous example of aid shipments, an official who misrepresented facts (for example inflated the amount of people who were in need of a certain medication) in order to convince an aid agency to send more medical supplies than was actually required would be committing fraud.

Fraud is common. Some examples of fraud are-officials can create artificial expenses, such as "ghost workers" added to payrolls or bills for goods and services in order for the employer (private or public sector) to pay them money that they are not entitled to; or employment-related equipment such as motor vehicles may be used for private purposes.

PPS 16



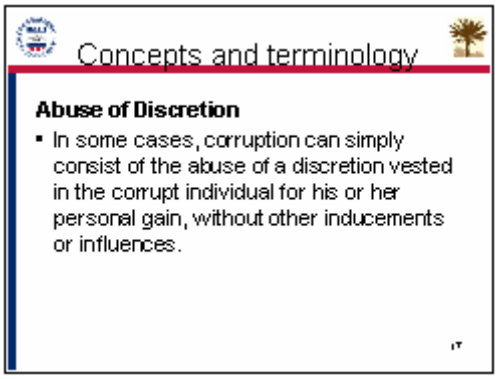
Extortion

Act of utilizing, either directly or indirectly, one's access to a position of power or knowledge to demand unmerited cooperation or compensation as a result of coercive threats.

Extortion involves coercion such as the use or threat of violence or the exposure of damaging information in order to encourage cooperation.

Low-level extortion, such as the payment of "speed money" in order to ensure timely consideration and decision-making of minor matters by officials is widespread in many countries, and can be difficult to distinguish from the offering or receiving of gifts, or some types of bribery.

PPS 17



Abuse of Discretion

In some cases, corruption can simply consist of the abuse of discretion vested in the corrupt individual for his or her personal gain, without other inducements or influences.

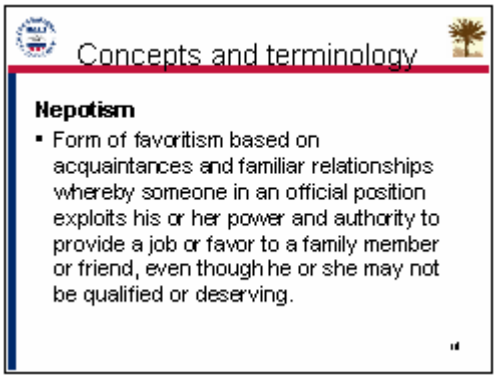
For example, an official responsible for government contracting may abuse their discretion to purchase goods or services from a company in which they have an interest, but which isn't necessarily the best company to provide the goods or services.

These types of abuses are often associated with bureaucracies that contain elements of broad individual discretion, few oversight or accountability structures, and overly complicated decision-making rules.

Favoritism, nepotism and clientelism These also involve abuses of discretion. What is different in cases of favoritism, nepotism and clientelism is they are not based in the direct self-interest of the corrupt individual but someone else associated with him or her by patronage-affiliations such as family ties or membership in a political party, tribe, religious group or other grouping. For example, if a person bribes a corrupt official to hire him or her, the corrupt official acts in their own self interest to obtain the bribe. However, if an official hires a relative even though the relative is not qualified for the position, he or she acts for the benefit of the interests of family. This is nepotism. If a corrupt official hires someone of the same political party, even though they are not qualified for the position, they are engaging in clientelism.

Favoring or discriminating against individuals can be based on a wide range of group characteristics, including ethnicity, race, religion, political affiliation or other on personal or organizational relationships such as tribal affiliation.

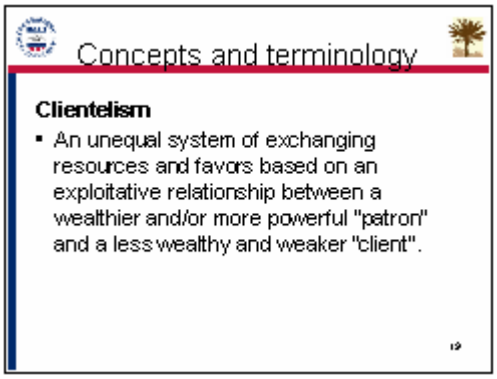
PPS 18



Nepotism

Form of favoritism based on acquaintances and familiar relationships whereby someone in an official position exploits his or her power and authority to provide a job or favor to a family member or friend, even though he or she may not be qualified or deserving.

PPS 19

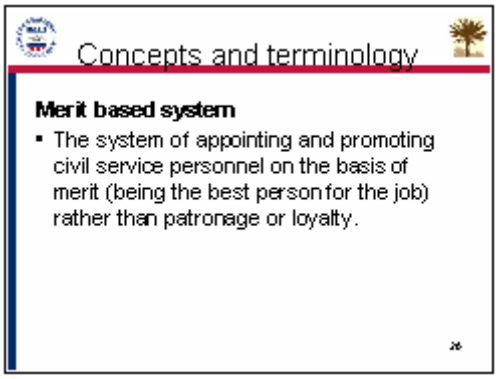


Clientelism

An unequal system of exchanging resources and favors based on an exploitative relationship between a wealthier and/or more powerful "patron" and a less wealthy and weaker "client".

These types of behavior (favoritism, nepotism, clientelism) are the opposite of a merit based system.

PPS 20

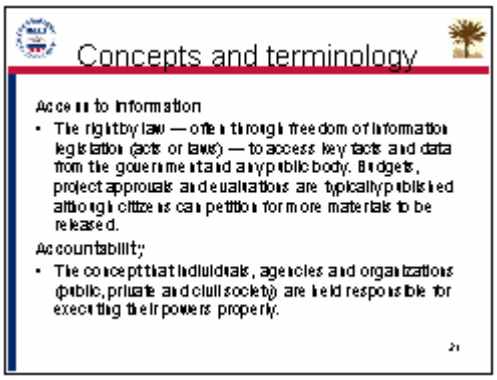


Merit based system

The system of appointing and promoting civil service personnel on the basis of merit (being the best person for the job) rather than patronage or loyalty.

We will now move on to the definition of some other terms commonly utilized in the anti-corruption field. Most of you are familiar with these, so we will not go as in-depth into the definitions.[2]

PPS 21



[2] All definitions in this section with the exceptions of inspection and investigation (author's own) taken from "The Anti-Corruption Plain Language Guide", Transparency International, July, 2009.

Access to Information

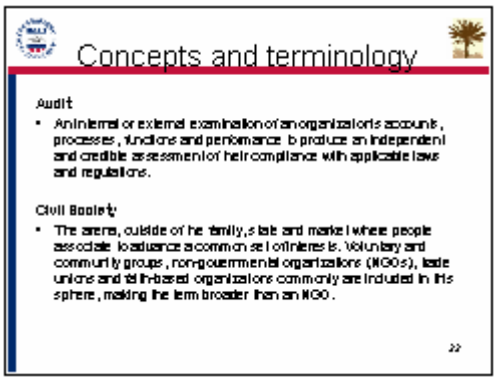
The right by law — often through freedom of information legislation (acts or laws) — to access key facts and data from the government and any public body. Budgets, project approvals and evaluations are typically published although citizens can petition for more materials to be released.

Accountability

The concept that individuals, agencies and organizations (public, private and civil society) are held responsible for executing their powers properly.

What this means is that people are expected to carry out their responsibilities, and if they fail to do so, they will face the consequences, and not try to shift the blame to someone else, or to get out of it based on their position. It doesn't matter who you are, you need to take responsibility for yourself, and not blame others if you fail.

PPS 22



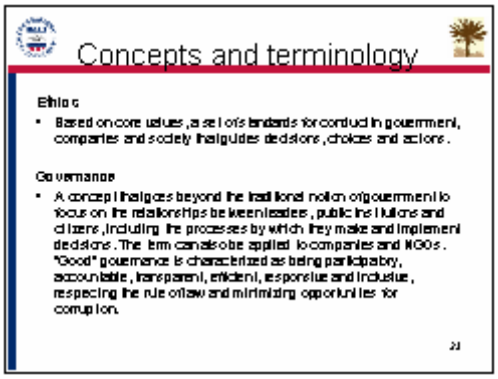
Audit

An internal or external examination of an organization's accounts, processes, functions and performance to produce an independent and credible assessment of their compliance with applicable laws and regulations.

Civil Society

The arena, outside of the family, state and market where people associate to advance a common set of interests. Voluntary and community groups, non-governmental organizations (NGOs), trade unions and faith-based organizations commonly are included in this sphere, making the term broader than an NGO.

PPS 23



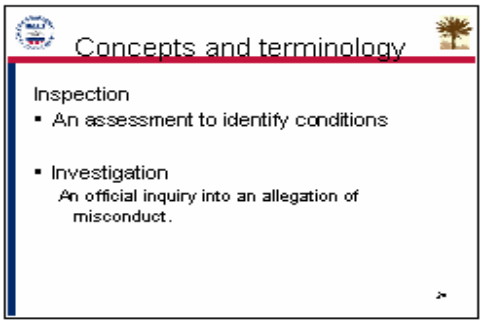
Ethics

Based on core values, a set of standards for conduct in government, companies and society that guides decisions, choices and actions.

Governance

A concept that goes beyond the traditional notion of government to focus on the relationships between leaders, public institutions and citizens, including the processes by which they make and implement decisions. The term can also be applied to companies and NGOs. "Good" governance is characterized as being participatory, accountable, transparent, efficient, responsive and inclusive, respecting the rule of law and minimizing opportunities for corruption.

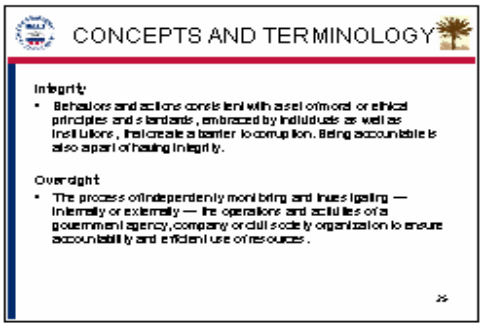
PPS 24



Inspection
An assessment to identify conditions.

Investigation
An official inquiry into an allegation of misconduct.

PPS 25



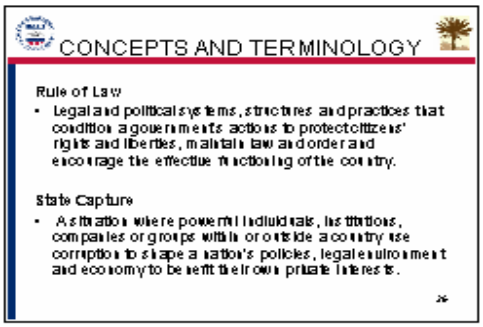
Integrity

Behaviors and actions consistent with a set of moral or ethical principles and standards, embraced by individuals as well as institutions, that create a barrier to corruption. Being accountable is also a part of having integrity.

Oversight

The process of independently monitoring and investigating — internally or externally — the operations and activities of a government agency, company or civil society organization to ensure accountability and efficient use of resources

PPS 26



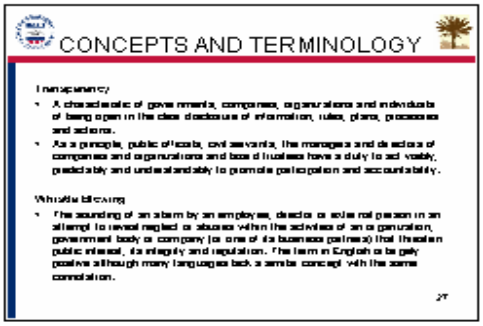
Rule of Law

Legal and political systems, structures and practices that condition a government's actions to protect citizens' rights and liberties, maintain law and order, and encourage the effective functioning of the country.

State Capture

A situation where powerful individuals, institutions, companies or groups within or outside a country use corruption to shape a nation's policies, legal environment and economy to benefit their own private interests.

PPS 27



Transparency

A characteristic of governments, companies, organizations and individuals of being open in the clear disclosure of information, rules, plans, processes and actions.

As a principle, public officials, civil servants, the managers and directors of companies and organizations, and board trustees have a duty to act visibly, predictably and understandably to promote participation and accountability.

Whistle Blowing

The sounding of an alarm by an employee, director or external person in an attempt to reveal neglect or abuses within the activities of an organization, government body or company (or one of its business partners) that threaten public interest, its integrity and reputation. The term in English is largely positive although many languages lack a similar concept with the same connotation.

At the end of the lecture the instructor should ask the students if thy have any questions concerning the material covered in the class.

Interactive exercise: two hours

flip chart/large paper
markers

Examples of definitions
Breakout into the four small groups-
each small group will focus on providing as many real-life (in Iraq) examples that they can about bribery, extortion, fraud, abuse of discretion, nepotism, clientelism and any other types of corruption they are aware of either through their work or the media. The groups will write down the examples on large pieces of paper. The groups will choose one individual to present the examples to the rest of the class. A comprehensive list will then be compiled by the instructor on flipchart pages to be utilized and built on in future group exercises.

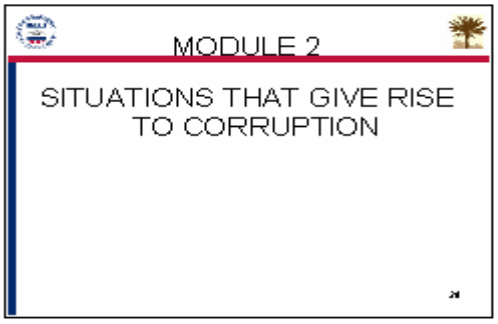
Module 2: Situations that Give Rise to Corruption – 4 hrs
2 hrs instruction, 2 hrs interactive exercise

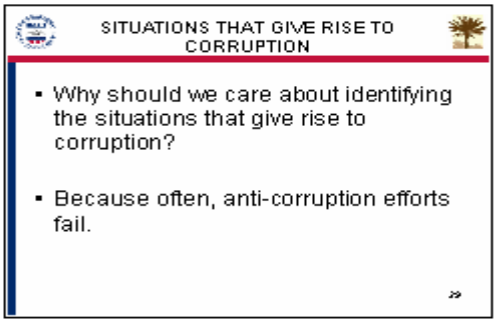
- Frameworks for analysis
  3. institutional attributes and social attitudes
  4. Political, economic and social factors

At the end of this block of instruction the student will be familiar with a range of factors that are recognized to contribute to corruption, as well as some matrices and standards utilized in the field of anti-corruption to identify the causes of corruption. Further, the student will be aware that there is no "one size fits all" standard and that each case will manifest its own unique attributes.

At the beginning of class the instructor should briefly review the slides from the previous module.

PPS 28, 29



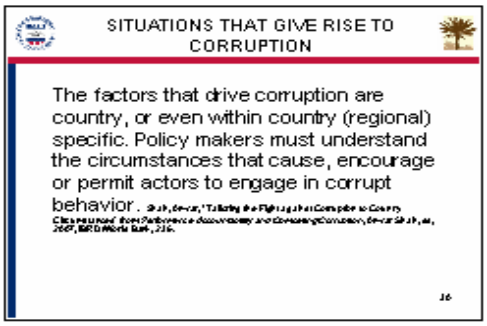


Why should we care about identifying the situations that give rise to corruption?

Because often, anti-corruption efforts fail

One of the reasons they fail is because they are based on "one-size fits all" approaches that do not take into account the factors that are causing the corruption to occur in the first place. Without identifying the causes, you cannot hope to successfully come up with a solution.

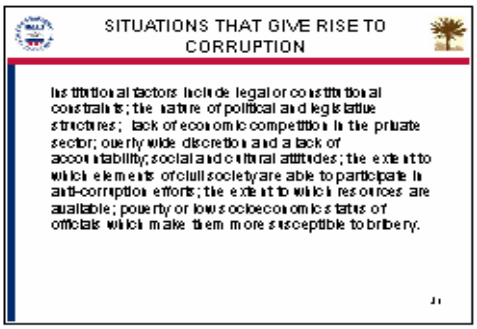
PPS 30



The factors that drive corruption are country, or even within country (regional) specific. Policy makers must understand the circumstances that cause, encourage or permit actors to engage in corrupt behavior. [3]

Very rarely will there be a single identifiable "cause" of a particular occurrence of corruption, but a number of contributing factors will usually be identifiable. These can include:

PPS 31



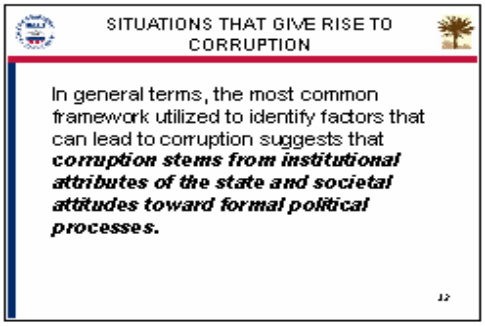
Institutional factors include legal or constitutional constraints; the nature of political and legislative structures; lack of economic competition in the private sector; overly wide discretion and a lack of accountability;

[3] Shah, Anwar, "Tailoring the Fight against Corruption to Country Circumstances" from *Performance Accountability and Combating Corruption,* Anwar Shah, ed, 2007, IBRD/World Bank, 236.

social and cultural attitudes; the extent to which elements of civil society are able to participate in anti-corruption efforts; the extent to which resources are available; poverty or low socioeconomic status of officials which make them more susceptible to bribery.

Identifying and understanding information about such factors in the national or sub-national setting in which one is operating is critical to understanding the nature of the corruption itself and to formulating counter-measures.

PPS 32



In general terms, the most common framework utilized to identify factors that can lead to corruption suggests that ***corruption stems from institutional attributes of the state and societal attitudes toward formal political processes.***[4]

Institutional attributes that encourage corruption include wide authority of the state, which brings about significant opportunities for corruption; minimal accountability, which reduces the cost of engaging in corrupt behavior; and perverse incentives in government employment, which bring on self-serving as opposed to than public-serving behavior.

Societal attitudes fostering corruption include a stronger allegiance to personal loyalties than objective rules/rule of law, low legitimacy of the

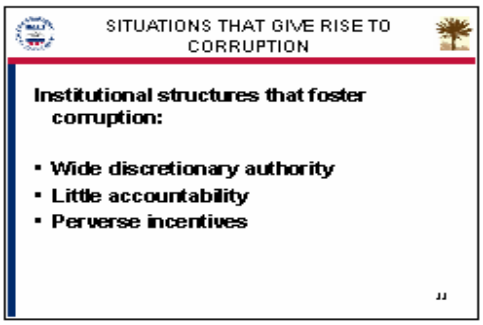
[4] The discussion in this section is taken from "A Handbook for fighting corruption" Center for Democracy and Governance (Washington, D.C.: USAID, 1999, PN-ACE-070 or PN-ACR-212), 9, and "DG University Anti-Corruption Distance Learning Module", *Part I, the Global Context for Anti-corruption Programming, V Causes of Corruption*, Center for Democracy and Governance, USAID, unless cited differently.

government in power and the dominance of a political party or ruling elite (family/tribe, etc.) over political and economic processes.

From an institutional perspective, corruption arises where public officials have wide authority, little accountability and perverse incentives.

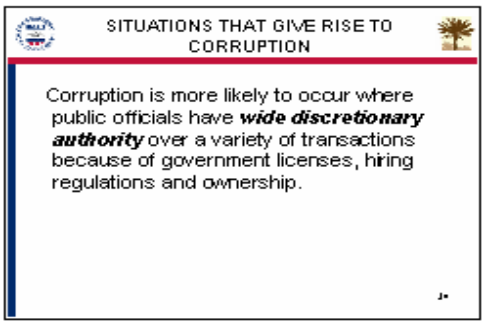
This means the more activities public officials control or regulate the more opportunities exist for corruption.

PPS 33



Institutional structures that foster corruption:
- Wide discretionary authority
- Little accountability
- Perverse incentives

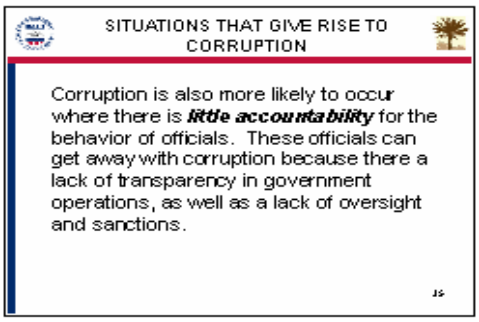
PPS 34



Corruption is more likely to occur where public officials have ***wide discretionary authority*** over a variety of transactions because of government licenses, hiring regulations and ownership.

Systems that allow for public officials to take bribes, to have control over hiring processes (that allow for favoritism/nepotism/cronyism) or to divert public resources to themselves are systems that incorporate "wide discretionary authority".

PPS 35



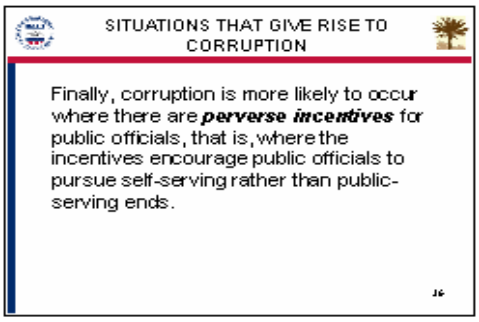
Corruption is also more likely to occur where there is ***little accountability*** for the behavior of officials. These officials can get away with corruption because there a lack of transparency in government operations, as wella s a lack of oversight and sanctions.

This can happen when institutions of accountability and participation are ineffective or do not exist. Institutions that control powers of abuse are things like electoral processes, bill of rights, the judiciary and the legislature. The risk for corruption increases as the probability of detection and punishment decreases.

This can also occur due to a *weakly embedded rule of law*. In situations in which laws apply to some but not others, or where the enforcement of the law is used to further private interests rather that protecting the public interests, the rich and powerful in the public and private sectors don't see themselves as being accountable to the public or to other government entities, so they can, and often do, make decisions that benefit themselves.[5]

[5] Shah, Anwar, "Tailoring the Fight against Corruption to Country Circumstances" from *Performance Accountability and Combating Corruption* Anwar Shah, ed, 2007, IBRD/World Bank, 242.

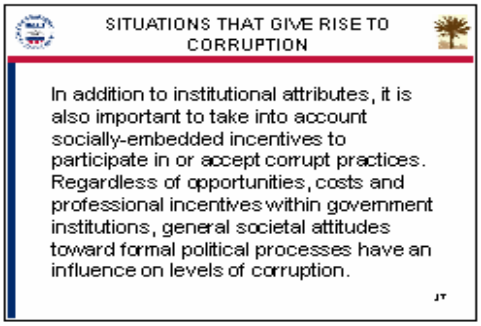
PPS 36



Finally, corruption is more likely to occur where there are ***perverse incentives*** for public officials, that is, ***where the incentives encourage public officials to pursue self-serving rather than public-serving ends.***

This can happen in public-service where salaries, job security and professionalism are low. When this happens, the incentives for public officials to pursue self-serving rather than public-serving ends are high.

PPS 37



In addition to institutional attributes, it is also important to take into account socially-embedded incentives to participate in or accept corrupt practices. Regardless of opportunities, costs and professional incentives within government institutions, general societal attitudes toward formal political processes have an influence on levels of corruption.

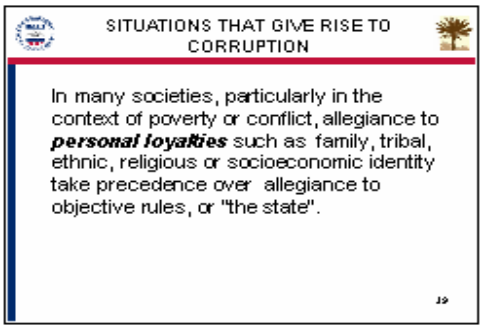
PPS 38

Societal attitudes that influence corruption:

- Personal loyalties
- Illegitimate government
- Inequality

There are many factors that can influence groups or societies to disregard formal rules.

PPS 39



In many societies, particularly in the context of poverty or conflict, allegiance to personal loyalties such as family, tribal, ethnic, religious or socioeconomic identity take precedence over allegiance to objective rules, or “the state”.

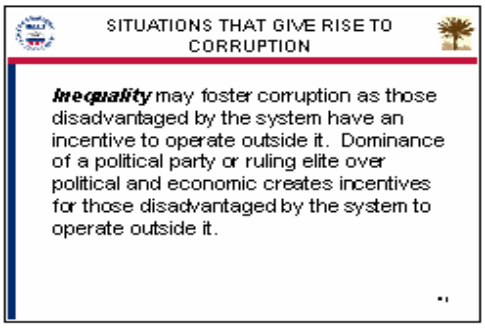
Patronage systems are a common way to secure advantage through personal rather than formal channels. The problem with this is when patronage turns into corruption in the form of nepotism, clientelism or

other forms of favoritism that cause the system to operate in opposition to a merit-based system.

PPS 40

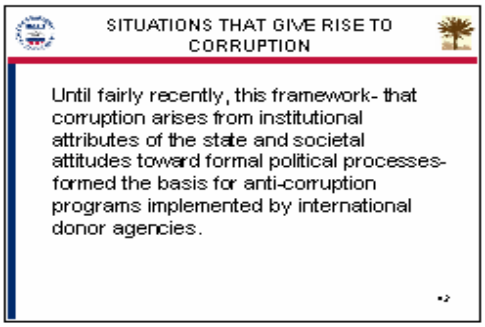
In other cases, the low legitimacy of government (because it is repressive, ineffective, inharmonious with culture, or imposed by foreign rule) causes disregard for formal rules.

PPS 41



Inequality may foster corruption as those disadvantaged by the system have an incentive to operate outside it. Dominance of a political party or ruling elite over political and economic creates incentives for those disadvantaged by the system to operate outside it.

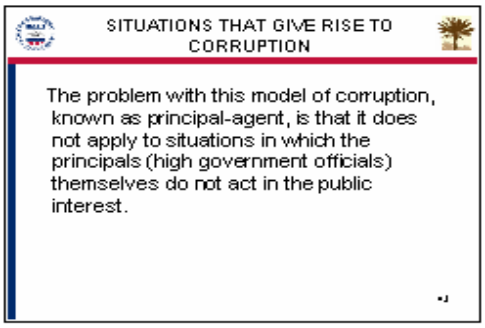
PPS 42



Until fairly recently, this framework- that corruption arises from institutional attributes of the state and societal attitudes toward formal political processes- formed the basis for anti-corruption programs implemented by international donor agencies.

The argument was that institutional (bureaucratic and regulatory) reforms would help to address failures linked to corruption, while support for civil society, media and other public education efforts would shift public attitudes and increase demand for accountability in the use of public resources.[6]

PPS 43



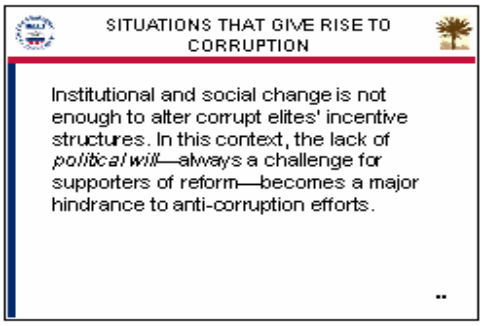
The problem with this model of corruption, known as principal-agent, is that it does not apply to situations in which the principals (high government officials) themselves do not act in the public interest.

This is a major flaw, as principals *often* do not act in the public interest. In an environment of rampant corruption, anti-corruption efforts must confront grand corruption, or situations where the principals themselves

[6] This, and the following discussion is taken from "USAID Anticorruption Strategy", USAID, 2005 PD-ACA-557, 21-23.

are behaving in a corrupt manner, or are not showing the will to address corruption or these efforts risk increasing corruption rather than reducing it.

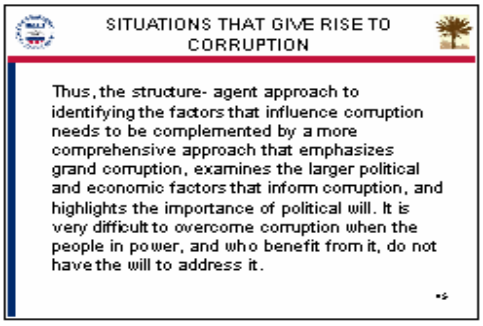
PPS 44



Institutional and social change is not enough to alter corrupt elites' incentive structures. In this context, the lack of *political will*—always a challenge for supporters of reform—becomes a major hindrance to anti-corruption efforts.

Institutional reform in these types of environments run the risk of being politically manipulated by corrupt elites or used as window dressing, and social changes often do not impact the officials engaged in the corrupt behavior.

PPS 45

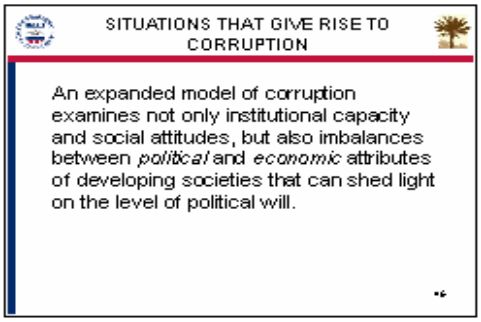


Thus, the structure- agent approach to identifying the factors that influence corruption needs to be complemented by a more comprehensive approach that emphasizes grand corruption, examines the larger political and economic factors that inform corruption and highlights the

importance of political will. It is very difficult to overcome corruption when the people in power, and who benefit from it, do not have the will to address it.

A broader perspective on the systemic nature of corruption, and the political and economic factors that can cause or enhance it help to better provide a more holistic picture of the elements that influence or affect corruption. Thus we also need to take into account drivers of corruption such as the commitment of national leaders to combating corruption.

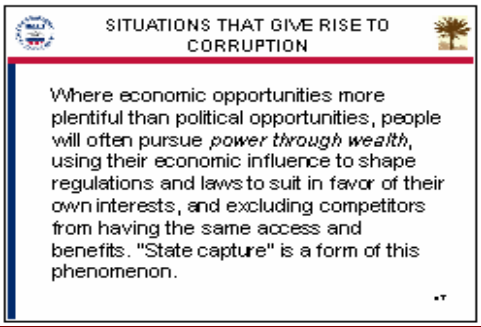
PPS 46



An expanded model of corruption examines not only institutional capacity and social attitudes, but also imbalances between *political* and *economic attributes* of developing societies that can shed light on the level of political will.

In this expanded model two types of experiences can emerge:

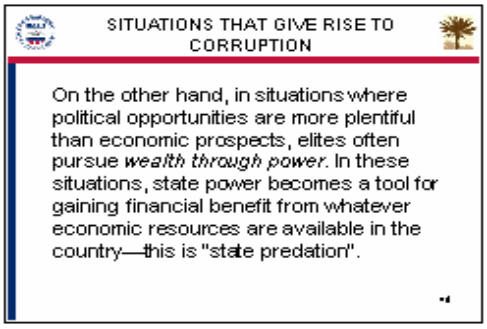
PPS 47

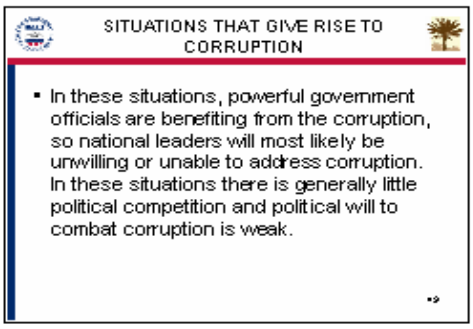


Where economic opportunities more plentiful than political opportunities, people will often pursue *power through wealth*, using their economic influence to shape regulations and laws to suit in favor of their

own interests, and excluding competitors from having the same access and benefits. “State capture” is a form of this phenomenon.

PPS 48-49





On the other hand, in situations where political opportunities are more plentiful than economic prospects, elites often pursue *wealth through power*. In these situations, state power becomes a tool for gaining financial benefit from whatever economic resources are available in the country—this is “state predation”.

In these situations, powerful government officials are benefiting from the corruption, so national leaders will most likely be unwilling or unable to address corruption. In these situations there is generally little political competition and political will to combat corruption is weak.

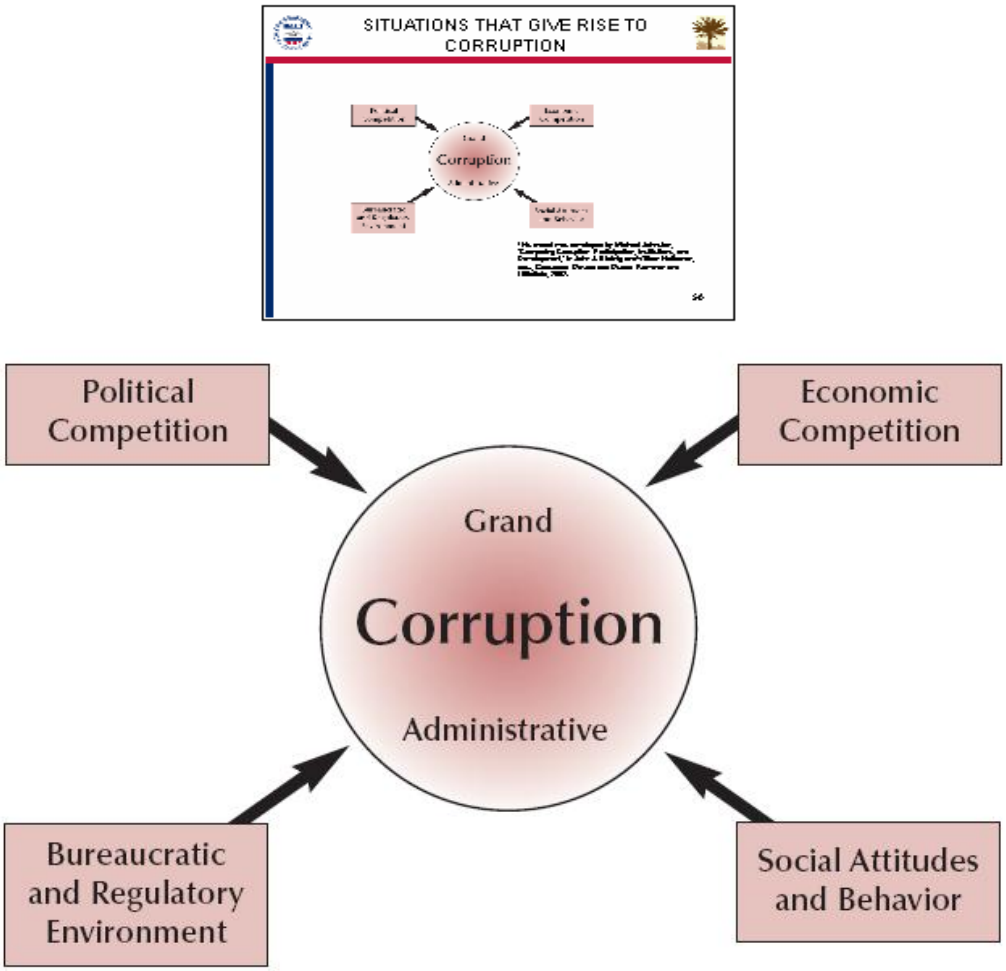
These are not mutually exclusive. In some situations you get both state capture and state predation occurring simultaneously. In such cases you have a core group of powerful individuals, families or tribes who control both the economy and the state.

Both state capture and state predation show how corruption, especially grand corruption, results from (and can be affected by) political and economic structures and processes beyond institutional and social attributes.

Grand corruption and lack of political will to address corruption make access to political and economic opportunities difficult and protect elites’ privileged positions. Hence, reforms that increase competition in/allow access to these areas are important elements in a comprehensive strategy to reduce corruption.

The model[7] below shows the variety of factors that contribute to corruption and that can be used as points to address mitigating factors. Institutional factors and social attitudes remain important both in analyzing the extent and location of corruption, while the larger dynamics of economic and political competition help clarify other critical influences on corruption. The center circle shows the various ways corruption manifests, from lower-level, administrative corruption to activities that constitute elite or grand corruption, including state capture and predatory states.

PPS 50



[7] This model was developed by Michael Johnston, "Comparing Corruption: Participation, Institutions, and Development," in John J. Kleinig and William Heffernan, eds., *Corruption: Private and Public* (Lanham, MD: Rowman and Littlefield, 2002, it appears in "USAID Anticorruption Strategy", USAID, 2005 PD-ACA-557, 23.

Instructor should now ask the students if the have any questions about the materials covered in this module.

Interactive exercises: two hours

flip chart/large paper
markers

Exercise one-1.25hrs
Utilizing the above model as a template, create an Iraq specific model that delineates the factors that influence corruption in Iraq.

Breakout into the four small groups-
Each small group will focus on one of the factors in-depth, but can brainstorm about the others as well, as time permits. For example group one will focus on providing examples of ways that "Social Attitudes and Behaviors" in Iraq can influence corruption, etc. Students will write their answers on flip chart paper. We will then come together as a group and put the entire model together, with room for comments at the end incase anyone feels that something was left out.

Exercise two- 45 min-1hr
As a group, map the factors that may have contributed to a specific case of corruption.

As a class-
Utilizing one real world example of corruption discussed in module one, provide examples of the various factors that may have contributed to this specific example. Write the answers on flip chart paper, and then have the designated representative present it to the other groups. Save the finished product to be built upon in further exercises.

Module 3: Costs of Corruption – 4 hrs

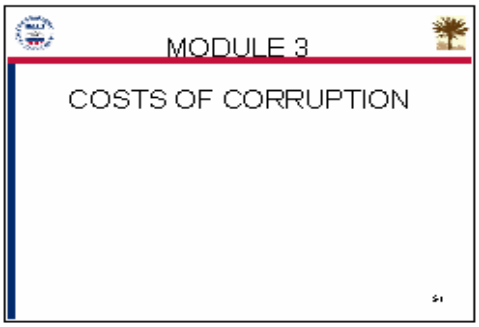
3 hrs lecture, 1 hr interactive exercise

- Comprehensive overview and discussion of the varied costs of corruption including:
  5. Arrested development (social, economic and political)
  6. Increased poverty
  7. Compromised security
  8. Compromised human rights

At the end of this block of instruction the student will be able to understand and articulate the numerous and varied costs of corruption, from both a theoretical and applied perspective. Further, the student will understand the mutually reinforcing nature of these issues, as consequences of corruption, as well as factors that create an environment in which it is harder to implement successful anti-corruption efforts, thus leading to more corruption.

Instructor should briefly the materials covered in the previous module

PPS 51



The examples discussed in this section by no means represent an exhaustive list of the "costs" of corruption. They do, however represent some of the most damaging.

Further, these examples are not mutually exclusive categories- they are often overlapping, melding into each other. These categories are utilized to show the real life "costs" of corruption through different frameworks or lenses at multiple levels- development, poverty, security and human rights all have economic, political and social components.

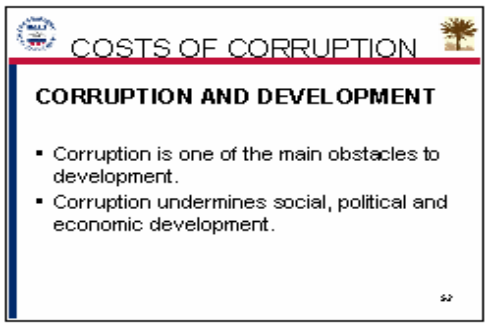
Finally, these factors can also be "causes" of corruption, in the sense that when these types of conditions are present, corruption becomes stronger, and takes deeper root.

1. Corruption and Development

A consensus exists on the critical importance of fighting corruption.

A strong global consensus has emerged that addressing corruption is essential for social, economic and political development. This is reflected in the ratification of the UN Convention against Corruption (UNCAC) by over 100 countries.

PPS 52



Corruption and Development

Corruption is one of the main obstacles to development

Corruption undermines social, political and economic development. [8]

After being a taboo subject until the 1990s, corruption has emerged as one of the major topics in the international development debate. One of the reasons for this was that empirical research established that corruption is highly detrimental to development.

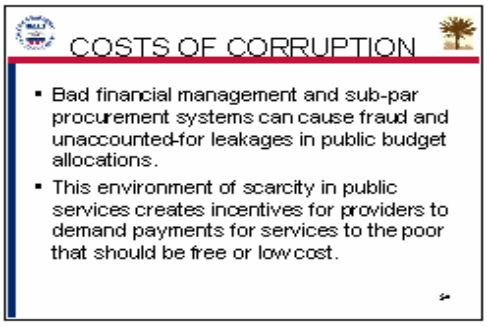
PPS 53

Social development

Corruption undermines service delivery, especially for the poor
Corruption moves public investment choices away from service delivery toward other more lucrative areas, for example- major infrastructure projects.

[8] The following discussion taken from "USAID Anticorruption Strategy", USAID, 2005 PD-ACA-557, 5-6.

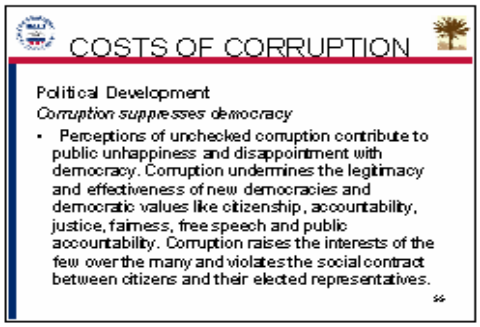
PPS 54



Bad financial management and sub-par procurement systems can cause fraud and unaccounted-for leakages in public budget allocations.

This environment of scarcity in public services creates incentives for providers to demand payments for services to the poor that should be free or low cost.

PPS 55



Political Development

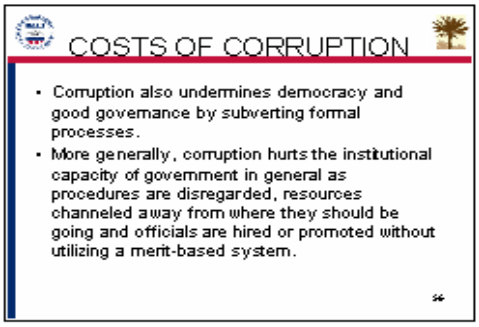
Corruption suppresses democracy

Perceptions of unchecked corruption contribute to public unhappiness and disappointment with democracy. Corruption undermines the

legitimacy and effectiveness of new democracies and democratic values like citizenship, accountability, justice, fairness, free speech and public accountability. Corruption raises the interests of the few over the many and violates the social contract between citizens and their elected representatives.

Corrupt parties in the government can destroy competition for political office and stop efforts to consolidate weak or struggling democracies by diverting public funds to themselves. Nepotism and cronyism can lead to disillusionment that can in turn contribute to conflict and state failure, especially if these cleavages follow already entrenched fault lines in society such as economic, ethnic, religious or sectarian divisions.

PPS 56

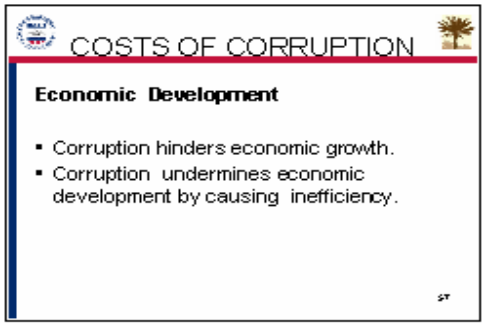


Corruption also undermines democracy and good governance by subverting formal processes.

Corruption in legislatures reduces accountability and representation in policymaking; corruption in the judiciary suspends the rule of law; and corruption in public administration causes the unequal provision of services.

More generally, corruption hurts the institutional capacity of government in general as procedures are disregarded, resources channeled away from where they should be going and officials are hired or promoted without utilizing a merit-based system.

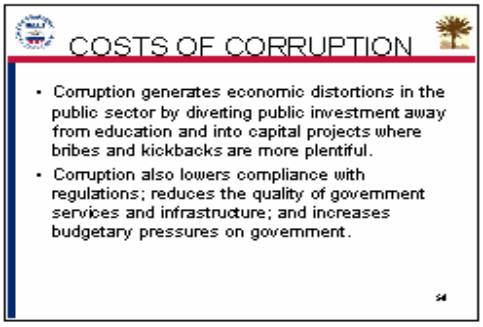
PPS 57



Economic Development

Corruption hinders economic growth
Corruption undermines economic development by causing inefficiency.
Although it used to be believed that corruption could reduce costs and increase efficiency by cutting through cumbersome and potentially unnecessary procedures, there now exists an emerging consensus that the availability of bribes can cause officials to invent new rules and delays.

PPS 58

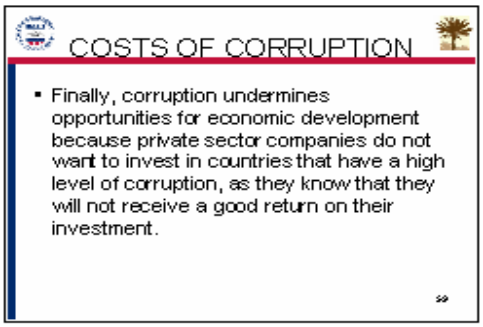


Corruption generates economic distortions in the public sector by diverting public investment away from education and into capital projects where bribes and kickbacks are more plentiful.
Officials may increase the technical complexity of public sector projects to conceal these acts, further distorting investment.

Corruption also lowers compliance with regulations; reduces the quality of government services and infrastructure; and increases budgetary pressures on government.

These distortions deter investment and reduce economic growth.

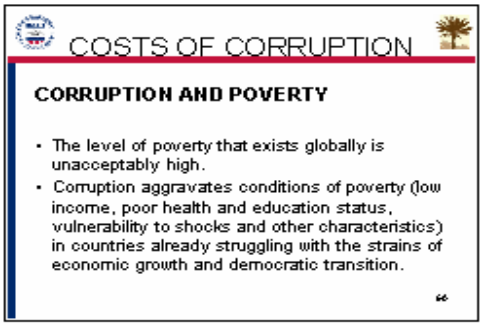
PPS 59



Finally, corruption undermines opportunities for economic development because private sector companies do not want to invest in countries that have a high level of corruption, as they know that they will not receive a good return on their investment.

Further, the companies that are generally willing to invest in an environment in which corruption is rampant tend to be corrupt themselves, thus exacerbating the situation, as the products they produce are sub-par , compromised or even end up never being delivered.

PPS 60



Corruption and Poverty

The level of poverty that exists globally is unacceptably high.

Corruption aggravates conditions of poverty (low income, poor health and education status, vulnerability to shocks and other characteristics) in countries already struggling with the strains of economic growth and democratic transition.

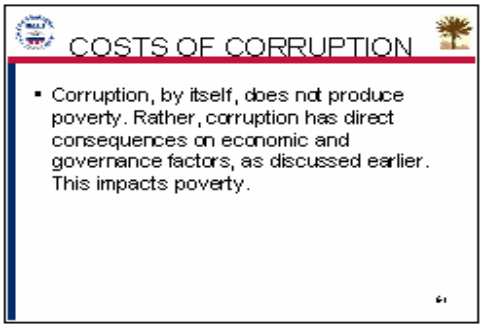
Also, countries experiencing chronic poverty are seen as natural breeding grounds for corruption due to social inequalities and perverse economic incentives.

For a poor household, the bribe extorted by a police officer may mean that the family cannot afford school fees for their children, or to put food on their table, or to pay for medicine for their sick grandmother.

Corruption not only reduces the net income of the poor but also, as discussed earlier, diverts programs aimed at meeting their basic needs — from water and sanitation to education and healthcare to other types of projects. Corruption results in the misallocation of resources away from poverty reduction programs.

How does this occur?[9]

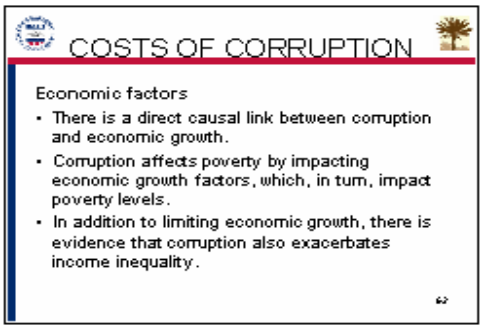
PPS 61



Corruption, by itself, does not produce poverty. Rather, corruption has direct consequences on economic and governance factors, as discussed earlier. This impacts poverty.

[9] This discussion taken from Chetwynd,Eric, Frances Chetwynd and Bertram Spector "Corruption and poverty: a review of recent literature" 2003, MSI.

PPS 62



Economic factors

There is a direct causal link between corruption and economic growth.

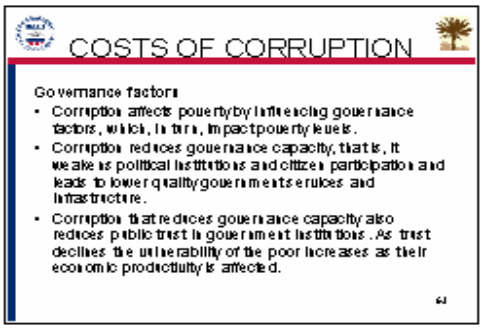
Corruption affects poverty by impacting economic growth factors, which, in turn, impact poverty levels.

Corruption does this by discouraging foreign and domestic investment, lowering the quality of public infrastructure, decreasing tax revenues and distorting public expenditure.

In addition to limiting economic growth, there is evidence that corruption also exacerbates income inequality.

Corruption distorts the economy and legal and policy frameworks. This allows some to benefit more than others, leading to an inequitable distribution of government resources and services. Further, lower income households and businesses end up paying a greater proportion of their income in bribes than middle and upper-income households do.

PPS 63



Governance factors

Corruption affects poverty by influencing governance factors, which, in turn, impact poverty levels.

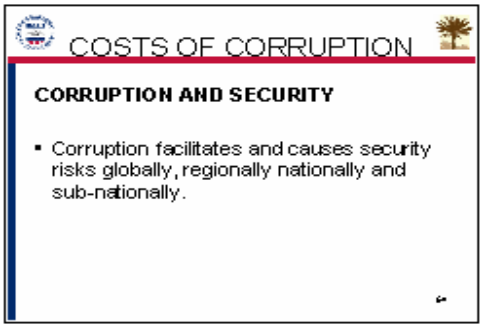
First, corruption reduces governance capacity, that is, it weakens political institutions and citizen participation and leads to lower quality government services and infrastructure.

The poor suffer disproportionately from reduced public services. When health and education expenditures are given lower priority lower income groups lose key services that they depend on.

Also, weakened governance increases poverty by restricting economic growth and by its inability to control corruption.

Finally, corruption that reduces governance capacity also reduces public trust in government institutions. As trust declines the vulnerability of the poor increases as their economic productivity is affected.

PPS 64



Corruption and decreased security[10]

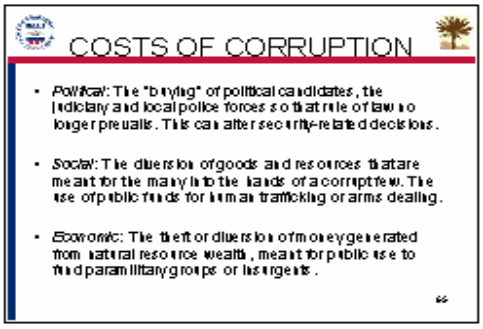
When corruption and security risks combine, the mix can compromise the safety of millions for the benefit of a few. One corrupt act can set off a chain of events that destroys security and undermines stability.

[10] This discussion taken from Transparency International Working Paper 04 "Corruption and (in)Security" , 2008.

Corruption facilitates and causes security risks globally, regionally nationally and sub-nationally.

Corruption can compromise security in these areas:

PPS 65



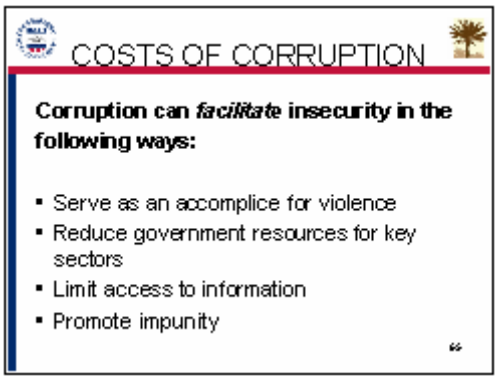
Political: The "buying" of political candidates, the judiciary and local police forces so that rule of law no longer prevails. This can alter security-related decisions.

Social: The diversion of goods and resources that are meant for the many into the hands of a corrupt few. The use of public funds for human trafficking or arms dealing.

Economic: The theft or diversion of money generated from natural resource wealth, meant for public use to fund paramilitary groups or insurgents.

Corruption can *facilitate* as well as *cause* a rise in security risks for countries and citizens, bringing all of these concerns together. In both cases, increased insecurity can lead to increased corruption.

PPS 66



Corruption can *facilitate* insecurity in the following ways:

Serve as an accomplice for violence
Reduce government resources for key sectors
Limit access to information
Promote impunity

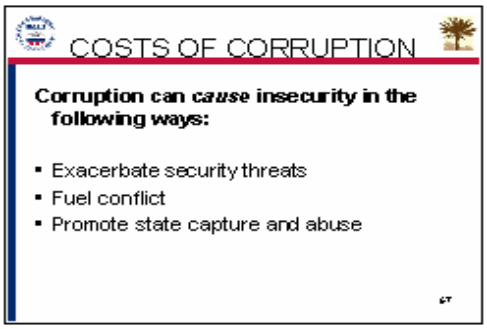
Serve as an accomplice for violence. Bribery- Security checkpoint payoffs have been used to give a safe passage to terrorists carry out attacks.

Reduce government resources for key sectors
Corruption is associated with the skewing of public expenditures towards defense funding and away from basic services, measured by the share of national income dedicated to each.

Limit access to information
As perceptions of insecurity rise, the notion of 'national security' can be claimed by governments to prevent attention being paid to corrupt activities, or to quiet dissent.

Promote impunity
Particularly in times of war or conflict, citizen rights and due process may be violated in the name of preventing "terrorism" or under the claim of national security: with their personal safety already threatened, people can be discouraged from exposing cases of corruption.

PPS 67



Corruption can cause insecurity in the following ways:
Exacerbate security threats
Fuel conflict
Promote state capture and abuse

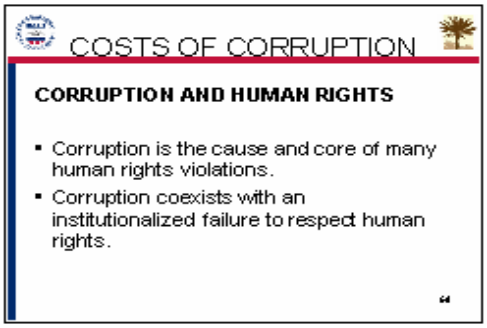
Corruption can also be the *cause* of insecurity, especially when systemic abuse makes governments the source of the problem. In these cases corruption can:

Exacerbate security threats
Corruption allows for breakdowns in the delivery of supplies to go unaccounted for and arms smuggling to flourish.

Fuel conflict
Systemic misappropriation of state funds by corrupt governments can cause conflict and discontent among citizens, and can support separatist movements. This money can directly support insurgents, attack citizens and export conflict.

Promote state capture and abuse
In countries with rampant corruption, increases in spending do not necessarily mean more effective security policies. Even with rising donor flows to military allies, security related spending will most likely be ineffective if the recipient government is corrupt.

PPS 68



Corruption and Human Rights[11]

Corruption is the cause and core of many human rights violations. Corruption coexists with an institutionalized failure to respect human rights.

In countries where perceived corruption levels are high, like Iraq, it is also known that serious human rights abuses occur.

Fighting corruption is generally directed at ending abuses that put people in power who do not represent the society they govern, and that alter public policy processes. Further, anti-corruption efforts try to promote a judiciary that is independent; improve access to public services, particularly for the poor and vulnerable, and build transparency to positively effect development. These are all also issues that the human rights agenda addresses. Here are some ways that corruption and human rights are interrelated-

[11] This discussion taken from Transparency International Working Paper 5 , "Human Rights and Corruption" 2008.

PPS 69

Political and judicial corruption leads to compromised civil and political rights.

The space for civil society to act in both the human rights and anti-corruption arenas is determined by governments fulfilling civil liberties and respecting rights such as the freedom of information, freedom of association and the right to peaceful assembly.

Corruption in electoral contests distorts the democratic process, this compromises the right of citizens to participate in their government.

This can cause issues with the political decision-making process. Because the people in power are not independent, they cannot be representative of their electorate.

Political corruption can also lead to other branches of government being compromised. For example a judiciary compromised by corruption cannot provide justice and often allows violations of human rights to go unpunished.

When this happens, rule of law breaks down. Perpetrators can act with impunity when they do not fear genuine and impartial prosecution because they know money and influence can buy a favorable verdict, or can keep their case out of the system entirely.

PPS 70

Corruption leads to a compromised right to non-discrimination and equality.

The principle of equality and non-discrimination is a fundamental pillar of the human rights regime. It requires states to actively take measures to ensure equality. The rights guaranteed under the human rights covenants must be fulfilled without any type of discrimination, this includes the equality of men and women, and the rights of the poor and marginalized.

Because corruption enables exclusion and marginalization, it promotes inequality and discrimination.

This also causes a lack of political voice and the lowered accountability of governments to disadvantaged groups. Feeling they have no other choices, poor citizens may turn to corruption to meet their basic needs.

As we have already discussed, the poor are disproportionately affected by corruption and among the poor, it is usually women who bear the greatest costs.

PPS 71

Corruption leads to compromised economic, social and cultural rights

Corruption prevents the recognition of economic, social and cultural rights such as development and adequate living standards. This occurs because corruption obstructs the delivery of state services that citizens are entitled to.

On a systemic level, as discussed previously, corruption diverts funds away from social services that provide vital assistance to the poor.

Corruption in the healthcare sector makes healthcare unavailable to large groups of society. When access to healthcare is not possible, the state cannot realize the right to the highest attainable standard of health. Also, corruption in education and the water sector undermines international human rights conventions.

Finally, citizens in corruption ridden resource-rich countries have not seen their natural wealth be channeled into the better delivery of public services. Instead, natural resources have too often become a "resource curse" too often fueling corruption rather than growth.

Reviews the materials discussed and ask the students if they have any questions.

Interactive exercises- 2 hours

Flipchart/large paper
markers

Exercise 1- 1 hr
Identify some costs of corruption in corruption in Iraq

Breakout into the 4 small groups
Each small group will focus on one of the four wider "costs" discussed, and find real examples of this cost that they are aware of. They can brainstorm about the other costs as well, as time permits. Answers will be written on flipchart paper. We will then come together as a group and discuss the tangible results of corruption in Iraq, referring back to the comprehensive list created after the first session to link together examples of corruption with their effect. If additional examples of corruption come out of this discussion, they should be added to the list created after the first discussion.

Exercise 2- 1 hr

Going back to the real world example that was mapped in exercise two in the last module, identify the potential costs that have been incurred as a result. Continue on with another as time permits. Save the revised examples for the next exercise.

Lesson 4: Responses to Corruption – 10 hrs

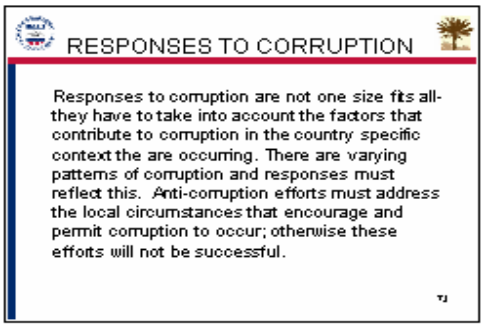
8 hours instruction 2 hour interactive exercise

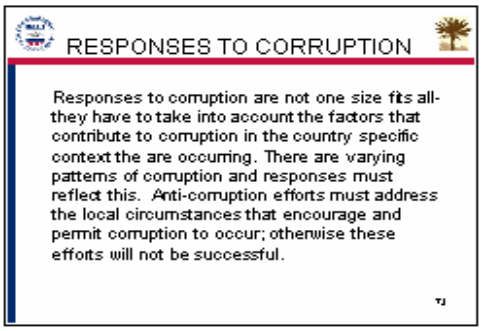
- Prevention
  1 Institutional reform
  2. Social reform
  3. Economic reform
  4. Addressing political will

At the end of this block of instruction the student will be familiar with the varied and numerous possible responses to corruption, both from a theoretical and applied perspective reflecting those utilized in a field environment. They will further become familiar with the challenges inherent in the application of responses.

Briefly review the material presented in the last module.

PPS 72, 73



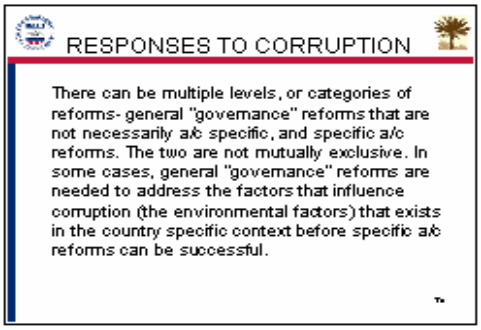


Responses to corruption are not one size fits all- they have to take into account the factors that contribute to corruption in the country specific context the are occurring. There are varying patterns of corruption and responses must reflect this. Anti-corruption efforts must address the local circumstances that encourage and permit corruption to occur; otherwise these efforts will not be successful.

Further, responses to corruption can be categorized as either prevention or enforcement efforts. It is important that you understand that the anti-corruption measures we are discussing here today fall under prevention, not enforcement.

Enforcement measures include things such as criminal investigations, and are normally conducted by law enforcement agencies.

PPS 74



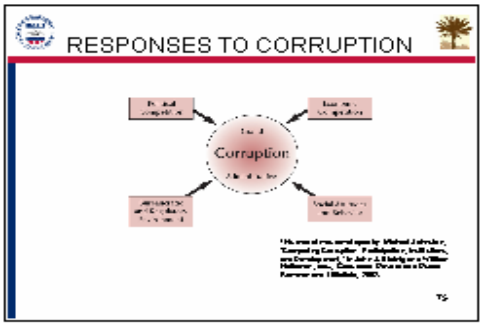
There can be multiple levels, or categories of reforms- general "governance" reforms that are not necessarily a/c specific, and specific a/c reforms. The two are not mutually exclusive. In some cases, general "governance" reforms are needed to address the factors that influence corruption (the environmental factors) that exists in the country specific context before specific a/c reforms can be successful.

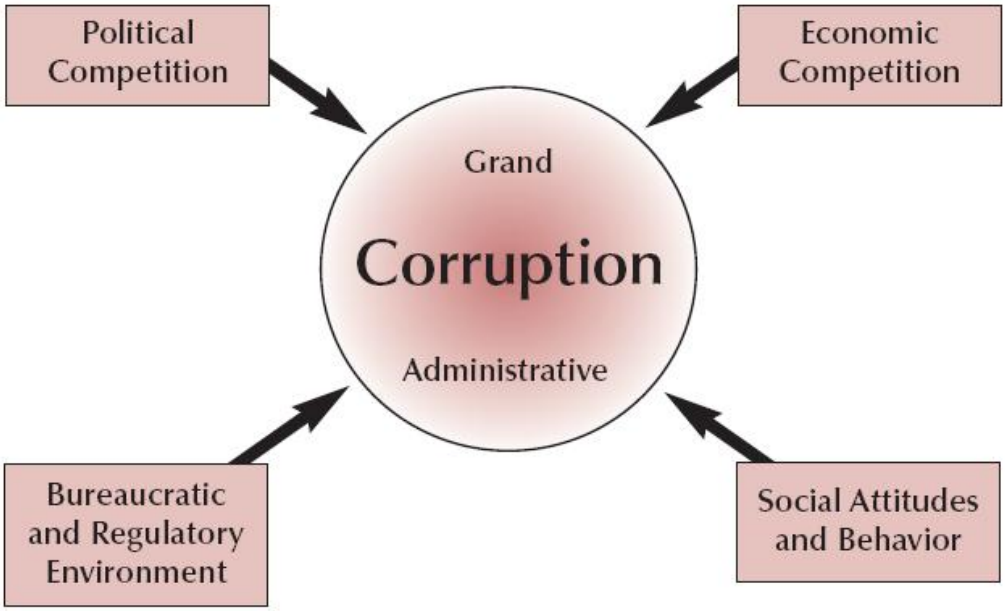
"Experience strongly suggests that combating corruption requires an indirect approach that starts with its root causes".[12]

Let's revisit the model we looked at in our discussion on the factors that influence corruption, or the root causes:

[12] Shah, Anwar, "Tailoring the Fight against Corruption to Country Circumstances" from *Performance Accountability and Combating Corruption* Anwar Shah, ed, 2007, IBRD/World Bank, 243.

PPS 75





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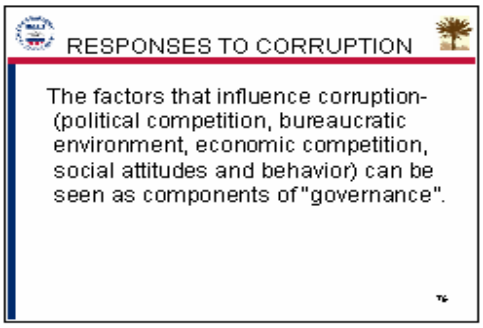
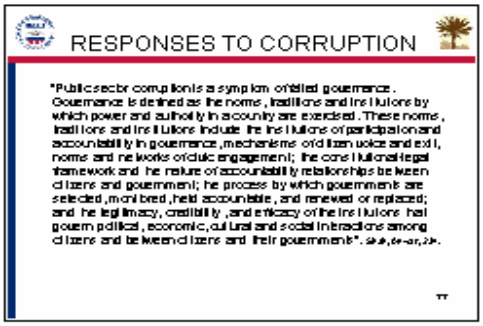


The "factors" that influence corruption (the bureaucratic environment, social, political and economic factors) can be seen as components of "governance".

PPS 77



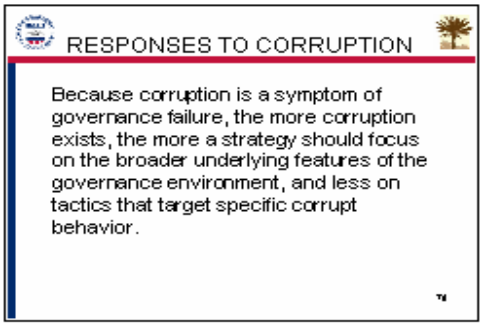
Public sector corruption is a symptom of failed governance. Governance is defined as the norms, traditions and institutions by which power and authority in a country are exercised. These norms, traditions and institutions include the institutions of participation and accountability in governance, mechanisms of citizen voice and exit, norms and networks of civic engagement; the constitutional-legal framework and the nature of accountability relationships between citizens and government; the process by which governments are selected, monitored, held accountable, and renewed or replaced; and the legitimacy, credibility , and efficacy of the institutions that govern political, economic, cultural and social interactions among citizens and between citizens and their governments.[13]

The state of the environment that affects corruption- in other words the various governance factors- will determine what specific anti-corruption measures will be the most effective.

For example, an environment in which there is low political will for change will require different measures than one in which there is high political will for change.

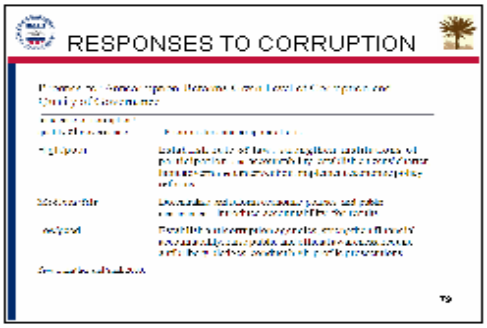
[13] Ibid, 234.

PPS 78



"Because corruption is a symptom of governance failure, the more corruption exists, the more a strategy should focus on the broader underlying features of the governance environment, and less on tactics that target specific corrupt behavior ".[14]

PPS 79



[14] Ibid, 243.

Priorities for Anticorruption Reforms Given Level of Corruption and Quality of Governance

Incidence of corruption/ quality of governance	Priorities for anticorruption efforts
High/poor	Establish rule of law, strengthen institutions of participation and accountability, establish citizens' charter, limit government intervention, implement economic policy reforms
Medium/fair	Decentralize and reform economic policies and public management; introduce accountability for results
Low/good	Establish anticorruption agencies, strengthen financial accountability, raise public and official awareness, require antibribery pledges, conduct high-profile prosecutions

Source: Huther and Shah 2000.

As this table[15] makes clear, where corruption is high, and governance, or political will for change is low, it is better to focus on more general changes to the features of the governance environment, such as building the rule of law and institutions of accountability like a free and fair electoral process, functioning judiciary and legislature, citizens charters, and other forms of civic engagement. A lack of democratic institutions generally (an important component of accountability) has been shown to be a key determinant of corruption.[16]

Despite the necessity of targeting grand corruption as part of a cohesive strategy, it is an unfortunate reality that these efforts often fail to meet their objectives. "Anticorruption initiatives that were targeted at grand corruption- where high level officials were involved and where the scandal was particularly political and serious- have a tendency not to succeed."[17] Thus, in these situations it may be better to implement general changes to the governance environment rather than try to target individual instances of grand corruption.

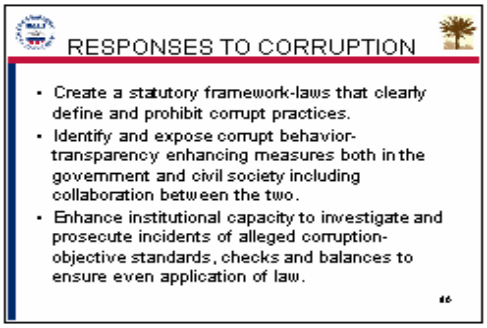
[15] Ibid, 243.

[16] Ibid, 244.

[17] Spector, Bertram I., Michael Johnston and Phyllis Dininio "Learning across cases: trends in anticorruption strategies" in Spector, Bertam I., ed. Corruption in Developing Countries, 2002, Kumarian, 227.

There are many different frameworks available to determine potential anti-corruption measures that can be taken. We cannot cover the universe of possible frameworks, let alone the universe of responses to corruption, this is an entire course in itself. As we learned in a previous lesson, efforts to fight corruption must include institutional reforms and societal reforms, and take into account the economic circumstances and level of political will for reform. It is important to note that these categories are not mutually exclusive categories- some reforms, such as citizen empowerment initiatives, can be both institutional and social.
These categories are loose at best, are not set in stone, used for ease of operationalization. One useful way to breakdown possible anti-corruption measures that takes into account the non-exclusivity of reform efforts is through thematic objectives that speak to changes that could be made. For example: [18]

PPS 80



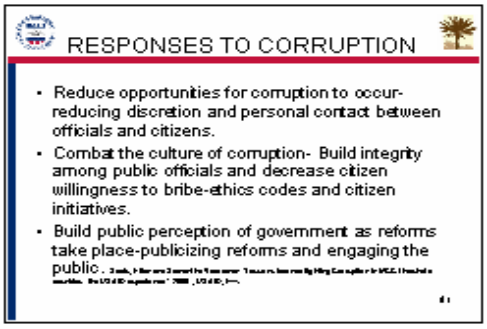
1. Create a statutory framework-Laws that clearly define and prohibit corrupt practices.

2. Identify and expose corrupt behavior-transparency enhancing measures both in the government and civil society including collaboration between the two.

[18] Seats, Ellen and Samantha Vardaman "Lessons learned fighting Corruption in MCC threshold countries: the USAID experience " 2009 , USAID, iv-v.

3. Enhance institutional capacity to investigate and prosecute incidents of alleged corruption-objective standards, checks and balances to ensure even application of law.

PPS 81

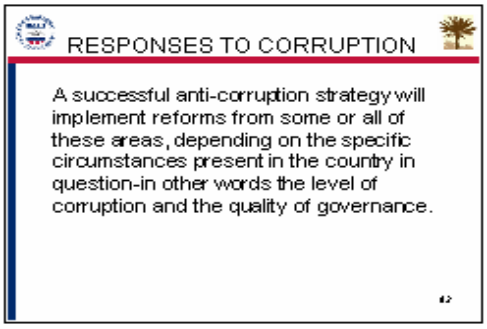


4. Reduce opportunities for corruption to occur-reducing discretion and personal contact between officials and citizens.

5. Combat the culture of corruption- Build integrity among public officials and decrease citizen willingness to bribe-ethics codes and citizen initiatives.

6. Build public perception of government as reforms take place-publicizing reforms and engaging the public.

PPS 82



A successful anti-corruption strategy will implement reforms from some or all of these areas, depending on the specific circumstances present in the country in question-in other words the level of corruption and the quality of governance.

It is important to note that these are not stand alone changes, and that in many cases they are dependent on other factors being in place. For example it is necessary to first have a reasonable statutory framework and reliable means of exposing corrupt practices before you can successfully investigate and prosecute allegations of corruption. Further, as mentioned earlier, there are often overlaps- for example, procurement strategies are both transparency measures and opportunity reducing measures. Just to reiterate, o framework is mean to be definitive, instead they are tools to help us better make sense of the universe of anti-corruption measures available.

We will now move on to a discussion of some specific institutional and social reforms that could be utilized in anti-corruption efforts:

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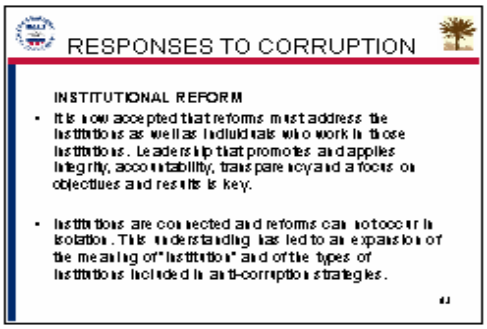


Institutional reform to the bureaucratic and regulatory environment[19]

Institution building used to be centered on creating or expanding institutional structures or technical skills used to run institutions. Unfortunately, in many cases results have fallen short of expectations as attitudes and behaviors that supported or condoned corruption were simply carried forward into the new institutions.

It is now accepted that reforms must also address the individuals who work in those institutions as well. Leadership that promotes and applies integrity, accountability, transparency and a focus on objectives and results is key.

[19] This discussion taken from the "UNODC Anti-corruption toolkit" v4, UNODC 2002, 31-33.

Institutions are connected and reforms can not occur in isolation. This understanding has led to an expansion of the meaning of "institution" and of the types of institutions included in anti-corruption strategies.

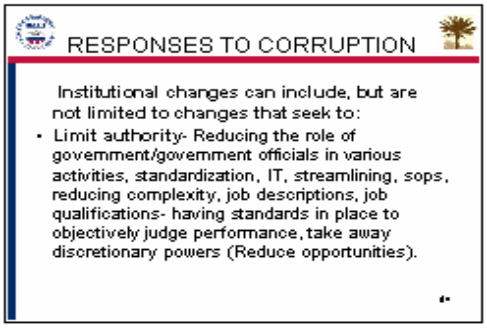
Although focus remains on key components of public administration such as financial agencies, the court system, prosecutorial law-enforcement and structures for public service staffing and the procurement of goods and services, other institutions of government and civil society require attention as well.

A number of measures may be applied to establish new structures/institutions or to reform existing ones. Formal structural changes can require legislative changes and will almost always require administrative reforms. In some areas, for example the independence of judicial offices, changes to laws or even to the constitution might be required.

It is also necessary to ensure that restructuring is kept simple and straightforward. Overly complex structures tend to create further opportunities for corruption and make new procedures difficult to learn. Reforming institutional cultures also requires sufficient time for those accustomed to old values to understand and adopt new ones.

Reform programs must seek to accomplish change as quickly as possible, and incorporate as many incentives for change as possible, but it will also be important to incorporate reasonable objectives and expectations and not to force the pace of change to the point where it triggers a backlash from those involved. As mentioned above, the reform of institutional culture takes time. Also, proposed changes can conflict with political agendas, particularly in cases where anti-corruption reforms are developed in reaction to high-profile corruption in which major government officials are involved, scandals or other major public events which generate political pressure to act quickly.

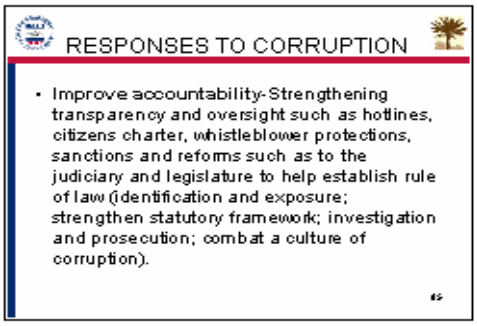
PPS 84



Institutional changes can include, but are not limited to changes that seek to: [20]

- Limit authority- Reducing the role of government/government officials in various activities, standardization, IT, streamlining, sops, reducing complexity, job descriptions, job qualifications- having standards in place to objectively judge performance, take away discretionary powers (Reduce opportunities).

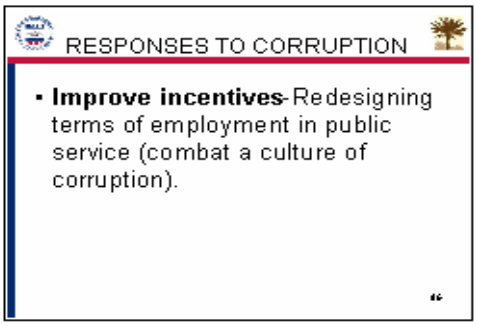
PPS 85



- Improve accountability-Strengthening transparency and oversight such as hotlines, citizens charter, whistleblower protections, sanctions and reforms to strengthen democratic institutions of accountability such as to the judiciary and legislature; establish rule of law, (improve identification and exposure/strengthen statutory framework/investigation and prosecution/combat a culture of corruption).

[20] "A Handbook on Fighting Corruption" USAID, 1999; Seats, Ellen and Samantha Vardaman "Lessons learned fighting Corruption in MCC threshold countries: the USAID experience " 2009 , USAID.

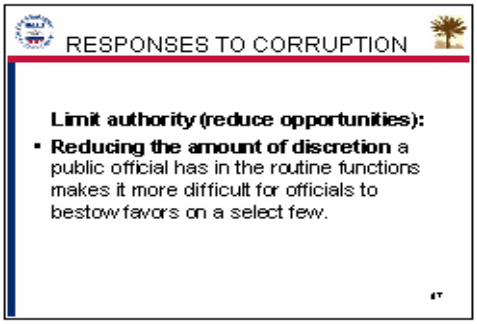
PPS 86



- Improve incentives-Redesigning terms of employment in public service (combat a culture of corruption).

Some examples of possible reforms:

PPS 87



Limit authority (reduce opportunities):
Reducing the amount of discretion a public official has in the routine functions makes it more difficult for officials to bestow favors on a select few.

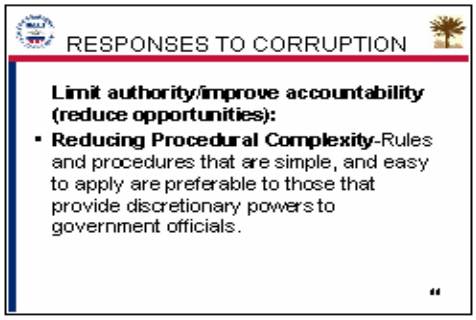
Too much discretion reduces accountability and transparency, creating conditions where corruption can flourish. Ensuring that discretion is limited to only what is necessary, and functions by the application of procedures and rules that ensure accountability and transparency reduces the potential for the influence of corrupt practices like favoritism, bribery, nepotism, clientelism, etc.

Automating acts that were previously discretionary, realizing standard operating procedures and introducing objective personnel policies can

reduce the opportunity for conflicts of interest and favoritism, nepotism and cronyism. In order for this to be successful, however, sustained high level political engagement is required, as the officials who benefit from corruption most likely will be resistant to the reforms. Incorporating tacit approval is one way of addressing the resistance. This means that inaction by a government official is equal to approval, thereby removing the ability to extract bribes by withholding a service.[21]

The creation and codification of practices and rules that regulate official discretion should be based on a wide range of criteria, both general and specific. The structuring of discretion should involve an assessment of the decision to be made and the criteria on which it should be made and the range of acceptable outcomes. This could include the clear establishment of the criteria used for making the decision and the process undertaken to make the decision; the dissemination of said criteria and processes to those affected by the decision; the disclosure of results of decision making process, and the opportunity to challenge a decision.[22]

PPS 88



Limit authority/improve accountability (reduce opportunities): Reducing Procedural Complexity- Rules and procedures that are simple and easy to apply are preferable to those that provide discretionary powers to government officials.

Too much complexity in the decision-making process can negatively affect accountability structures. Procedures that are overly complex cause

[21] Seats, Ellen and Samantha Vardaman "Lessons Learned Fighting Corruption in MCC Threshold Countries: The USAID Experience " USAID, 2009, v.

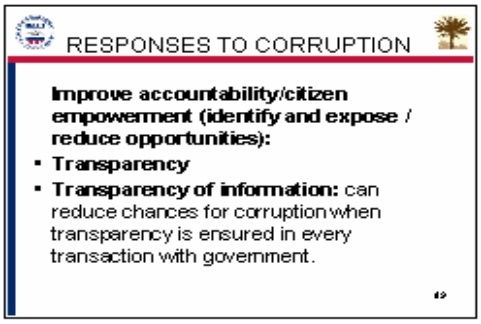
[22] "UNODC Anti-corruption toolkit" v4, UNODC 2002, 110.

problems in the functioning of internal discretion-structuring and control mechanisms such as audits, increasing the potential for corruption. Bureaucracies that have too many layers, overly-complex rules or unclear lines for reporting, responsibility and accountability create environments in which the separation of appropriate and corrupt behavior may be unclear, thus contributing to corrupt practices. These types of environments also shield corruption from scrutiny and in cases where it is clear that corruption has occurred, negatively impact the effectiveness of punishment by making individual responsibility difficult to assign.

Reforms can be adapted from best practices found to work in other countries or other areas of the government of the country in question, or be formulated as part of the process of overall strategies for good governance reforms or the control of corruption.

The reform and streamlining of public administrations is often undertaken for reasons other than combating corruption, and examples can be found in the work of the development agencies of governments, intergovernmental and non-governmental organizations.
Reforms undertaken for other purposes will generally be consistent with the additional goal of reducing the opportunities for corruption. In developing anti-corruption strategies, it is important that more general goals of public-sector reform be considered.[23]

PPS 89



Improve accountability/citizen empowerment (identify and expose/ reduce opportunities):

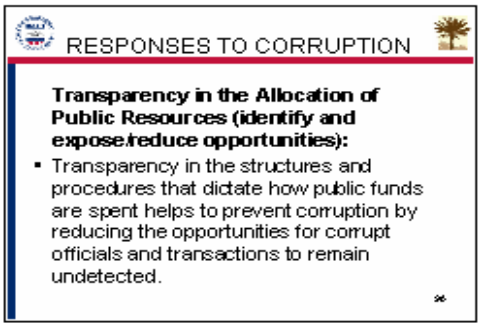
[23] Ibid, 110-111.

Transparency

Transparency of information: can reduce chances for corruption when transparency is ensured in every transaction with government.

Since public office is a public trust, citizens have a right to information and have the right to know the activities that the government is involved in. Government agencies should publish information concerning their practices, including guidebooks or handbooks for the public on how to access particular services. Many anti-corruption programs include collaboration between civil society and government in order to increase the flow of information and transparency.

PPS 90



Transparency in the Allocation of Public Resources (identify and expose/reduce opportunities): Transparency in the structures and procedures that dictate how public funds are spent helps to prevent corruption by reducing the opportunities for corrupt officials and transactions to remain undetected.

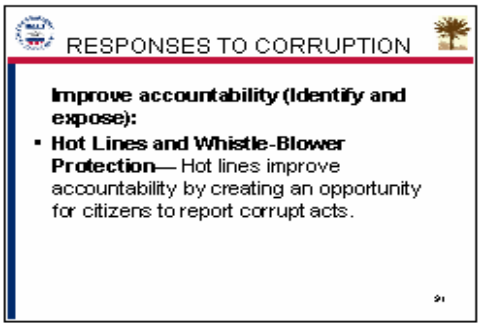
Transparency structures can be either internal, for example, with internal auditing, or external, for example where public resources or accounts are a matter of public debate in the legislature or by civil society organizations or the media. Relevant information must be disclosed, easily understood and accessible to all who may want it.

When transparency measures such as audits and inspections uncover corruption in the allocation of public resources, deterrence and control

factors such as criminal, civil and disciplinary liability and loss of transparency measures must be accompanied by activities that utilize the information that is made available to penalize those engaged in corrupt behavior.

The establishment of transparency as a general principle of public administration educates citizens, developing expectations of high standards, causing a response when those expectations are not met or when transparency is withdrawn in an attempt to conceal wrongdoing.[24]

PPS 91



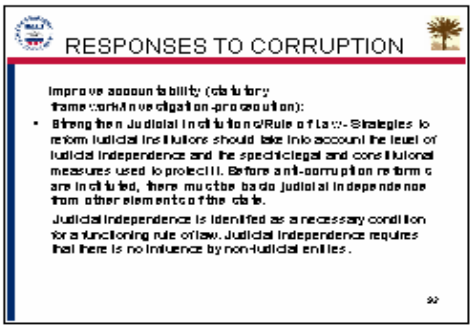
Improve accountability (identify and expose):
Hot Lines and Whistle-Blower Protection—Hot lines improve accountability by creating an opportunity for citizens to report corrupt acts.

The government office responsible for investigating such acts often operates a hot line, which can be over the telephone, or online. Hot line administrative SOPs should limit file access on a "need to know" basis only.

In many countries, whistle blowers are often fired or punished, subjected to administrative harassment, and exposed to violence. For this reason, anticorruption efforts need legislation to protect whistle blowers from official sanctions or even to reward them.

[24] Ibid, 111.

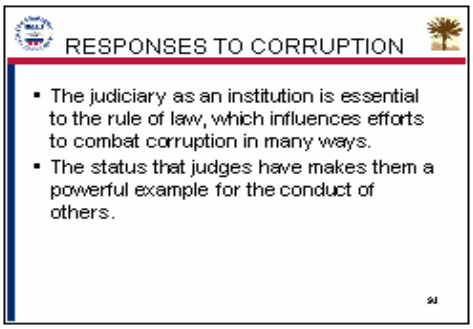
PPS 92



Improve accountability (statutory framework/investigation-prosecution):
Strengthen Judicial Institutions/Rule of Law
Strategies to reform judicial institutions should take into account the level of judicial independence and the specific legal and constitutional measures used to protect it. **Before anti-corruption reforms are instituted, there must be basic judicial independence from other elements of the state.**

Judicial independence is identified as a necessary condition for a functioning rule of law. Judicial independence requires that there is no influence by non-judicial entities.

PPS 93



The judiciary as an institution is essential to the rule of law, which influences efforts to combat corruption in many ways.

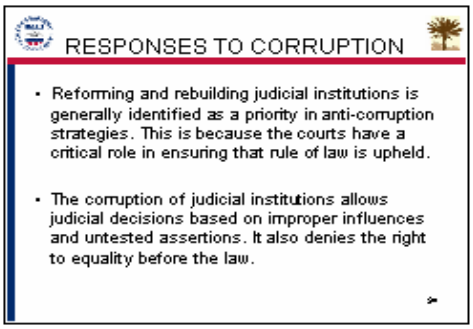
Judicial decisions which are fair, consistent and based on law bolster an environment in which legitimate political, social and economic activities can occur and in which corruption can be detected, deterred and punished.

The status that judges have makes them a powerful example for the conduct of others.

Judges are called on to adjudicate corruption cases, establish case-law and punish offenders, and can themselves become targets of corruption.

The independence of judges coupled with their important duties makes them a powerful force for anti-corruption, but it also presents challenges. For example, accountability structures must be able to clearly monitor judicial activities in order to detect and deal with corruption and other conduct inconsistent with judicial office. However, at the same time these activities should incorporate safeguards which ensure that they cannot be used to threaten or intimidate judges or otherwise influence judicial decision-making or judicial independence.[25]

PPS 94



Reforming and rebuilding judicial institutions is generally identified as a priority in anti-corruption strategies. This is because the courts have a critical role in ensuring that rule of law is upheld.

The corruption of judicial institutions allows judicial decisions based on improper influences and untested assertions. It also denies the right to equality before the law.

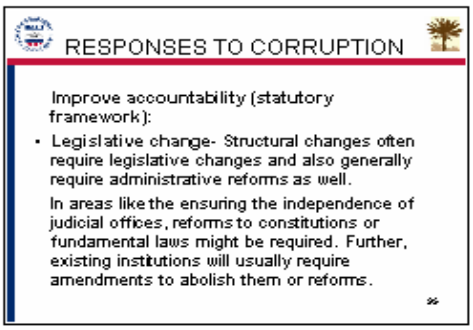
The result is inconsistent, ad hoc decision-making which leads to a lack of public credibility.

The corruption of the judiciary also greatly reduces the ability of judicial institutions to combat corruption. The courts are essential to the

[25] Ibid, 34, 53.

prosecution and punishment of individuals involved in corruption, but also act as more general accountability structures, for example- the judicial review of anti-corruption measures and anti-corruption agencies. If the judges or the institutions they work with are corrupt, how can they fight corruption?[26]

PPS 95



Improve accountability (statutory framework):
Legislative change
Structural changes often require legislative changes and also generally require administrative reforms as well.

In areas like the ensuring the independence of judicial offices, reforms to constitutions or fundamental laws might be required. Further, existing institutions will usually require amendments to abolish them or reforms.

In many cases, the problem will be gaining the necessary degree of understanding, support and commitment for the reforms by those that work for the institutions, and those that utilize the institutions.

Legislative anti-corruption reforms should be introduced in tandem with education campaigns that focus on the nature and consequences of corruption, and the reform being proposed. As discussed earlier, because those who profit from corruption lack positive incentives to change their behavior, elements of surveillance and deterrence will also generally be needed.[27]

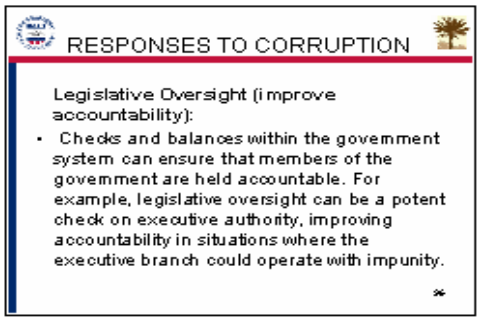
Although outside of the scope of this course, it is important to note that when an incident goes beyond administrative sanctions, fair and effective application of law enforcement must occur. Even the most robust

[26] Ibid, 34.

[27] Ibid, 33.

statutory framework and strong independent judiciary will not contribute to anti-corruption efforts if a government does not enforce its laws in a vigorous and fair manner. When an investigation uncovers clear evidence of corrupt activity, those engaging in the corruption must be subject to the same laws as everyone else, no matter what their position. Further, if the individual is convicted, they must be punished accordingly, no matter how high their official position may be.[28]

PPS 96

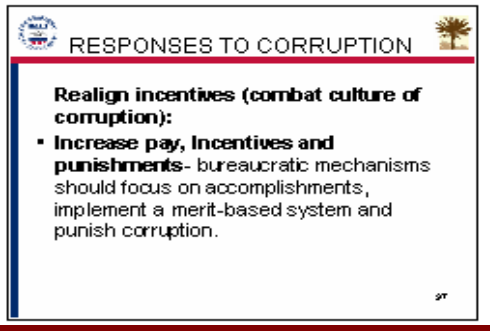


Legislative Oversight (improve accountability):
Checks and balances within the government system can ensure that members of the government are held accountable. For example, legislative oversight can be a potent check on executive authority, improving accountability in situations where the executive branch could operate with impunity.

For this to work, however, the members of the legislature must be competent in their positions. Further, they must have an independent budget, strong committees, oversight powers and a legal role in approving political appointments. Unfortunately, the reality of the situation is that in many countries, especially developing ones, legislatures do not have these resources, or have them in name only, and are manipulated by strong executives.

[28] Seats, Ellen and Samantha Vardaman "Lessons learned fighting Corruption in MCC threshold countries: the USAID experience " USAID, 2009

PPS 97

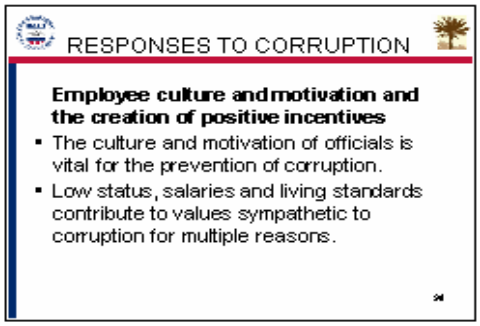


Realign incentives (combat culture of corruption):

Increase pay, incentives and punishments- bureaucratic mechanisms should focus on accomplishments, implement a merit-based system and punish corruption.

A results-based monitoring and evaluation system that can measure performance of personnel can help in establishing an effective and efficient government agency.

PPS 98



The culture and motivation of officials is vital for the prevention of corruption.

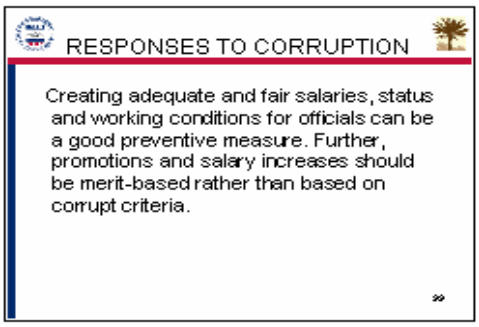
Officials with whom corrupt values and practices are institutionalized as cultural norms (bureaucratic cultures) will not support reforms intended to reduce corruption or strengthen anti-corruption measures such as transparency and accountability.

Bureaucratic cultures can be influenced by factors such as wages, working conditions, job security, opportunities for career advancement and the nature of job duties. Once established, cultural values are resistant to change, especially in relatively closed, rigid bureaucracies such as those associated with the police or military.

Low status, salaries and living standards contribute to values sympathetic to corruption for multiple reasons.

Practically, officials who have low living standards are more likely to accept bribes or other benefits that could their living standards. Low salaries and low living standards can also be associated with low morale and self-esteem, which can create moral justifications for corrupt behavior. Employees who perceive themselves unfairly treated may engage in corrupt practices to get what they view as fair compensation, or as a form of revenge.[29]

PPS 99



Creating adequate and fair salaries, status and working conditions for officials can be a good preventive measure. Further, promotions and salary increases should be merit-based rather than based on corrupt criteria.

Although salary increases can be costly, public officials should be able to maintain a basic standard of living on their salaries. However, it is important to note that research finds that this measure only works if officials cannot make a living on their wages as they currently exist. Otherwise, raising wages has not been shown to be effective.[30] Supporting non-monetary incentives for ethical public service can also be helpful.

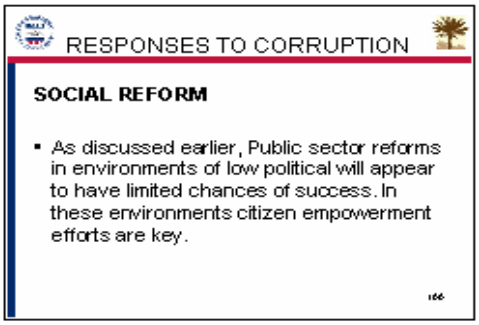
[29] "UNODC Anti-corruption toolkit" v4, UNODC 2002, 112.

[30] Shah, Anwar, "Tailoring the Fight against Corruption to Country Circumstances" from *Performance Accountability and Combating Corruption,* Anwar Shah, ed, 2007, IBRD/World Bank, 245.

Also, educating officials about the importance of the work they do can help to increase professional status, and make them aware of the significance of their jobs.

Education can also be directed at more fundamental issues, such as the true costs of corruption. As we have learned, corruption offers the possibility of individual enrichment, but only at the cost of more general social conditions in which the officials and their families live. Officials tempted to compromise on security standards, for example, should understand that such compromises can endanger themselves, friends and family members. It is also necessary that any perception that public sector salaries are low in the expectation that they will be supplemented by corrupt income be thoroughly dispelled.[31]

PPS 100

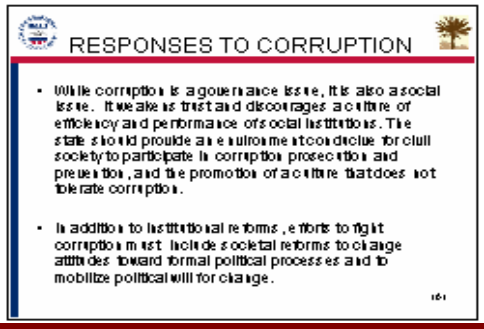


Social Reform[32]

As discussed earlier, public sector reforms in environments of low political will have limited chances of success. In these environments citizen empowerment efforts are also important.

[31] "UNODC Anti-corruption toolkit" v4, UNODC 2002, 113.

[32] Ibid, 151.



While corruption is a governance issue, it is also a social issue. It weakens trust and discourages performance of social institutions. The state should provide an environment that allows civil society to participate in corruption prosecution and prevention, and the promotion of a culture that does not tolerate corruption.

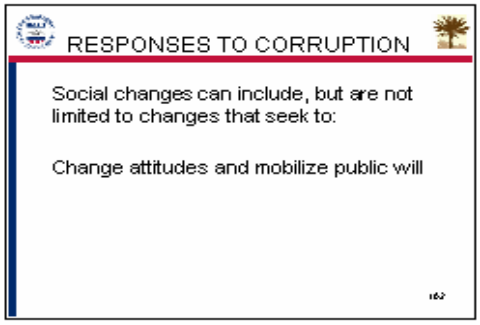
In addition to institutional reforms, efforts to fight corruption must include societal reforms to change attitudes toward formal political processes and to mobilize political will for change.

Societal reforms generate new information about the causes and costs of corruption, encourage demand for change and provide guidance on what to change. Societal reforms also cultivate structures to facilitate monitoring and advocacy by civil society. Without the mobilization of civil society, governments are unlikely to follow through on anti-corruption reforms if they become politically or economically difficult.

Social measures are important because of the impact they can achieve, but are also more general in nature than some of the institutional reforms we have discussed. While most include elements which tend to prevent corruption, they also usually go beyond this to include elements that bring about other positive outcomes as well. Generally, raising the awareness, integrity and expectations of people can potentially reduce or prevent corruption by enhancing deterrence and making those susceptible to corrupt practices less likely to engage in them. It will also make some of the elements of anti-corruption strategies stronger and more effective. For example, criminal law enforcement and audit structures become more effective as public expectations make outside interference more difficult. Further, those affected by corruption more likely to report incidents and cooperate with investigations and prosecutions.

As discussed earlier, it is society as a whole that bears the costs of corruption rather than individuals, and it is the tolerance or apathy of populations that can allow corruption to continue. Mobilizing public opinion in support of strong anti-corruption measures means mobilizing popular support for high standards of integrity and performance in public and private administration and opposition to corrupt practices wherever they occur. If this occurs, anti-corruption strategies will have a greater chance of success. Finally, it is important that programs include collaborative efforts between the government and civil society to increase transparency.[33]

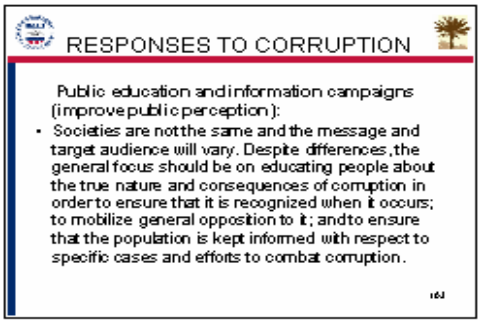
PPS 102



Social changes can include but are not limited to changes that seek to: Change attitudes and mobilize public will.

Some examples of possible tools:

PPS 103

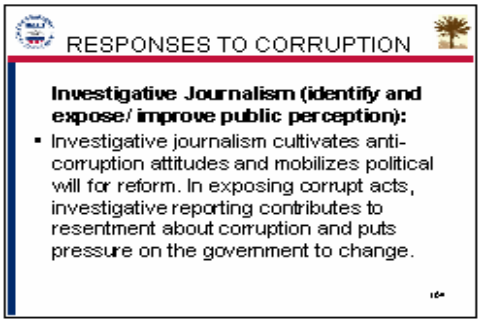


[33] Ibid, 151.

Public education and information campaigns (improve public perception):
Societies are not the same and the message and target audience will vary. Despite differences, the general focus should be on educating people about the true nature and consequences of corruption in order to ensure that it is recognized when it occurs; to mobilize general opposition to it; and to ensure that the population is kept informed with respect to specific cases and efforts to combat corruption.

Within populations, many groups can be targeted with more specific messages depending on their positions. The private citizens who use a particular government bureaucracy might receive information about the standards of ethical conduct expected of it, for example, while the bureaucrats employed in it would receive the same materials, supplemented with deterrence information about such things as audit controls, surveillance or criminal or other sanctions which may apply.[34]

PPS 104



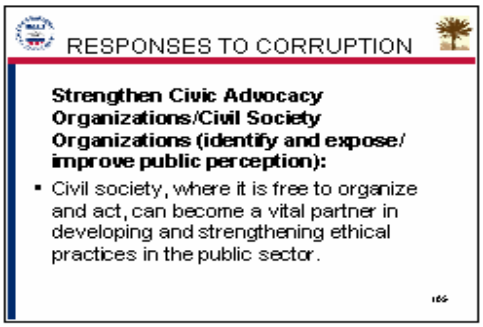
Investigative Journalism (identify and expose/ improve public perception):
Investigative journalism cultivates anti-corruption attitudes and mobilizes political will for reform. In exposing corrupt acts, investigative reporting contributes to resentment about corruption and puts pressure on the government to change.

This risk of exposure is a reason that some governments censor the press and jail journalists. A free press, however, is not necessarily sufficient in the fight against corruption. In many countries, journalists need training

[34] Ibid, 151-152.

about investigative techniques, professional standards, and newsroom organization.[35]

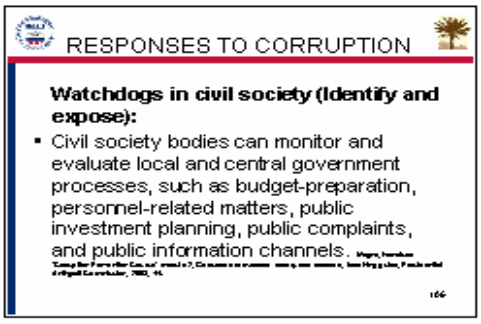
PPS 105



Strengthen Civic Advocacy Organizations/Civil Society Organizations (identify and expose/ improve public perception): Civil society, where it is free to organize and act, can become a vital partner in developing and strengthening ethical practices in the public sector.

While a growing number of civic advocacy organizations (CAOs) have emerged to fight corruption, other civil society organizations (CSOs) can also contribute to the cause without being specifically created to fight corruption. For example, business and professional associations can act as advocates for government reform and the implementation of professional standards and self-regulation.[36]

PPS 106



[35] "A Handbook for fighting corruption" Center for Democracy and Governance (Washington, D.C.: USAID, 1999, PN-ACE-070 or PN-ACR-212), 16.

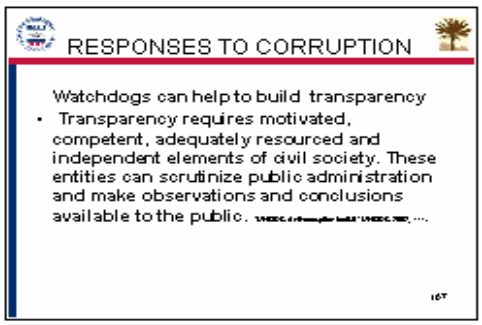
[36] Ibid.

Watchdogs in civil society (Identify and expose):
Civil society bodies can monitor and evaluate local and central government processes, such as budget-preparation, personnel-related matters, public investment planning, public complaints, and public information channels.[37]

Civil society interest in these processes can help to ensure that the interests of people governments claim to represent are not being neglected.

Civil society organizations in partnership with government agencies have a key role in monitoring the implementation of reforms. Citizen participation should be facilitated to encourage the voicing of concerns and needs through civil society representatives working closely with government institutions.

PPS 107



Watchdogs can help to build transparency.
Transparency requires motivated, competent, adequately resourced and independent elements of civil society. These entities can scrutinize public administration and make observations and conclusions available to the public.[38]

This includes media, NGOs/CSOs and but academics, trade unions and professional associations that report on specific subject-areas to their constituencies.

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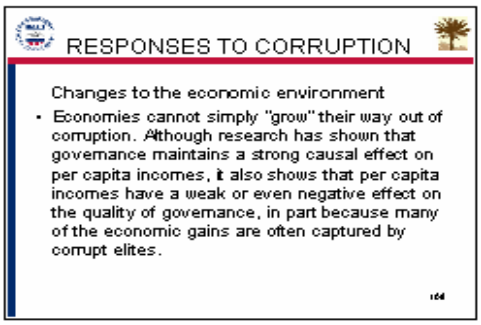
[37] Magno, Francisco "Corruption Prevention Course" module 2, *Corruption prevention: theory and practice*, teaching guide, Presidential Anti-graft Commission, 2008, 44.

[38] "UNODC Anti-corruption toolkit" v4, UNODC 2002, 111.

This oversight enhances input and ownership for major policy decisions. It also makes the process subject more accountable. Those that scrutinize are in a position to identify abuses of power/discretion, and can make sure that these will be reported.[39]

PPS 108



Changes to the Economic Environment:

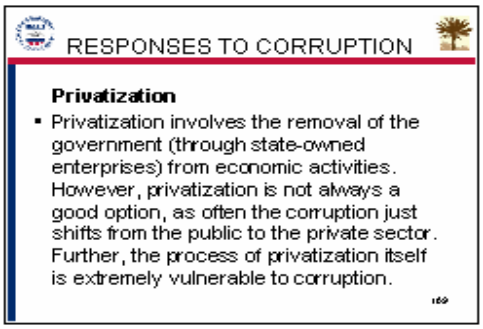
Economies cannot simply "grow" their way out of corruption. Although research has shown that governance maintains a strong causal effect on per capita incomes, it also shows that per capita incomes have a weak or even negative effect on the quality of governance, in part because many of the economic gains are often captured by corrupt elites.[40]

Economic policy reforms are an important way to limit government authority and curb corruption. This can be accomplished through reforms such as privatization or liberalization.

[39] Ibid.

[40] "USAID Anticorruption Strategy", USAID, 2005 PD-ACA-557,7.

PPS 109



Privatization measures: Privatization involves the removal of the government (through state-owned enterprises) from economic activities. However, privatization is not always a good option, as often the corruption just shifts from the public to the private sector. Further, the process of privatization itself is extremely vulnerable to corruption.[41]

Finally, in many developing countries with high levels of corruption, the divide between public and private is not clear cut, and government officials are so deeply involved in the public sector that it is still the same individuals or powerful families being enriched. Indeed in some countries, such as Russia, privatization has led to an increase in exploitation and corruption.[42]

Liberalization measures: Liberalization is a more straightforward way to limit state authority and curb corruption.

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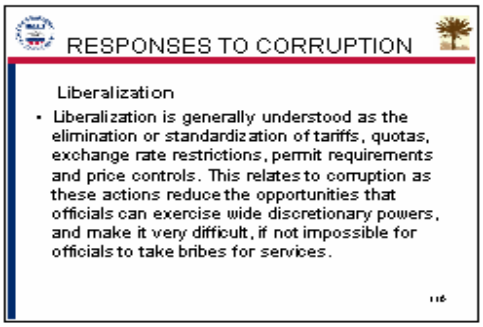
[41] "A Handbook for fighting corruption" Center for Democracy and Governance (Washington, D.C.: USAID, 1999, PN-ACE-070 or PN-ACR-212), 10.

[42] Shah, Anwar, "Tailoring the Fight against Corruption to Country Circumstances" from *Performance Accountability and Combating Corruption,* Anwar Shah, ed, 2007, IBRD/World Bank, 245.

PPS 110

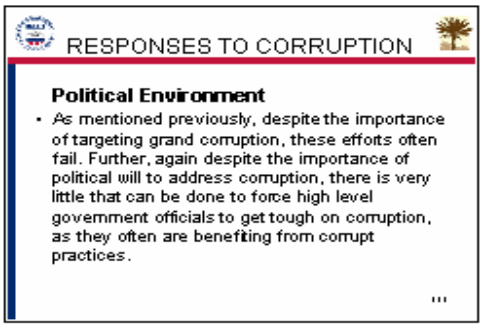


Liberalization is generally understood as the elimination or standardization of tariffs, quotas, exchange rate restrictions, permit requirements and price controls. This relates to corruption as these actions reduce the opportunities that officials can exercise wide discretionary powers, and make it very difficult, if not impossible for officials to take bribes for services.

A popular way for a country to liberalize their economy is through accession to the World Trade Organization (WTO).[43] In order to be part of the WTO, a government obligates itself to committing to international standards and legislation dealing with goods and services. Standards of conduct within the WTO require governments to commit themselves to integrity, transparency and predictability, all important measures in the fight against corruption. Further, the WTO requires automation, and provides for the right of appeal if it is believed that unfair or corrupt action has taken place.

Changes to the Political Environment:

[43] "A Handbook for fighting corruption" Center for Democracy and Governance (Washington, D.C.: USAID, 1999, PN-ACE-070 or PN-ACR-212), 10.



As mentioned previously, despite the importance of targeting grand corruption, these efforts often fail. Further, again despite the importance of political will to address corruption, there is very little that can be done to force high level government officials to get tough on corruption, as they often are benefiting from corrupt practices.

Thus, in situations with low political will and high levels of corruption it is best to engage in general reforms to the governance environment such as strengthening rule of law and free and fair elections. Committing to economic policy reform through international standards inherent in entities such as the WTO discussed previously is also helpful.

Review materials presented and allow for student questions.

Interactive exercises 2 hours

Flip chart/large paper
markers

Exercise One-1 hour
Going back to the real world example(s) that was/were mapped in the previous exercises, identify the potential responses that could be implemented given the specific circumstances present in the country in question (the level of corruption and the quality of governance) .
Continue on with another as time permits.

Exercise Two -1 hour

Taking the previously created Iraq specific model that delineates the factors that influence corruption in Iraq; create a “snapshot” of the specific circumstances present in the country in question (the level of corruption and the quality of governance). Based on this, breakout into the four small groups- each small group will focus on one of the factors in-depth, but can brainstorm about the others as well, as time permits. We will then come together as a group and put the entire model together, with room for comments at the end incase anyone feels that something was left out.

Final Exam: Two hours

Mapping a real –world example of corruption in the country context.

Give the students a short paragraph describing an act of corruption that ahs not yet been “mapped” in the course of the exercises. The students must, in essay for, offer their analysis of the potential causes and consequences of this act of corruption, utilizing their new knowledge base. Further, the student must also offer an analysis of possible responses tot his act of corruption.