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LESSONS LEARNED FIGHTING CORRUPTION IN MCC THRESHOLD COUNTRIES: THE USAID EXPERIENCE

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Lessons Learned Fighting Corruption in MCC Threshold Countries: The USAID Experience



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DISCLAIMER

Results of this study were taken from a survey of anticorruption programs in 14 countries followed by interviews with field managers and an intensive three-day workshop held in Washington, DC from October 13-15, 2009. USAID supports the findings as accurate for the particular programs and periods in which they were carried out (2005-09); given the non-scientific nature of the approach and the relatively small size of the sample, however, findings should not be seen as either definitive or as official policy of the U.S. Agency for International Development.

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LIST OF ACRONYMS

ADB	Asian Development Bank
AU	African Union
CCECC	Center for Combating Economic Crimes and Corruption
CP	Condition Precedent
CRS	Catholic Relief Services
DCHA/DG	Office of Democracy and Governance in the Bureau for Democracy, Conflict, and Humanitarian Assistance
ECOWAS	Economic Community of West African States Protocol on the Fight against Corruption
EU	European Union
FOIA	Freedom of Information Acts
GDA	Global Development Alliance
GH	USAID's Bureau of Global Health
GRECO	Group of States Against Corruption
ICITAP	International Criminal Investigation Training Assistance Program
IAF	Inter-Agency Forum
IGG	Inspectorate General of Government
IMF	International Monetary Fund
IT	Information and technology
LIC	Lower-income category (of countries)
LMIC	Lower-middle income category (of countries)
MCA	Millennium Challenge Account
MCC	Millennium Challenge Corporation
NGO	Non governmental organization
NRC	National Registration Center
OAS	Organization of American States
ODP	Office of Development Partners
OECD	Organization for Economic Co-operation and Development
OPDAT	Offices of Overseas Prosecutorial Development Assistance Training
OTA	Treasury Department, Office of Technical Assistance
PCCB	Prevention and Combating of Corruption Bureau
PPRA	Public Procurement Regulatory Agency
SADC	South African Development Community Protocol against Corruption
TANESCO	Tanzania Electric Supply Company Limited
TCP	Threshold Country Plan, Threshold Country Program
UN	United Nations
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNCAC	United Nations Convention Against Corruption
UNTOC	United Nations Convention Against Transnational Organized Crime
WBI	World Bank Institute
WHO	World Health Organization

FOREWORD

I am pleased to forward this copy of *Lessons Learned Fighting Corruption in MCC Threshold Countries: The USAID Experience*, the culmination of several months of analysis, review, and thoughtful discussion of USAID's experience implementing about \$250 million worth of anticorruption programs jointly with the Millennium Challenge Corporation (MCC) from FY 2005-2009. The document was borne out of a desire, articulated at the July 2008 Threshold Country Program Workshop, to initiate "an ongoing process of reflection, communication, and systematic learning...to sharpen our experience and continue honing the synergies that exist between USAID and MCC under a whole-of-government approach."

This year we chose to sharpen our focus on lessons learned from anticorruption programming, an area that has absorbed the lion's share—about 54 percent—of the \$431.5 million the MCC has provided to USAID since 2005 for implementation of the Threshold program. Collectively, this investment represents the largest freestanding anticorruption program USAID has ever designed and implemented.

Our objectives were to:

- Take a much closer look at what we have learned in the process of implementing anticorruption programs;
- Identify what has worked and what has not; and
- Codify some best practices and lessons learned to guide future programming by USAID in the anticorruption arena.

The review encompassed a written survey of USAID field practitioners to gather basic data and identify preliminary lessons by major thematic area; a three-day workshop in Washington bringing USAID field practitioners together with headquarters staff and relevant experts from MCC, State, Treasury, and Justice; and final collation of the data and drafting of the report you now hold in your hands.

Lessons learned are grouped by the six principal objectives of the anticorruption programs as we construed them, i.e., (1) strengthening the statutory framework to fight corruption, (2) identifying and exposing corruption, (3) investigating and prosecuting corruption, (4) reducing opportunities for corruption, (5) fighting the culture of corruption, and (6) building public perception of government as reforms take place.

I am very pleased with the collaboration of the many actors who were involved in pulling this analysis together, including our colleagues in USAID's Office of Democracy and Governance. It is my strong hope that it will shape future programming in the anticorruption arena, whether in partnership with MCC or by USAID using its own resources.

Karen D. Turner

Office of Development Partners

EXECUTIVE SUMMARY

USAID has been implementing threshold programs, with funding from the Millennium Challenge Corporation (MCC), since 2005. More than half of the \$432.6 million threshold budget has been dedicated to a variety of activities aimed at improving the MCC's Control of Corruption indicator. USAID's Office of Development Partners (ODP) and the Office of Democracy and Governance in the Bureau for Democracy, Conflict, and Humanitarian Assistance (DCHA/DG) sought to analyze its experience with anticorruption programming under the Threshold Country Plans (TCPs) in order to inform future programming.¹ This involved a substantial document review, an online survey of USAID field personnel, individual interviews of USAID staff, and a 3-day workshop.

In its Anticorruption Strategy of 2005, USAID recognized corruption as a primary impediment to development and accordingly designated anticorruption activity among its top priorities. Although USAID has broad experience with anticorruption programming independent of the Threshold program, the Threshold program offered a unique opportunity to examine a substantial investment in diverse programming, implemented nearly simultaneously in 14 different countries. Understanding that the body of programming is too small and the time period too short to generate scientific conclusions of impact or categorical "best practices," USAID's experience implementing the Threshold program does yield several important lessons learned that can guide future programming. This analysis is not an assessment of any one program or of the MCC methodology. Instead, it draws upon the substantive experience in the field for insights that may guide future program design and execution.

Given the diversity of anticorruption programming in the TCPs, this analysis employed a methodology that allowed for meaningful comparison of dissimilar activities based upon how the programs sought to combat corruption, as opposed to with whom. Six thematic objectives were defined:

- Create a **statutory framework** that clearly defines and prohibits corrupt practices.
- **Identify and expose** corrupt behavior.
- Enhance institutional capacity to **investigate and prosecute** incidents of alleged corruption.
- **Reduce opportunities** for corruption to occur.
- Combat the **culture of corruption**. (i.e., build integrity among public officials and decrease citizen willingness to bribe.)
- Build **public perception** of government as reforms take place.

All of the individual activities in each of the TCP components could be attributed to one or more of these thematic objectives. Contrasting activities that shared a common objective produced lessons learned that are broadly applicable to various projects, whether in economic growth, global health, or democracy and governance.

STATUTORY FRAMEWORK: Most countries had laws that reasonably defined and prohibited corrupt practices. However, three TCPs contributed to the establishment of a sound statutory framework. Their

¹ The acronym TCP is often used for both Threshold Country Program and Threshold Country Plan. In this paper TCP refers to the anticorruption elements of a Threshold Country Plan being implemented in a particular country. Although the TCPs involve other activities, including girls' education, immunization programs, etc., this report addresses only the anticorruption aspects. For purposes of brevity, references to "TCPs" in this report are intended to cover only the anticorruption elements, as opposed to all of the activities funded by the MCC through its threshold programs.

experience demonstrated effective ways of engaging domestic stakeholders to advocate for legislative reform, thereby also promoting local ownership. These programs further illustrated the need to incorporate flexibility into the program design in order to avoid delays that typify the legislative and political processes.

IDENTIFY AND EXPOSE: All 14 TCPs supported activities that were intended to identify and expose corruption. These included a variety of transparency-enhancing measures such as financial asset disclosure regimes and internal audit mechanisms. Activities engaging civil society and media, such as NGO watchdog activities and investigative reporting, were also included. Some countries effectively utilized collaborative efforts between government and civil society, such as joint integrity committees and public expenditure tracking committees. The TCP experience further reinforced that merely increasing transparency is not enough; to be effective, there must be consistent and reliable means of verifying the information in order to isolate corrupt practices and individuals.

INVESTIGATION AND PROSECUTION: Similarly, once issues of corruption have been raised, it is imperative that countries have the institutional capacity and political will to formally investigate and, where appropriate, prosecute those crimes. Failure to do so may actually exacerbate the problem of corruption as officials and citizens alike will be emboldened if there are no apparent consequences to unethical conduct. However, in many countries prosecutions are pursued subjectively as a means of eliminating one's political opponents. To avoid facilitating such political vendettas, capacity building measures should incorporate objective standards and a system of checks and balances to ensure even application of the laws. Lastly, it should be noted that prosecution does not end with conviction, but with execution of the sentence. A few examples arose where officials convicted of grand corruption remained free as delays in sentencing or in the appeal process appear to be deliberate means of circumventing the criminal justice system.

REDUCE OPPORTUNITIES: On the prophylactic side, all 14 TCPs targeted specific processes where corruption was known to occur. By reducing personal contact between government officials and citizens, opportunities to solicit bribes were reduced. Similarly, reducing the amount of discretion a public official has in the discharge of routine functions made it more difficult for officials to bestow favors on a select few. Automating previously discretionary acts, implementing standard operating procedures, and introducing objective personnel policies reduced the opportunity for conflicts of interest and cronyism. However, the TCP experience illustrated the need for sustained high level political engagement, given that those officials who benefit most from the corrupted practice will be resistant to the reforms. Incorporating the concept of tacit approval is one way of addressing this resistance—inaction by a government official is tantamount to approval, thereby removing his ability to extort bribes by withholding service.

COMBAT CULTURE OF CORRUPTION: A more subtle and long-term approach to the problem of corruption addresses the volitional aspects by instilling core values in the civil service and curbing society's willingness to offer bribes. In many countries a virtual culture of corruption, consisting of formal and informal networks and long-standing practices, exists. Examples of programming to redress this culture of corruption include the development of ethics codes, and citizen initiatives demanding honest services (and committing not to perpetuate corruption by seeking special favors through bribes.) Broader civil service reforms, providing for adequate salaries and career incentives, would greatly bolster anticorruption efforts. In lieu of that, the TCP experience found ways to encourage officials and citizens alike to jointly commit to behave ethically so that no individual official or citizen is disadvantaged for refusing to engage in corrupt activity.

IMPROVE PUBLIC PERCEPTION: TCPs also addressed the need to combat the perception of corruption as well as the incidence of corruption. As reforms take place, the public must be made aware of them if the tendency to categorically condemn all public officials as corrupt is to be altered. Since most of government is built upon public trust, false perceptions of corruption can be nearly as corrosive as corruption itself. By aggressively publicizing reforms and engaging the public, surveys show that TCPs have enjoyed some measure of success in changing people's perceptions of their government and generating momentum for the reforms.

Finally, the TCP experience yielded several generic lessons concerning implementation strategies. Specifically they gave insights on how to effectively use incentives, and threats.

Despite the difficulty in attributing improvements to any particular intervention, particularly during or immediately after the assistance has been provided, the TCPs have returned some impressive results. These success stories, and the sustainability of many of the reforms beyond the TCP period, are instructive for future programming. Since corruption remains a major impediment to development across sectors and across countries, as USAID contemplates future programming in this critical area, the lessons from its experience with the TCPs will be invaluable.

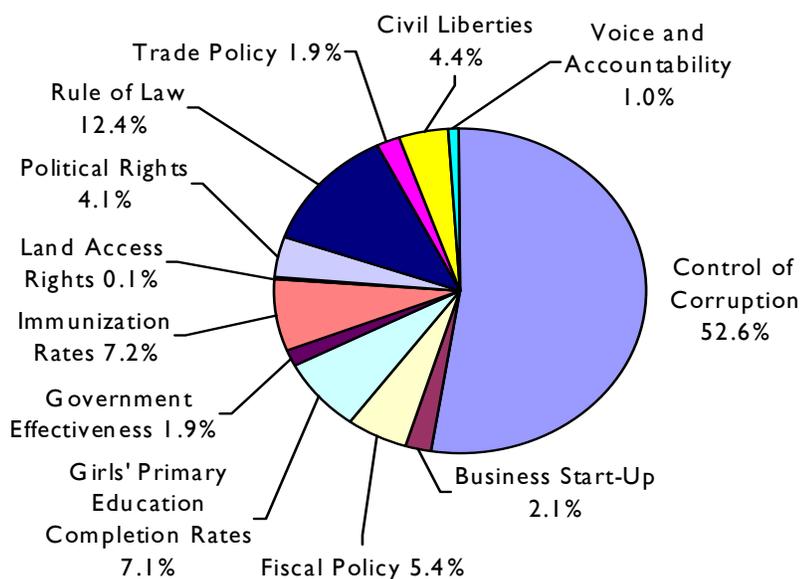
I. INTRODUCTION

The Millennium Challenge Account (MCA) was created to help reduce poverty through sustainable economic growth in countries that have demonstrated a commitment to good governance. A country's commitment to good governance is determined by its performance in three categories: Ruling Justly, Encouraging Economic Freedom, and Investing in People. The Millennium Challenge Corporation (MCC), which administers the MCA, references several global policy indicators for each category generated by independent organizations, including the World Bank Institute, Freedom House, the World Health Organization, the International Monetary Fund and UNESCO in determining eligibility for MCA funding. Control of Corruption is one of six indicators under the Ruling Justly index. To measure the Control of Corruption, MCC uses the World Bank Institute (WBI) indicator which monitors the extent to which public power is exercised for private gain based on surveys of firms, individuals and experts.² Annually, the MCC issues "country scorecards," plotting a country's status against performance scores of countries in a comparable income category. Countries that are above the median score on the Control of Corruption index and in at least half of the performance criteria in each of the three substantive categories, are eligible to submit a proposal for a Compact, a large five-year grant to fund specific programs targeted at reducing poverty and stimulating economic growth.³

MCC's threshold program is designed to help countries that fall just short of qualifying for Compact eligibility. Threshold programs are typically two to three years in duration and involve comparatively large sums of money for programming focused on the specific policy indicators that are precluding that country from Compact consideration. Once a Threshold Country Plan (TCP) is approved by MCC, USAID typically has taken responsibility for overseeing the implementation, in cooperation with the MCC and, often, the Department of Justice and/or the Treasury Department. Since Control of Corruption is the only "hard" indicator that must be satisfied in order to apply for Compact consideration, it is not surprising that a disproportionate amount of threshold programming is directed towards this indicator. Of the total threshold budget to date, \$227.5

million, or 52.6 percent, supports anticorruption initiatives in 14 of the 18 countries participating in the threshold program. The programs in six of the 14 countries have been completed; six more will close out within the next 12 months. Two countries, Paraguay and Albania, have received second threshold programs, both of which continue to battle corruption.

MCC explains why it requires that all countries pass the Control of



² The factors used in the WBI Control of Corruption Index are set forth in Appendix A for reference.

³ A more detailed presentation of the selection criteria used by MCC is included on its website, www.mcc.gov.

Corruption indicator in order to be Compact eligible:

Corruption hinders economic growth by increasing costs, lowering productivity, discouraging investment, reducing confidence in public institutions, limiting the development of small and medium-sized enterprises, weakening systems of public financial management, and undermining investments in health and education.

Corruption can also increase poverty by slowing economic growth, skewing government expenditure in favor of the rich and well-connected, concentrating public investment in unproductive projects, promoting a more regressive tax system, siphoning funds away from essential public services, adding a higher level of risk to the investment decisions of low-income individuals, and reinforcing patterns of unequal asset ownership, thereby limiting the ability of the poor to borrow and increase their income.⁴

As recognized in this explanation, corruption can pervade all aspects of government and have wide-ranging impact. USAID's Anticorruption Strategy defines corruption as "the abuse of entrusted authority for private gain."⁵ This definition is intentionally broad in order to capture the wide-ranging nature and cross-cutting aspects of corrupt activity. It expressly includes both grand corruption (involving significant sums of money and high level officials) and administrative corruption (mid- and low-level government officials with smaller transactions), recognizing that they are inter-related and support each other's existence. Historically the majority of USAID's experience in fighting corruption has focused on administrative corruption, perhaps due to the difficulties inherent in garnering political will to prosecute grand corruption combined with the risk of inadvertently supporting political vendettas. However, recognizing the limitations in this approach, in 2005 USAID announced its intention to focus more intensely on grand corruption among political and economic elites in conjunction with its ongoing efforts to curb administrative corruption.

The specific areas addressed by the TCPs and the means of addressing them vary from country to country. While USAID and the U.S. Embassy may provide guidance, countries are expected to take the lead in designing programs that redress the shortcomings reflected in the indicators. Predictably, thus, the TCP designs are incredibly diverse, covering both grand and administrative corruption, working with courts, parliaments and ministries on projects ranging from law enforcement to university admissions standards, in addition to the more common programs in judicial reform, customs, government procurement, business regulation, and civil service reform.⁶ Several also address corruption's "supply side," that is the bribe offered to a public servant to facilitate services, consistent with the approach in USAID's Anticorruption Assessment Handbook.⁷ Finally, most TCPs seek to engage civil society and the media, either as "watchdogs" of government officials and processes, or as collaborative partners in a government's reform efforts.

⁴ *Millennium Challenge Corporation Guide to the MCC Indicators and the Selection Process* (Washington, DC: 2009), pg. 20, citing Gupta, Sanjeev, Hamid R. Davoodi, and Rosa Alonso-Terme. 2002. Does Corruption Affect Income Inequality and Poverty? *Economics of Governance* 3: 23-45. Ravallion, M., and S. Chen. 1997. What Can New Survey Data Tell Us About Recent Changes in Distribution and Poverty? *World Bank Economic Review* 11(2): 357-382 Gupta, Sanjeev, Hamid R. Davoodi, and Erwin R. Tiongson. 2001. "Corruption and the Provision of Health Care and Education Services," in *The Political Economy of Corruption*, edited by Arvind K. Jain. London: Routledge. Mauro, P. 1998. Corruption and the Composition of Government Expenditure. *Journal of Public Economics* 69: 263-279. Rajkumar, A.S. and V. Swaroop. 2002: Public Spending and Outcomes: Does Governance Matter? World Bank Policy Research Working Paper 2840. Anderson, James, Daniel Kaufmann, Francesca Recanatini.

⁵ USAID Anticorruption Strategy (Washington, DC: 2005), pg. 8.

⁶ A complete listing of the TCP anticorruption programs by country can be found in Appendix B.

⁷ Spector, B., M. Johnston and S. Winbourne (Management Systems International), USAID Anticorruption Assessment Handbook (Washington, DC: February 28, 2009), pp. 4-6.

<http://www.usaid.gov/our_work/democracy_and_governance/technical_areas/anticorruption_handbook/Handbook_2009.pdf>. Accessed on October 25, 2009.

Recognizing that its experience with the TCPs provides a unique opportunity to compare and contrast a large body of anticorruption activity that took place nearly simultaneously in 14 countries across the globe, USAID sought to constructively analyze its experience to derive lessons learned. While not insignificant, USAID understands that the body of programming is too small and the time period too short to yield scientific conclusions, either of impact or categorical “best practices.” At the same time, the investment in a wide spectrum of activities--taking various approaches to the common objective in diverse cultural contexts--has been productive and fruitful. Identifying the successes, as well as the obstacles, provides valuable insights as USAID contemplates incorporating anticorruption elements into future programming.

Measuring impact of anticorruption programming is complicated and beyond the aspirations of this report. First, both of the leading indices, the WBI Control of Corruption Indicator and Transparency International’s Corruption Perception Index, rank countries by their perceived levels of corruption, as determined by expert assessments and opinion surveys. As perception surveys, they will not reflect improvements as they are made, but only after the populace experiences and trusts that the reforms are real, a lag time that could extend several years after the activity itself. Second, activities designed to increase public awareness of corruption or to prosecute officials engaged in corrupt activity can actually skew the results, making it seem that corruption is increasing when in fact public perception is merely reacting to the greater frequency of corruption in the news. Third, as ranking indicators, a country’s “score” is relative to improvements or regressions in other countries. Countries making substantial improvements may jump up in the rankings, creating the unjustified impression that others have regressed; the converse is also true. Lastly, the process for deriving the indicators is time and labor consuming. Typically, the data underlying the indicator was collected 12-18 months before the publication of the index. Consequently, an indicator for 2009 is actually based on perceptions from 2007. Since TCP programs are 2-3 year programs, most improvements made will not be reflected in the indices until after the programs have ended.

Furthermore, global indices are not sufficiently nuanced to reflect the incremental changes in discrete areas affected by TCP activities. As there is practically no way to disaggregate all of the factors that contribute to the index compilations, it is difficult to ascertain to what extent the TCP activities, as compared to other reforms and external factors, may have impacted the overall index. Moreover, since many of the TCP activities are intended to prevent or impede corruption, unless detailed baseline information exists concerning the level of corruption in a particular area, it can be very challenging to determine how much corruption may have existed absent the reforms.

Although attempting to quantify the impact of any particular TCP using the global indices may be overly ambitious, there is evidence nonetheless that the TCPs have resulted in many important successes. TCP activities have directly contributed to prosecutions of public officials for corruption, enhanced transparency within courts and ministries, and secured civil society and media engagement. Government services have been streamlined and extraneous steps used to elicit bribes removed; objective job qualifications have replaced cronyism in hiring practices and university admissions are based upon standardized test scores. This report highlights some of these successes, but also examines the implementation process of the various TCPs in order to capture the lessons learned as USAID begins to help countries solidify their achievements beyond the TCP period and expand programming in this important area.

II. METHODOLOGY

The inputs for this paper included a program document review, an online survey of USAID field personnel, a 3-day interagency workshop, and individual interviews of additional USAID field staff. As opposed to an assessment of any of the projects funded under the TCPs, the objective of this report is to identify the principal programmatic themes of anticorruption programming under the TCPs, examine the challenges and setbacks in the course of implementation, highlight the main programmatic successes, and explore the likelihood that those successes will be sustainable. This report makes no attempt to analyze the MCC approach to development, other than to learn from the body of experience USAID has acquired through the implementation of anticorruption activities under the TCPs.

Document Review

The document review laid the foundation for the ensuing discussions. First, it established the universe of anticorruption activities undertaken in the course of the TCPs. Second, it helped frame the various ways the programs sought to garner political will for the reforms. Finally, it provided a contemporaneous narrative of the challenges and successes during implementation. The following documents were reviewed: (1) the bilateral grant agreements formalizing the TCP relationship with the domestic government;⁸ (2) TCP consolidated quarterly reports; (3) TCP final reports, for completed programs; (4) field responses to the MCC survey of May 2009; and (5) USAID, MCC, WBI, and Freedom House reports and occasional papers related to TCPs, anticorruption strategies, and evaluation techniques.

Programmatically, the TCPs encompass a broad spectrum of activities. Regardless of the domestic counterpart or the underlying substance of the project, however, each activity could logically be categorized in one of six thematic objectives based on how the activity sought to address the issue of corruption. The thematic objectives are:

- Create a **statutory framework** that clearly defines and prohibits corrupt practices.
- **Identify and expose** corrupt behavior.
- Enhance institutional capacity to **investigate and prosecute** incidents of alleged corruption.
- **Reduce opportunities** for corruption to occur.
- Combat the **culture of corruption**. (i.e., build integrity among public officials and decrease citizen willingness to bribe.)
- Build **public perception** of government as reforms take place.

Categorizing TCP activities by objective had several advantages. It allowed for a meaningful analysis of dissimilar activities and yielded important lessons by eliciting diverse perspectives. Transparency enhancing measures help expose corruption whether by publishing judicial decisions or by establishing an asset disclosure regime for public officials. Opportunities for corruption can be eliminated through streamlined regulatory reform as well as by automating customs processes. Furthermore, the lessons are more broadly transferable as they are not specific to any particular type of program (i.e. judicial reform, business regulation, etc.). Finally, taking a holistic approach to the issue of corruption—from the illegalization through the prosecution to the attitudinal change—highlights the interdependence of these activities. Efforts to expose corrupt behavior could exacerbate the problem by contributing to public cynicism if the statutory framework

⁸ These documents were referred to interchangeably as Strategic Objective Grant Agreements, Development Assistance Grant Agreements, and Threshold Program Assistance Agreements in different countries.

is insufficient or if the institutional capacity to properly investigate and prosecute the exposed incidents is not in place and functional. Similarly, while streamlining processes and standardizing operating procedures may thwart existing opportunities, new avenues for corruption will develop if the culture of corruption is not changed. Finally, public cynicism and the assumption that all government activity is corrupt is also corrosive and can undermine previous reform efforts. Consequently, reforms that manage to reduce the actual incidence of corruption will be more sustainable if citizens also perceive their government as trustworthy.

Field Survey

A field survey was developed to gather information concerning how different programs responded to similar challenges, what successes were achieved, and what actions were being taken to promote the sustainability of those successes. The survey utilized multiple choice questions to provide a uniform basis for comparison across programs, supplemented by narrative answers that set the context and explained unique aspects of the programs. Twenty-five USAID representatives from 13 countries took part in the survey.⁹

The survey yielded some interesting observations.¹⁰ Given that TCPs are generally restricted to 2-3 year programs, virtually every respondent identified insufficient time as an impediment to success. However, 14 respondents also credited the compressed time frame as a motivating factor for host governments. Domestic political will was unanimously the most important characteristic contributing to success, though 13 respondents cited the lack of political will as an impediment. TCPs utilized different means of engaging the host government in program activities, with varying degrees of success. Although formally contracting for political will by designating specific acts as conditions precedent to the continuation of the TCP activities was generally viewed as ineffectual, if not detrimental, the survey results suggested specific circumstances where they had been used effectively. Other means used in TCPs to secure host government engagement included establishment of a management/coordination board or liaising secretariat, co-funding TCP activities, and coordinating complementary activity independently or through other donor programs.

The survey answers provided a basis for the development of a series of papers that framed the workshop discussion and fed into the lessons learned set forth below.

2009 Threshold Program Workshop

The 2009 Threshold Program Workshop was held October 13-15, 2009, in Washington, D.C. It was attended by USAID representatives from ODP, DCHA/DG, General Counsel, and 15 countries, plus representatives from MCC and the Department of Justice Offices of Overseas Prosecutorial Development Assistance Training (OPDAT) and International Criminal Investigation Training Assistance Program (ICITAP). The thrust of the Workshop, as introduced by ODP Director Karen Turner, was to identify successes and derive lessons learned from the diverse experience USAID has had implementing anticorruption programs under TCPs. In addition to participant discussions, an interagency panel with representatives from DCHA/DG, MCC, OPDAT, ICITAP, Treasury Department Office of Technical Assistance (OTA), the State Department, and USAID/Global Development Alliance (GDA) discussed sustainability issues, and Dr. Tom Kelly, Acting Managing Director for the Threshold Program at the MCC, led discussions on country selection and program monitoring/evaluation. Dennis Shin, Foreign Aid Policy Advisor in the Overseas Support Department of Catholic Relief Services, spoke on the role of nongovernmental organizations in foreign assistance policymaking.¹¹

Separate sessions were held on each of the six thematic objectives, with representatives from programs that prominently featured work on each objective highlighting their activities in either a panel discussion or in a

⁹ Of the 14 TCP countries with anticorruption components, only Uganda was not reflected in the survey responses. The perspectives of the USAID representative in Uganda were obtained through discussions in the Workshop.

¹⁰ Bar charts of responses to referenced questions are included in Appendix C.

¹¹ Mr. Shin is a Special Advisor to Ken Hackett, President of CRS, who served on the MCC Board from 2004-2009.

breakout group. Briefing papers citing notable achievements from various programs in each thematic objective and proposing preliminary lessons learned framed the ensuing discussions.¹² The program successes and lessons learned set forth below are the product of these discussions, as clarified in subsequent individual interviews.

¹² The programs featured in each of the sessions are listed in the Workshop Agenda attached as Appendix D.

III. THEMATIC OBJECTIVES

STATUTORY FRAMEWORK

Ensuring that the statutory framework clearly defines and prohibits corrupt practices is a fundamental aspect of combating corruption. Laws governing conflicts of interest, anti-money laundering, and public procurement allow the state to pursue corrupt public officials. These laws also announce to the public that such activities are not acceptable – an announcement that in many countries would be new information as corruption is embedded in the culture through generations. A sound statutory framework is some evidence of a government’s commitment to controlling corruption--and the extent to which it objectively enforces those statutes may corroborate other expressions of political will.

Technical assistance in this area can involve everything from working with parliamentary processes to substantively assisting with the preparation of legislation that meets international standards. However, the passage of legislation is ultimately beyond the implementer’s controllable interest as a matter of domestic politics. Even with clear expressions of political will for particular reforms in the bilateral assistance agreement or in national strategies, one can not assume that political will from the executive branch will necessarily carry over to the legislative branch of government.

Lessons Learned

Most TCP countries had the fundamental statutory framework prohibiting corruption.¹³ Although only Albania, Malawi and Ukraine TCPs included activities that built upon the anticorruption statutory framework, their experiences were instructive. Other countries contributed to the lessons learned based upon how lapses in the statutory framework impacted other activities. Two significant lessons are derived from this experience.

Supporting domestic stakeholders can be an effective way of advocating for passage of legislation and promoting local ownership.

Threshold programs in Albania and Malawi benefited from strong stakeholder involvement in the legislative process. In Albania, legislation impacting the business community was languishing in Parliament. USAID engaged the business community by making it aware of the positive effects of the legislation after which they became strong advocates for its passage. Similarly, part of the Malawi TCP related to financial crimes. Although an anti-money laundering bill had been drafted two years before the TCP, it had never been passed in the National Assembly. TCP activities helped update the draft based upon regional best practices and promoted broad stakeholder engagement. However, when interest in the bill waned in the opposition parliament, USAID turned to the Bankers Association of Malawi. Showing bankers the implications of the anti-money laundering law on the cost of doing business, USAID motivated the local association to lobby for its passage. The final anti-money laundering law included anticorruption mechanisms and provided for the establishment of the Financial Intelligence Unit envisioned in the TCP.

¹³ For the purpose of this analysis, Statutory Framework does not include all legislative activity, but is limited to those laws that primarily prohibit and/or criminalize corruption--including conflict of interest, public procurement, and anti-money laundering laws. Activities supporting the development of related laws, such as whistle-blower and witness protection, are addressed under Identification/Exposure and Prosecution sections respectively.

Projects predicated on the passage of laws are vulnerable to the vagaries of the legislative/political process. However, delays in the legislative processes do not have to forestall implementation of good practices that may be subsequently codified.

As a foundational aspect of anticorruption programming, the passage of laws was sometimes a prerequisite to follow-on activities. In the TCP context, Albania, Malawi, and Ukraine planned activities that would build upon the implementation of new laws on public procurement, anti-money laundering, and conflicts of interest. However, a thorough and democratic legislative process in such complicated substantive areas could legitimately last two to three years. Rushing the deliberative process in order to accommodate a limited implementation period could undermine the quality of the legislation as well as the integrity of the process. On the other hand, waiting for the legislative process to run its natural course could hold up pending activities. The situations faced in Albania, Malawi, and Ukraine demonstrate some ways of minimizing the risk that planned activities will be stymied pending passage of legislation.

With respect to Albania's public procurement law and Malawi's anti-money laundering statute, the fact that both laws existed in reasonably complete drafts prior to the beginning of the TCP added assurance that their passage would be timely. In Albania, the TCP built on the work of an European Union (EU) project that had supported the drafting of a procurement law that met EU standards. As discussed above, the anti-money laundering bill had been drafted well before the TCP so even though the sitting parliament was not friendly to its passage initially, the implementation period was not consumed entirely by the drafting process, but could proceed with updating and building support for the reform.

Where the anticipated projects were based on substantially new legislative concepts, different results were observed. Conflicts of interest legislation had difficulty getting off the ground in Malawi and Ukraine. Both countries demonstrated a general lack of enthusiasm for asset disclosure regimes. To build understanding among parliamentarians, Ukraine made good use of study tours, bringing committee staffers and parliamentarians together with their regional counterparts from countries that had recently undertaken similar reforms.¹⁴ Additional incentive for improving statutory framework may be found in global and interregional conventions and instruments that a country may be a member of and/or a signatory to, such as the Council of Europe's Group of States Against Corruption (GRECO), U.N. and OECD Conventions, African Union Convention, and the OAS Convention, as leverage to prompt the domestic government to move forward on anticorruption reforms and perhaps to bolster weak domestic legislation.¹⁵

Moreover, the TCP experience demonstrated that in some instances legislation merely formalizes existing anticorruption measures, rather than being the catalyst for reform. Where programs ran into legislative roadblocks, many found productive ways to instill good practices that can be codified later. In Ukraine, for example, political issues paralyzed the Ukrainian parliament, ultimately leading to its dissolution and snap elections during the TCP period. Had activities been strictly pegged to the passage of these laws, the project would have been delayed indefinitely. Instead, the Ukrainian TCP adapted, proceeding directly with the development of asset declaration forms, conducting trainings, formulating implementing regulations, and

¹⁴ Ukraine's TCP supported a productive study tour to Albania, which had implemented a conflicts of interest program under its TCP. In the regulatory context, customs officials from Ukraine were given the opportunity to see the proposed reforms in action at the Kaliningrad/Lithuania border.

¹⁵ These include, *inter alia*, Council of Europe Criminal and Civil Law Conventions, Resolutions (97) 24 and (99) 5 of the Committee of Ministers of the Council of Europe, European Union Convention on the Protection of the Communities' Financial Interests and the Fight against Corruption and the two Protocols, OECD Convention on the Bribery of Foreign Public Officials in International Business Transactions and Revised Convention, United Nations Convention against Transnational Organized Crime (UNTOC), UN Convention against Corruption (UNCAC), African Union Convention on Preventing and Combating Corruption (AU Convention), South African Development Community Protocol against Corruption (SADC Protocol), Economic Community of West African States Protocol on the Fight against Corruption (ECOWAS Protocol), The Inter-American Convention against Corruption (OAS Convention), and the ADB-OECD Action Plan for Asia-Pacific.

otherwise promoting the voluntary assumption of the responsibilities that were envisioned in the draft conflicts of interest law. When the draft legislation comes to an eventual vote, it will benefit from the readiness and positive experiences resulting from the preparatory work done under the TCP.

IDENTIFICATION/EXPOSURE

Assuming that a country has a reasonable statutory framework that adequately defines and prohibits corrupt behavior, there must be ways to identify and expose deviations from the law in order to be effectual. Activities designed to increase transparency and promote civic monitoring of government by civil society, media, or joint initiatives contribute to this objective. All 14 of the TCPs that addressed corruption included activities that support this objective as an element of projects on judicial reform, business regulation, procurement, and other substantive areas. Indeed, more activities in the TCPs are dedicated to identifying and exposing corruption than to any other objective and involve counterparts in the government as well as working with media and civil society.

Lesson Learned

All of the activities aiming to identify and expose corrupt practices and individuals promoted greater transparency in one form or another. A critical lesson learned emerged from this commonality.

Transparency measures must be accompanied by activities that appropriately utilize the additional information made available.

Transparency enhancing measures, by definition, either generate information or provide broader access to information. Financial asset disclosure forms, internal audit reports, and published judicial decisions and dockets, are examples of the type of information generated by the TCP activities. TCPs encountered some hurdles just establishing the procedures for making this information available. Financial asset disclosures were met with considerable cultural resistance in Malawi where legislation on asset disclosure was difficult to enact. Also, in Albania the disparity between reality and the reported wealth on asset disclosure led the TCP to support an Albanian NGO to monitor the website and send investigative journalists to observe the homes of officials exhibiting wealth inconsistent with asset disclosures, such as contrasting the Minister of Defense's watches and cars with his declared assets.

Merely expanding access to information, however, is superficial and does nothing to address the corruption issue if there are not accompanying processes, whether internal or external, of reviewing the information. Research done by Transparency International demonstrated the connection between asset declaration laws, especially combined with verification provisions and public access to the declarations, and lowered perception of corruption.¹⁶

Several TCPs with financial asset disclosure components are developing procedures for internal oversight. The Kyrgyz Republic is revising the financial disclosure provisions of the draft law on State Services Issues to include more rigorous verification of asset disclosures. Ukraine, likewise, is exploring different options of enforcing its new declarations regime. Other programs supported external methods of capitalizing upon the increased transparency to expose corrupt practices. Malawi and Moldova TCPs expanded public access to information with enhanced Freedom of Information Acts (FOIA), while Niger, Tanzania and Ukraine worked with the media to develop a cadre of professional investigative journalists who could take advantage of the FOIA rights in those countries. Similarly, several TCPs invested in civil society to enhance its capacity to monitor government.¹⁷ However, where the onus of reviewing the information made available through transparency programs is on civil society, it is essential that the information needed to test the veracity of the

¹⁶ Chêne, M. "African experience with asset declarations," U4 Expert Answer (April 21, 2008) pp. 2-3, referencing Transparency International Global Corruption Report 2006.

¹⁷ Kenya, Moldova, Niger, Paraguay, Peru, the Philippines, Tanzania, Uganda, and Ukraine

disclosures is also available. For example, publishing judicial decisions with the names redacted hinders the public's capacity to ascertain that the law has been applied evenly irrespective of the professional status of the litigants. Likewise, a conflict of interest is difficult to identify from financial declarations unless corroborating information, such as real estate records, business interests, and tax records, are also available in order to verify the disclosures.

In addition to the activities that promote transparency generically, several TCPs facilitated the opportunity to report specific instances of corruption, through hotlines and citizen complaint mechanisms.¹⁸ However, without discernible follow up to the information solicited through these means, the activity will foster disillusionment and resentment among the citizens who have participated. Conversely, these activities yielded important discoveries when institutions had the capacity and political will to investigate the tips/complaints received. In Albania, for instance, 15 tax collectors were dismissed after hotline calls reported their corrupt actions. The fact that the hotline call resulted in direct action built trust in the system and usage increased as a result. As the public becomes accustomed to having an opportunity to report improper conduct, the demand for such conduits increases, thereby building sustainability of the program.

Many anticorruption programs include one or more collaborative initiatives between government and civil society to increase transparency and the flow of information to the public. One example in the Kyrgyz Republic is the National Council on Judicial Affairs comprised of four individuals delegated from each of the Cabinet of Ministers, Parliament, the judiciary, and NGOs and designed to provide oversight and monitoring of the judiciary. While still in its nascent stage, the Council has already addressed complaints that led to the dismissal of ten judges. In Moldova, however, the intended public-private oversight of the central anticorruption agency, the Center for Combating Economic Crimes and Corruption (CCECC), proved to be problematic. From the outset, the ostensibly independent Civilian Oversight Board was beholden to the executive branch as it was created by executive order, and could therefore also be dissolved by executive order. The Ministry of Justice, itself a part of the executive branch, was authorized to appoint the board, giving rise immediately to questions about the Board's independence. Finally, the government failed to provide the Board with resources or oversight authority, as intended. The discrepancies and apparent takeover by the government of this intended oversight body has rendered it ineffectual, politicized, and moot.

Accordingly, while collaboration can be extraordinarily useful, it should not supplant the important complementary role civil society plays as a conduit of the public. If too closely associated with government initiatives, NGOs can lose perspective, but can also lose their credibility as independent watchdogs. Programs therefore must be cognizant of the balance between giving civil society a meaningful voice in public policy decisions and building their capacity to monitor the government and advocate for reform.

INVESTIGATION/PROSECUTION

A reasonable statutory framework and reliable means of exposing corrupt practices are predicates to activities designed to investigate and prosecute allegations of corruption. Conversely, a satisfactory statutory framework and internal and external mechanisms to identify and expose corrupt practices will be undermined if the government fails to enforce its laws vigorously yet in an even-handed manner. Where unethical behavior is exposed, administrative sanctions must follow if the regulations are to be respected in the future. Where an incident goes beyond administrative sanctions, it is important that law enforcement respond capably. TCP activities supporting this objective have built the institutional capacity to investigate allegations of corruption as well as to prosecute where the investigations establish probable cause.

The importance of this aspect of anticorruption programming is affirmed by the fact that it figures prominently in all of the TCPs addressing the Control of Corruption indicator. These activities engaged a wide variety of counterparts, reflecting the different ways countries have approached the issue. The Moldovan TCP, for example, sought to build the capacity of the CCECC, a highly centralized anticorruption

¹⁸ Albania, the Kyrgyz Republic, Moldova, Paraguay, Peru, the Philippines, and Tanzania

agency with broad competencies to investigate and prosecute crimes of corruption, in addition to formulating policy and launching public information campaigns. The second Paraguayan TCP dedicates a component to building the investigative capacity of the prosecutor's office, including a dedicated economic crimes unit and anticorruption unit, a forensics laboratory, and internal controls systems. In addition, TCPs have built the investigative capacity within police departments, financial investigation units, inspectorate general offices within ministries, ombudsmen offices, as well as various forms of administrative control units within the judiciary and line ministries. Tanzania and Uganda also worked with the judiciary, enhancing its capacity to handle corruption cases, while the Kyrgyz and Moldovan programs incorporated passage of a witness protection law, making prosecutions of this sensitive crime more feasible.

Lessons Learned

Three primary lessons can be derived from the TCP experience with investigation and prosecution of corruption.

Domestic capacity to investigate and prosecute crimes of corruption is paramount as exposure and awareness increases.

Awareness about corruption grows as reforms begin to take effect and corrupt practices and individuals are exposed. If there are no evident consequences, however, corrupt officials become emboldened and the general public becomes discouraged, thereby perpetuating the corruption problem. This phenomenon was observed in Moldova where authorities have yet to investigate an issue implicating a high level official of the central anticorruption agency, the CCECC, for abuse of office in furtherance of a human trafficking operation. To avoid the suggestion that public officials are above the law, it is important to follow up the activities that expose corruption with thorough investigation and, where appropriate, prosecution.

Domestic capacity to investigate and prosecute corruption was demonstrably improved in several TCP countries: the number of criminal corruption cases filed in the Philippines increased by 20 percent during the course of the TCP; administrative sanctions went from 320 to 1,282 over the same time period. Tanzania prosecuted 354 criminal corruption cases, including cases against the former Permanent Secretary of the Ministry of Finance and other high level officials. Similarly, prosecutions against high ranking government officials in Indonesia went from two in 2006, the year before the TCP was started, to 10 in 2007 to 19 in 2008. The impact of improved investigations and prosecutions of corrupt actors is wide-ranging. Enforcement action against high ranking officials reinforces the principle of equality before the law, improving public trust in government. Uniform enforcement with demonstrable consequences (criminal, administrative, and/or civil sanctions) is also a strong deterrent for others.

Technical assistance to law enforcement in anticorruption programs requires substantial investment in training and equipment.

Corruption is among the most challenging of crimes to investigate and prosecute. Incidents of petty corruption can often be addressed at the administrative level. Law enforcement, however, has to be equipped to address complicated conversion schemes camouflaged by complex money laundering operations in order to reach the grand corruption cases. Criminal defendants may be high level government officials, and organized crime with its vast resources is frequently involved. Consequently, the criminals are often better equipped than law enforcement, making prosecution virtually impossible. TCPs have helped bolster the side of enforcement by providing forensic laboratories and secure evidence warehouses (Paraguay), complete IT infrastructure (Moldova), portable state-of-the-art digital recording equipment (Indonesia), surveillance and counter-surveillance equipment including digital still and video cameras, portable printers, laptops, portable scanners, digital audio recorders, long-range day and night cameras, and covert handheld mobile phone jammers (Philippines), in addition to training officers on modern investigative techniques.

To the extent possible, program design should incorporate protections against subversion of the technical and personnel investment. At a minimum, the host government's commitment to use the equipment for its

intended purpose should be memorialized in the assistance agreement. Conditions precedent (CPs) can be used to delineate the government's commitment to allocate sufficient funding and resources to support investigative agencies. Equally important is the commitment to retain personnel who have participated in specialized training. This may require an increase in salaries to be competitive with the private market. While personnel retention may not be entirely within the government's control, it can commit not to transfer trained personnel away from their specialized functions, as happened when trained anticorruption investigators in Uganda were reassigned as traffic cops.

Investigating and prosecuting cases of grand corruption is also difficult because of the tremendous reluctance of witnesses to come forward for fear of reprisal. In many countries this is addressed with plea bargaining and/or witness protection programs. The TCP experience in this regard demonstrated that mere passage of legislation is insufficient. While the law may allow for the granting of protection, providing it after a witness has endangered himself by testifying is expensive and difficult. Both Moldova and the Kyrgyz Republic recognized this as a shortcoming in their TCP design as the resources to implement the witness protection laws were lacking and consequently those who availed themselves of its protections were left vulnerable.

Checks and balances must be maintained to demonstrate the objectivity of the enforcement entity.

Some countries opted for dedicated anticorruption units, imbuing them with varying competencies and authority. There are definite economies with such an approach as investigators and prosecutors become specialists in the substantive areas. However, the TCP experience in Moldova serves as a reminder that the need for checks and balances is commensurately greater as powers are consolidated in a single entity. The Moldovan CCECC was identified as the domestic counterpart through which anticorruption investigative and prosecutorial capacity reforms would be run. The insular nature of the CCECC led to its devolution into an agency better known for its corruption than for its impact curbing corruption. Thus, a component of the reform included bringing transparency and oversight by the public into the agency, providing checks and balances against the centralized power of the agency. A Civilian Monitoring Board was mandated in the TCP and, in spite of great resistance by the government, was eventually installed to provide the oversight envisioned. Though the Civilian Monitoring Board has not reached its full potential due to limiting provisions in its implementing regulations, it is operating within the CCECC structure.

Alternatively, some countries utilized a decentralized approach. Uganda opted to develop anticorruption investigation capacity through units created within five ministries, each of them responsible for ferreting out corruption within their own ministry. Still, these internal investigations would benefit from civil society oversight given the public's inability to monitor them directly. This system of checks and balances has been introduced through publication of audits in many TCP countries (i.e. Tanzania), inter-agency forums involving civil society (Uganda), and improvement of FOIA laws, increasing access of infractions to the media (Malawi).

Punitive measures must be enforced upon convictions.

As noted above, increases in prosecution and conviction rates have been documented in several TCP countries. However, if convicted officials are not subsequently punished, the prosecution is disingenuous, further undermining anticorruption efforts by reinforcing the notion that high level officials are above the law. While TCPs did not specifically track the application and execution of sentences for corruption convictions, two countries noted some concerns in this regard. Uganda described the conviction of three mid-level officials who remain free on bail, pending appeal. While the right to appeal must be honored, if appeals are being delayed for the sole purpose of avoiding execution of the sentence, the integrity of the criminal justice system is implicated. Similarly, the Philippines impressively reported 180 convictions during the TCP period, though only 7 were sentenced. Uneven application of the penal code suggests that the prosecutions are a sham, and the lack of consequences following convictions will bolster public belief that higher forces are impervious to the rule of law.

REDUCING OPPORTUNITIES

While all countries must remain vigilant in ruling out and punishing corruption as necessary, more direct impact in reducing the actual incidence of corruption may be achieved through activities designed to minimize the situations where corruption occurs with the greatest frequency. Each interaction between public officials and citizens is an opportunity to solicit a bribe. Whether bringing goods across the border, seeking to register a business or other property, or even obtain basic utility services, citizens are accustomed to paying a bribe simply to compel the public official to perform his responsibilities. Reducing the number of officials and bureaucratic steps involved reduces the opportunities to demand bribes commensurately. Similarly, ill-defined regulations and processes allow public officials to take advantage of their constituents or to bestow favors upon select few. Without clear procurement procedures for fair competition and selection, lucrative contracts can simply be directed to "friendly" companies; lawsuits can be assigned to judges with a predisposition to a particular litigant absent a system for random case assignments. Automating previously discretionary acts, implementing standardized operating procedures, and introducing objective personnel policies reduces the opportunity for conflicts of interest and cronyism.

While many of these activities aim to inhibit petty corruption (small bribes paid to low level officials for service), given the pervasive nature of petty corruption these activities affect a great number of people. Since the WBI Control of Corruption index measures, among other things, the reported "frequency of 'irregular payments'" these activities can immediately impact a country's MCC scorecard. The more people who report fewer instances of bribe-seeking, the greater the impact on the global indicators. Predictably, thus, all 14 TCPs addressing the Control of Corruption indicator incorporated activities that were designed to inhibit known corrupt practices either by minimizing contact between government officials and the public or limiting the amount of discretionary authority afforded public officials.

Contact between the public and government officials was limited through streamlining processes to eliminate superfluous steps. Albania, Moldova, Paraguay, Ukraine and Zambia achieved this through "one-stop shops" for business licensing and registration, customs declarations, construction permits, and municipal services. These countries, as well as Kenya, Niger, and the Philippines, utilized e-governance technology for services ranging from tax filings to procurement, virtually eliminating face-to-face contact and hence the most obvious rent-seeking opportunities.

Limiting public official discretion, courts in Albania, the Kyrgyz Republic, Moldova and Ukraine received automated case management systems that randomly assigned cases to judges, replacing the Chief Judge's ability to influence the outcome by assigning cases to a particular judge. Further limiting the amount of subjectivity in the decision-making process, Ukraine administered national entrance examinations for university admissions, while Indonesia, the Kyrgyz Republic, Paraguay, Peru and Ukraine introduced job descriptions, hiring criteria, and promotion standards in the civil service.

Lessons Learned

USAID's broad experience with activities designed to avoid the instances where corruption occurs with frequency yielded several lessons.

Top level political engagement with counterparts is needed to implement reforms at the bureaucratic level.

Several TCPs encountered resistance with their working level counterparts despite having the tacit support and approval of high level officials. When considering that the reforms essentially target the corrupt practices of the very officials who are being asked to assist with implementation, this is not surprising. Moreover, the officials typically responsible for conceiving and negotiating the TCPs are almost inevitably not the ones who are eventually called upon to implement the reforms. TCPs tend to be negotiated by high level officials in the executive branch of recipient countries; implementation falls to mid-level officials in line ministries, judicial

administration organs, and where legislative reform is needed, to parliamentarians. Some resentment is to be expected as governmental units are singled out as "corrupt" and subjected to reforms.

Consequently, while a robust anticorruption strategy needs to be supported by high level officials, implementation of that strategy requires political will by the affected entities. Those committing to the reforms must have the ability, and the will, to compel cooperation by those who must implement them. TCPs confronted this in various contexts: the Tax Minister in Albania had to be replaced before the e-tax project progressed; Uganda is anticipating better use of the hotlines with new leadership of the Inspectorate General of Government (IGG); and a personnel change in the Ministry for Regional Development and Construction facilitated better cooperation with the State Agency for Land Resources to reconcile land usage regulations with property ownership rights in Ukraine. Ideally, the prospective counterpart will be involved in the project design stage so that reforms are not being thrust upon them by sister agencies.

Incorporating the concept of tacit approval reduces an official's ability to extort constituents.

One of the most powerful means of extorting bribes is to withhold service. A business left waiting for operating permits loses profits for each day of delay and may be exposed to liability under other statutes. Albania incorporated the principle of tacit approval specifically to thwart this behavior. Regulations were amended to provide a reasonable amount of time to process an application. If the public official deems the application deficient, this decision must be justified in the established timeframes. If the official fails to act, the application is considered granted upon the expiration of the proscribed time frame, effectively eliminating one of the most potent corruption levers.

Activities reducing opportunities for corruption are often self-sustainable.

The activities intended to reduce opportunities for corruption by rendering processes more efficient typically have the concomitant result of saving money and generating revenues. As processes are streamlined, removing unnecessary steps and/or consolidating services in a single location, fewer resources are needed. Improving access to government services through e-government mechanisms raises revenues as increased usage increases the amount of legitimate fees paid and previously siphoned revenue is rescued. One example of this strategy is the implementation of e-procurement in Albania. The option was widely used by the business community, increasing government revenues and resulting in the pronouncement that the Albanian government will expand the use of e-procurement in 2009. Improvements in the business registration process has also led to significantly increased corporate tax collections.¹⁹ Accordingly, these reform measures tend to be popular with the government because they have the potential of being self-sustaining over time. Sustainability of these measures is further ensured by increased public demand. Improved services stimulate increased demand for those services. As users become accustomed to more accessible and more reliable government services, it becomes increasingly difficult for governments to regress.

Procurement and installation of automated systems with IT infrastructure should take place sufficiently early in a program to fully integrate into the counterpart procedures.

Many of the TCP programs provided for substantial technical investment in software, hardware, and sophisticated equipment. Courts were automated with case management systems, law enforcement agencies received state-of-the-art equipment, customs officials joined international transport databases and various government services were made available online. With automation is the inevitable risk that rather than curbing corruption, the program is "putting speed to chaos." Two other risks alluded to previously, relate to ensuring the equipment is used for its intended purpose, and that the technical programs will be sustained beyond the TCP.

¹⁹The specifics of Albania's e-procurement and business registration projects are detailed more thoroughly as one of the Stories of Success in this report.

Introducing technical systems early in a program can help minimize these risks. First, it provides the opportunity to work out the inevitable glitches and tailor the system to the specific needs. Second, it provides more time to train personnel on the intricacies of the system. Most importantly, it promotes sustainability. Over time, users of e-government services will demand that the services be continued and expanded; government officials will gradually become dependent on the automated systems to meet the increased demand.

When technical systems are up and running, it is easier to secure commitment from the government to allocate budget/personnel for maintenance of computers and upgrading of software into the future. The government can see the important reforms made possible with automation, as well as the likely reaction if the improvements were to be retracted.

CULTURE OF CORRUPTION

A more nuanced and subtle approach to the issue of corruption addresses the volitional aspects by instilling values of integrity in the civil service and curbing society's willingness to offer bribes. In many countries corruption is so commonplace that it has become embedded in the culture and sophisticated formal and informal networks have evolved for exchanging favors through use of public office. Acts which would be deemed corrupt by international standards are viewed as a virtual entitlement by some. For example, the selection process for many judicial seats and other public offices often includes the payment of a hefty bribe. Newly appointed officials, who have essentially purchased a position, often view rent-seeking behavior as the logical return on investment. Many officials view bribes merely as supplemental income, compensating for the extraordinarily low official incomes. Rather than pressuring the government to raise salaries and support a professional civil service, at the individual level it is often simpler to extract payment directly from constituents seeking services. This attitude quickly spirals into demanding greater payment based upon a perceived ability to pay, or taking advantage of people in vulnerable situations--such as those in need of medical care, those enmeshed in the criminal system, or in matters relating to people's family members. From the citizen side, people have invested effort and resources to develop intricate networks that allow them to "work the system." The notion of paying a bribe to expedite services or receive benefits they are not otherwise entitled to infiltrates their mentality and is viewed as part of the ordinary course of existing.

By nature efforts to change these attitudes and behaviors are incremental and have a longer-term objective; however they play an important role in consolidating the gains made from more direct interventions by changing a culture's attitude towards and tolerance of corrupt behavior. Beyond punishing previous acts and installing procedural barriers to future acts, TCP programming in seven countries²⁰ invested in changing the embedded culture of corruption through the introduction of ethics codes. Although difficult to quantify concrete changes, it is nonetheless heartening to learn that in Indonesia 83 percent of the 2,251 judges trained on the new Code of Conduct said they had changed their attitudes or behavior since the training. In Paraguay, more than 600 members of the judiciary sought advice from the newly-created ethics board. Six TCP countries²¹ undertook public information campaigns informing citizens of the insidious affects of petty corruption.

Lessons Learned

The TCP experiences provide several lessons learned that are instructive for future anticorruption programming with the objective of affecting public official integrity and cultural willingness to engage in bribes.

²⁰ Indonesia, the Kyrgyz Republic, Malawi, Moldova, the Philippines, Ukraine, and Zambia

²¹ Albania, the Kyrgyz Republic, the Philippines, Tanzania, Uganda, and Ukraine

Anticorruption efforts would benefit from broader civil service reform.

In many TCP countries it is beyond dispute that government officials are sorely underpaid and do not have a stable career path to pursue. While some government offices are luxuriously furnished, others are understaffed and lack the basic materials to function. Technical assistance can not and should not supplement salaries for domestic civil servants; however, so long as the official salary is below subsistence level, the implicit message communicated is that the official will have other sources of income. Until governments compensate these positions reasonably, the temptation for low-level bureaucrats to solicit bribes appears to be officially sanctioned and the challenge of combating corruption is heightened. Accordingly, donors should continually reinforce the importance of host governments undertaking civil service reform together with other anticorruption measures.

Changing the culture of corruption takes the involvement of large groups of public officials and private citizens to make a public and concerted effort to refuse corrupt practices.

One of the most difficult aspects of encouraging a cultural shift is the reluctance of anyone to act individually. A public official who unilaterally breaks rank with his colleagues and disavows corrupt behavior may be at risk of losing his job, or worse. Similarly, individual citizens who refuse to succumb to demands are likely to jeopardize their own interests. To be effective, there must be a critical mass of public officials and citizens, joined in the commitment to eschew corruption so that no individual is penalized for behaving ethically.

TCPs have found a couple of ways of attracting this critical mass of like-minded individuals. Collaborative development of ethics codes by officials at all levels of the organization, followed by large scale training, not only engages large numbers of people but also establishes some level of mutual commitment between officials throughout the entity. For example, in Zambia internal Integrity Committees in eight pilot agencies were tasked with spearheading the development of values and standards for ethical conduct in their respective agency. Through a collaborative process involving all employees of the agency, Core Values were adopted in each pilot agency as the first step in the development of detailed Codes of Ethics that set forth the administrative processes by which the values would be institutionalized and enforced; half of the pilot agencies had adopted a Code of Ethics by the end of the TCP. More broadly, Indonesia, the Kyrgyz Republic, Malawi, Moldova, the Philippines, Ukraine and Zambia have all drafted codes of conduct defining corruption and setting uniform expectations for all government service employees.

In addition to promoting core values within the government, Uganda and Zambia called for similar commitment from the private sector. Four Ugandan associations for business, manufacturers, and procurement professionals responded by introducing Codes of Conduct for their members and recognizing those members who most embodied the standards. Conversely, Ugandan civil society punished deviations from these norms by publicizing the names of people, agencies, and businesses found to have behaved unethically. Similarly, the Zambian Anticorruption Commission is engaging the Zambian business forum in a joint effort to fight corruption. More fundamentally, the Kyrgyz Republic, the Philippines, and Ukraine, as well as Albania and Tanzania, invested in campaigns informing the public of the pervasive effect of petty corruption on their society. The Philippines took this campaign into the public schools, disseminating more than 200,000 copies of the Office of the Ombudsman's Graft and Corruption Prevention Education Teaching Exemplars to 44,000 elementary and high schools nationwide. The module promotes integrity, honesty and public service among youth--gradually reversing the mentality that corruption is irrevocably ingrained in society. Finally, non-governmental organizations in Ukraine ignited the competitive spirit and local pride by staging a competition between regional and local governments, recognizing the "best" governmental website; those not selected have actively sought help to improve their sites.

PUBLIC PERCEPTION

The tendency in countries with serious corruption problems is to categorically conclude that all government officials and processes are corrupted. Public cynicism about the extent of corruption and the potential for

reform can seriously undermine programming. Falsely maligning ethical officials can erode their resolve to resist pressure or temptation to engage in corrupt activity. Conversely, persuading the public that reforms are having effect can contribute significantly to their sustainability by generating momentum and increasing demand for governmental services and integrity. A survey in Peru quantified the cynicism that pervades most TCP countries: although more than 80 percent of the public believe corruption is a significant problem, less than 10 percent are willing to report it in part because they do not believe it will do any good.

TCPs have supported both government and civil society initiatives to build public confidence in the government as reforms take place. Some incorporate public outreach activities by the government counterpart, while others utilized civil society to disseminate the message. In Ukraine, for example, NGOs engaged the citizenry and touted reforms to an estimated audience of 20 million people via roundtables, television and radio, resulting in a four percent decrease in the number of people who believe government reforms are ineffectual. Even more dramatically, the perception of widespread corruption in the Ukrainian judicial system specifically, dropped ten percent during the course of the TCP. Zambia combined approaches as the Anticorruption Commission engaged critical stakeholders in the implementation of its performance reporting system and new communications strategy.

Activities designed to improve the public perception of their government as reforms take place complement all other anticorruption programming. They raise awareness as new laws are passed; encourage citizens to utilize complaint procedures and hotlines established to identify and expose corruption; affirm the fairness of investigations and prosecutions of corrupt behavior; allow constituents to take advantage of improved services that reduce opportunities for corruption; and contribute to a cultural shift away from the presumption of corruption. Given that much of government is premised upon public trust, erroneous perceptions of corruption are virtually as damaging as the incidence of corruption itself since they subvert honest actions. Consequently, when executed well, public information campaigns strengthen government reforms by instilling confidence among those undergoing the reform and stakeholders alike. Moreover, public awareness of improvements makes it difficult to retract the reforms later. By generating increased demand for clean government and improved services, these activities also contribute to the ultimate sustainability of each of these reforms.

Lesson Learned

TCP programs have enjoyed relative success persuading the public that reform is possible and diminishing unfounded assumptions of uniform corruption. However, one cautionary lesson emerged from the TCP experience:

Public information campaigns to improve public perception of government must also manage expectations.

Public information campaigns intended to build public confidence in government must be scrupulously accurate. A public information campaign that reaches conclusions prematurely or exaggerates the scope, impact or pace of reforms will feed existing cynicism and impair the integrity of the program, and of the host government. It may also have a ripple affect as the public begins to doubt the credibility of other reforms. Accordingly, public information campaigns must not only promote the reforms, but also manage expectations. It is essential that the message be consistent and factual and without making projections or promising immediate impact.

While perception surveys capture changes in public attitudes towards their government, it is difficult to quantify the extent to which these activities led to a reduction in corrupt practices. However, the logical nexus between creating false expectations and the failure of prospective reforms is straightforward. Most reforms depend upon public support to one degree or another. Once an already skeptical public loses confidence in proposed reforms, future attempts to reform the same institutions and processes will face even greater challenges.

IV. IMPLEMENTATION STRATEGIES

Many of the lessons learned from the TCP experience transcend thematic objectives and substantive project types. These go to implementation strategies that give anticorruption programming the greatest chance of success. Analyzing the different approaches taken in different contexts with the benefit of hindsight, it is clear that some practices were extraordinarily useful, while others had no effect or even hindered implementation. These lessons learned will be instructive in future program design exercises.

Lessons Learned

Incentives have been a useful means of garnering political will and focusing efforts in a particular activity. Using incentives in this way is built into MCC threshold programming since its very purpose is to help countries become eligible for Compact assistance. Many TCPs found the prospect of an MCC Compact to be a motivating factor: 14 survey respondents cited “Incentive of Compact Eligibility” as a characteristic that contributed to the success of the threshold program. See Appendix C. However, several cautionary lessons, tempering the way in which incentives should be used, emerged from the workshop discussion.

Incentives must be well-defined and reasonably within a country's controllable interest.

Incentives that are illusory can damage the relationship with the host government and result in backsliding from the very reforms they are intended to promote. While the “MCC Effect” of stimulating reforms in order to become eligible for compact assistance has prompted significant activity, MCC is grappling with the problem where the incentive has been effectively revoked or substantially altered. Ukraine provided an unfortunate example of this. Early in the implementation of its threshold program, it became eligible for compact consideration based upon its indicator scores. Shortly thereafter, Ukraine advanced from the lower-income category of countries (LIC) to the lower-middle income category (LMIC). Crossing from LIC to LMIC status puts countries in a more advanced pool of nations against which they are judged, often results in apparent deterioration as the indicator scores are relative to the other countries in the pool.²² As a consequence, not only was the “incentive” substantially different from what had been originally envisioned and discussed, but Ukraine ultimately fell out of contention for the Compact despite having achieved some meaningful reforms through its TCP in an absolute sense.

Indonesia and the Philippines presented a slightly different situation. Both were in the process of their compact design when they moved from LIC to LMIC status. Since the amount of money MCC can allocate for compacts to countries in the LMIC category is statutorily capped at 25 percent of its appropriation, both the size and the number of compacts for LMIC countries is limited. The Philippines, for example, was in the final stages of preparing a compact in the range of \$500 million when it moved into LMIC status where it found itself competing with Jordan for \$250 million in total funding available for LMIC compacts in FY2010.

Finally, using numeric indicators in an incentive structure carries with it the risk of creating a “teach to the test” orientation. Liberia provided an illustrative example in a non-anticorruption context. The policy goal of the Ministry of Education was to improve the quality of education; however, the introduction of the MCC indicator on girls’ education created tension as the Ministry of Planning focussed primarily on keeping girls in school, irrespective of the quality of the education provided.

While these incidents are unique to the MCC situation, it provides a valuable lesson regarding the use of incentives. Whether it be the incentive of a compact or otherwise, care should be exercised to ensure that the terms of the reward are clear, reasonably attainable, and promote sound policy objectives.

²² MCC has since created a 3 year transition period whereby countries graduating to the LMIC status will have their indicators scored against LIC countries, in addition to those in the LMIC pool for the purpose of determining eligibility.

Premature awarding of incentives can undermine commitment to ongoing reforms.

The reverse of an illusory incentive structure, prematurely awarding the incentive, can also be problematic. Several countries have become eligible for compact consideration during the course of implementation of the TCP, as is envisioned and hoped for by design. However, when this occurs early in the course of implementation of a threshold program, it can eviscerate the impetus behind the reform. This is particularly true where a country's improvement on the MCC indicators is more attributable to the relative scores of other countries than to improvement in absolute terms. Moldova, in particular, cited this phenomenon. Moldova qualified for compact eligibility within months of starting implementation of the TCP, dispelling two important assumptions: that Moldova needed to work on its corruption problem and that good performance on the TCP would lead to compact eligibility.

USAID representatives confirmed that its dialogue with the Moldovan government on anticorruption reforms was undermined once it became compact eligible. The government began diverting resources away from the implementation of the threshold plan to commence preparation of a compact proposal. Further the sense of urgency for anticorruption reforms was lessened. USAID has reported the same “distraction” or “weakening of incentive” issues in other countries in similar situations.

Although MCC can not control the outcomes of the indicators, it has reinforced the notion that good performance on a threshold program is a consideration, even after a country becomes compact eligible. Consequently, when using any incentive structure, the timing of the award can be just as important as consistency and attainability of the reward.

Donors must be willing and able to carry out any threats incorporated into a program design as conditions.

All of the TCPs included conditions precedent (CPs) in the contracting document. The standard conditions called for host countries to provide a legal opinion confirming that the assistance agreement and the obligations imposed therein are legally valid and enforceable and to designate an authorized representative to act on behalf of the government. Some incorporated more specific requirements tailored to particular activities. Most USAID officers either praised the CPs as instrumental in securing host government engagement, or reported that they were merely perfunctory. See Appendix C. However, those few instances where they were deemed detrimental--holding up implementation without adding value--are instructive. Ukraine went beyond the standard CPs, requiring that a Board be established, that it approve project action plans, and that a list of statutes that needed to be created or amended in order to achieve the TCP objectives be developed. Not meeting these CPs meant that subsequent funding tranches for specific project components would be withheld, effectively curtailing that component if the CP is not quickly satisfied. Naturally, once an implementer is on the ground and working, curtailment is for all intents and purposes an irreversible event as it is expensive and time-consuming to reassemble a team and resume activity. USAID/Ukraine and MCC, thus, found themselves in the untenable position of either waiving CPs altogether or paying them lip service in order to avoid prematurely ending a program. Failure to enforce the CPs in a meaningful way undermined USAID's, and by extension MCC's credibility by communicating that the CPs were more akin to technical hurdles than substantive requirements.

As programs of limited duration, TCPs also carry with them an implicit threat that is typically not present in other programs: that the activities must be completed within the circumscribed time period. Many countries identified this as a motivating factor, helping domestic governments maintain focus and momentum. See Appendix C. Although with the advent of second TCPs and extensions of existing TCPs beyond the original two year implementation period some flexibility has been incorporated into the MCC program, the essence that TCPs are limited in time continues to serve as a motivating factor in a way that standard USAID programming does not. Although USAID programs have defined implementation periods from the outset, they are often extended or continued, whether through the same implementing partner or under a new project building upon the same types of activities. As countries begin to expect an indefinite implementation period, their focus can dissipate.

Conforming anticorruption programming to domestic priorities and approaches improves the likelihood of enjoying sustained political will.

Sustained political will is essential to the success of any anticorruption program. The TCP experience has shown that technical assistance that coincides with the domestic strategic approach and utilizes existing institutional structures has been more successful. Zambia already had an anticorruption strategy, with the Anticorruption Commission as its implementing agency. The TCP grafted its activities to these established priorities. The Strategy called for a significant shift from investigation and prosecution to a preventative approach, building relationships with other anticorruption-minded groups Transparency International – Zambia and the Zambia Business Forum. Supporting these priorities eased the implementation process and will likely make the interventions more sustainable.

Where the interventions are at odds with or envision the creation of new institutions, sustaining political will has been more problematic. Well-designed activities have been thwarted where political will for the initiative was lacking. In some instances this has required modifications to the original plan. Uganda's TCP, for example, provided for the creation of a dedicated anticorruption court. Upon implementation, however, it became evident that it was the domestic preference to expand the jurisdiction of the existing administrative court to include anticorruption cases. Accommodating the variance in the TCP bolstered implementation, avoiding delays or curtailment of that component.

V. STORIES OF SUCCESS

Threshold programs have given USAID a broad range of experiences in implementing anticorruption programs. Some countries opted for a horizontal approach, addressing a particular aspect of corruption across all sectors. This can be seen in the Paraguay Phase II TCP which aims to improve internal control mechanisms across Paraguayan public institutions and to roll out application of its Integrated Financial Management System. Other countries sought to focus on a single institution, thoroughly redressing various aspects of corruption. Moldova and the Kyrgyz Republic employed this approach in their activities related to the judiciary, including refurbishing entire courts to modern standards and creating an integrated case management system.

As acknowledged previously, deciphering the precise impact of any anticorruption program is fraught with caveats. This is particularly true of programs of limited duration. Moreover, many of the TCP programs are either underway, or just getting started. Still, looking particularly at the six closed TCPs²³ and those in the process of closing out²⁴ a number of successful interventions can be identified.

Ukraine and Albania TCPs incorporated baseline and incremental surveys tailored to the sector reforms in the program, giving the best quantitative measurement of impact. With respect to Ukraine's business regulation reform program, the survey revealed that 75 percent of companies utilizing the new one-stop-shops report experiencing less corruption. Similarly, mid-term surveys reflected a 12 percent drop in people's perceptions of the level of corruption in university admissions after the first administration of standardized entrance exams. Albania's TCP also recorded remarkable changes after its tax administration reform program: the percentage of businesses not paying a bribe in conjunction with their tax filings increased from 58 percent to 81 percent over the term of the threshold program.

With no pretenses of cataloguing every achievement in the TCPs, a couple of the programs merit special attention because of what was achieved and how:

Success and Sustainability in Albania

Prior to the TCP, Albania's processes for business registration and tax collection were defined by corruption and inefficiency. Businesses attempting to comply with the laws were subjected to convoluted procedures and had to bribe officials each step of the way. This expensive and exploitative system discouraged honest businesses and perpetuated illegal schemes. While individual government officials benefited to varying degrees, the Albanian government was deprived of considerable tax revenues.

With assistance from the TCP, Albania's business registration and tax collection reforms are both significant and sustainable. The number of days required to register a business was reduced from 39 to one, and from eleven procedures to one--improving the efficiency of these services while also reducing opportunities for corruption. The National Registration Center (NRC) was created as a one-stop shop for business registration as part of the threshold program. By the end of the program, not only was the NRC established and functioning, but had actually processed 94,762 applications from its headquarters and eleven branch offices. All newly-registered businesses through the NRC are also automatically tax registered. Expansion of Albania's tax base by 25 percent attests to the concomitant reduction in businesses operating in a shadow economy. As a consequence, revenues increased by 17 percent in the first six months of 2008 compared to the same period in 2007, despite a reduction in business tax rates. These vast improvements to the business registration processes substantially contributed to Albania's aggregate ranking on the World Bank's Doing Business Survey 2009 "Ease of Doing Business" scale to jump from 135 to 86.

²³ Albania I, Indonesia, the Philippines, Malawi, Tanzania and Zambia

²⁴ Moldova, Paraguay I, and Ukraine

Engagement of domestic businesses in the regulatory reforms bodes well for their sustainability into the future. Businesses benefit from the predictability and protection of being legally licensed and operating transparently and have therefore lobbied for legislation that promotes regularity and consistency in the business community. From the other side, the Albanian government has demonstrated its continuing commitment to reforms since the end of the TCP by expanding the one-stop-shops to 29 more cities, funding the NRC and promoting its visibility and integration nationwide.

Albania further made inroads into the corrupt culture of government business by introducing an Electronic Procurement System (EPS). Whereas procurements prior to the TCP in Albania were not competitive and prone to manipulation by wealthy vendors, the TCP worked with the Public Procurement Agency (PPA) to develop and implement the EPS. In its first year, e-procurement was utilized in 2.5 percent of all awards, accounting for \$38 million, or 8.5 percent of the total value of procurements. Noteworthy, surveys evidenced that the expected value of a bribe to secure a government contract dropped to less than one percent of the award value, even exceeding the project's target of two percent. With EPS, procurements became more competitive, attracting six bids on average, compared to 2.5 bids for paper procurements. The impact was so immediate that Albania's Prime Minister announced that the government was committed to expanding EPS to all central government procurements in 2009.

With these reforms facilitated by the TCP, Albania has managed to make considerable inroads into its shadow economy in a direct and sustainable manner.

Tanzania Identifying, Investigating and Prosecuting Grand Corruption

A common criticism of anticorruption programs is that they skirt the edges of the main problem by focusing on petty corruption in lieu of attacking grand corruption. Building on TCP activities that help identify and expose corruption, coupled with assistance building the capacity of the Prevention and Combating of Corruption Bureau (PCCB) to investigate and prosecute, Tanzania has been able to crack down on both petty and grand corruption.

Recognizing the rampant abuse of the public procurement processes, the TCP sought to build institutional capacity to audit public procurements. USAID's main counterpart in this endeavor, the Public Procurement Regulatory Agency (PPRA), conducted 40 audits, consistent with OECD standards, of line ministries and other procuring agencies in the course of the TCP. Moreover, for the first time in Tanzanian history, the audit reports prepared by PPRA were made public. Importantly, the Government of Tanzania is following up evidence of wrong-doing revealed by these audits, regardless of the stature of the putative defendant. The 2007 audit of the Tanzania Electric Supply Company (TANESCO), the national energy authority, revealed improper influence of higher authorities in the procurement of a major energy contract. Based upon the audit findings, the Tanzanian Parliament initiated an official probe. The ensuing report detailing the improper involvement of Prime Minister Lowassa as he pressured TANESCO to circumvent the public procurement process, was read aloud to Parliament and broadcast live on national television. The Prime Minister, plus the former and incumbent Ministers of Energy and Minerals, resigned shortly thereafter. In a wholly separate matter, the Permanent Secretary of the Ministry of Finance is facing criminal charges for his role directing a government contract to a company in which he had financial interests.

Complementing the work with the PPRA, the Tanzanian TCP also built the monitoring capacity of the nongovernmental sector. Public expenditure tracking committees were established in 77 districts. In addition to exposing various incidents of waste and inefficiency, they uncovered corruption in the health, education and natural resources sectors which resulted in corrective administrative action. From the media side, more than 300 journalists received training on investigative reporting. A series of articles exposing the exorbitant cost of the new Bank of Tanzania buildings in Dar es Salaam led to the arrest of two high level Bank of Tanzania officials in January 2009 for having occasioned loss of more than \$171 million to the Government.

These cases highlight the synergy between the various components of the Tanzania TCP, starting with identification activities by the government as well as civil society and media that led to investigation and

prosecution of corrupt officials. During the course of the TCP, the PCCB prosecuted 354 corruption cases, of which five were cases of grand corruption involving senior government officials. In addition to the deterrent effect these prosecutions will have, public perception will begin to change as the TCP reforms are having tangible effect.

Ukraine Employs Standardized External Testing to Reduce Opportunities for Corruption in the Higher Education Institutions

Prior to 2009, admission to institutions of higher education in Ukraine was purely subjective. University rectors had the discretion to admit students based upon grades, application, or other undefined factors. The integrity of the admissions decisions could not be monitored since there were no standards against which to judge. It was widely known, and accepted that even deserving students were having to pay bribes in order to gain admission to a university while others gained admission based upon familial contacts within the institution.

Ukraine elected to devote part of its TCP to correcting this by instituting objective admissions criteria. Standardized tests were developed on each of the core subjects and administered simultaneously across the country. Testing sessions were monitored by civil society to ensure they were transparent and fair. Although legislation setting admissions standards based upon these tests has yet to be passed, standardized test scores were used as a basis for admissions in 2009, largely due to public demand. A national broad-based poll on external testing performed nationwide revealed:

1. 41 percent of survey participants consider external testing implementation and higher education admission issues to be very important for their families; and
2. 41.9 percent of survey participants positively assessed the new system of higher education institutions admissions;

Participants noted the following major advantages to external testing as a basis for admissions:

1. equal opportunity for all applicants (27.1 percent),
2. a chance to be admitted to higher education institutions for students from low income families (19.2 percent),
3. testing's impersonal nature (17.3 percent),
4. corruption prevention (15.5 percent), and
5. transparency (10.5 percent).

Most significantly, polling showed a 12 percent reduction in the number of students stating that university admissions are corrupt the year standardized university admissions tests were first administered.

VI. CONCLUSION

USAID has been a leader in anticorruption programming for years. Anticorruption programming has ranged from elections assistance to fiscal and customs programs, civil society strengthening, health, education, privatization and local government and public administration reform.²⁵ In some ways the TCPs were an extension of previous work USAID had done in the field; in other instances new activities and approaches were tried. Under TCPs, \$227.5 million has been invested in anticorruption programming in 14 countries over 4 years. Despite the difficulty in assessing impact, particularly during or immediately after the assistance has been provided, the TCPs have returned some impressive results. Yet, without diminishing those achievements, corruption remains a major impediment to development across sectors and across countries. Corruption persists in some TCP countries, and remains a formidable issue in many other countries. Accordingly, as USAID contemplates future programming in this critical area, the lessons from its experience with the TCPs will be invaluable.

Anticorruption is a quintessentially cross-cutting theme as USAID's experience implementing anticorruption programming in TCPs demonstrates. Regardless of the substantive thrust of a project, anticorruption activities will likely be warranted. As recognized in USAID's Anticorruption Strategy, corruption is a major barrier to development and fighting it is therefore fundamental to advancing U.S. foreign policy interests. Examining the TCP activities based upon their thematic objective highlights lessons learned that apply broadly and will help incorporate anticorruption elements into a variety of future program designs, using a multi-faceted and holistic approach.

²⁵ USAID Anticorruption Strategy (Washington, DC: 2005), pg. 33.

APPENDIX A – WORLD BANK INSTITUTE CONTROL OF CORRUPTION INDICATORS

An index of surveys/expert assessments that rates countries on the frequency of “additional payments to get things done;” the effects of corruption on the business environment; “grand corruption” in the political arena; and the tendency of elites to engage in “state capture.”

Countries are evaluated on the following factors:

- The prevalence of grand corruption and petty corruption at all levels of government;
- The effect of corruption on the “attractiveness” of a country as a place to do business;
- The frequency of “irregular payments” associated with import and export permits, public contracts, public utilities, tax assessments, and judicial decisions;
- The frequency of “extra payments” to influence the content of new legislation;
- Nepotism, cronyism and patronage in the civil service;
- The estimated cost of bribery as a share of a company’s gross revenues;
- The perceived involvement of elected officials, border officials, tax officials, judges, and magistrates in corruption;
- How well citizens think the current government is fighting corruption;
- Public trust in the financial honesty of politicians;
- The extent to which legal contributions to political parties are misused by politicians;
- The extent to which the influence of powerful firms with political ties imposes costs on other firms;
- The extent to which processes are put in place for accountability and transparency in decision-making and disclosure of information at the local level;
- The existence of an independent anticorruption agency that receives regular funding, has a professional, full-time staff, regularly issues public reports, responds to citizen complaints in a timely manner, independently initiates investigations, possesses sufficient powers to carry out its mandate, and is protected from political interference;
- The extent to which government authorities monitor the prevalence of corruption and implement sanctions transparently;
- The extent to which conflict of interest and ethics rules for public servants are observed and enforced;
- The extent to which the income and asset declarations of public officials are open to public and media scrutiny and verification;
- The extent to which senior government officials are immune from prosecution under the law for malfeasance;

- The extent to which the government provides victims of corruption with adequate mechanisms to pursue their rights;
- The extent to which the tax administrator implements effective internal audit systems to ensure the accountability of tax collection;
- The extent to which the executive budget-making process is comprehensive and transparent and subject to meaningful legislative review and scrutiny;
- The extent to which the government ensures transparency, open-bidding, and effective competition in the awarding of government contracts;
- The extent to which whistleblowers, anticorruption activists, and investigators have a legal environment that protects them;
- The extent to which allegations of corruption at the national and local level are thoroughly investigated and prosecuted without prejudice;
- The extent to which government is free from excessive bureaucratic regulations, registration requirements, and/or other controls that increase opportunities for corruption;
- The extent to which citizens have a legal right to information about government operations and can obtain government documents at a nominal cost.²⁶

²⁶ *Millenium Challenge Corporation Guide to the MCC Indicators and the Selection Process* (Washington, DC: 2009), pp. 18-20, citing World Bank Institute (WBI), <<http://www.govindicators.org>>.

APPENDIX B – MCC THRESHOLD PROGRAMS TO CONTROL CORRUPTION: PRIMARY PROGRAM ELEMENTS

Objective	Country	Activities
Strengthen the Legislature/Enact new Laws	Malawi	<ul style="list-style-type: none"> -- Pass anti-money laundering/Financial Intelligence Unit (FIU), terrorist finance, declaration of assets, laws -- Empower congressional committee system to provide oversight and budget analysis
	Paraguay	<ul style="list-style-type: none"> -- Improve Congressional system of analysis/oversight of budgetary executions by public entities -- Establish mechanism to promote coordination on public budget between Congress, Executive, civil society
	Ukraine	<ul style="list-style-type: none"> -- Enact Conflict of Interest Legislation for government officials -- Enact laws on inter alia Notaries, Budget Code, Internal Investigation Units in Ministries, NGOs, Access to Information, Joint-Stock Companies, Natural Monopolies, SME taxation, land market/property transactions/permits
Strengthen the Judicial System/Police	Malawi	<ul style="list-style-type: none"> -- Strengthen prosecutorial abilities in Dept. of Public Prosecutions, Anticorruption Bureau and Police -- Upgrade legal skills capacity of judges, police prosecutors and other government officials
	Paraguay	<ul style="list-style-type: none"> -- Increase investigative capacity of Public Ministry (GOP DOJ) through modernizing resources, safeguarding handling/storage of evidence -- Strengthen Supreme Courts Superintendence Council by creating system of internal controls and disciplinary measures
	Ukraine	<ul style="list-style-type: none"> -- Implement registry of court decisions and case assignments -- Implement effective, transparent process of judicial appointment and disciplinary procedures for judges -- Improve system of enforcing judicial decisions by adopting monitoring system -- Support establishment of administrative courts in regions with functioning electronic network -- Create independent Association of Notaries, oversight mechanism and qualification test
	Moldova	<ul style="list-style-type: none"> -- Develop/implement automated case management system -- Develop enforceable codes of conduct, including conflict of interest provisions and disciplinary provision for judges, attorneys and other court personnel -- Make available to public all court records
	Uganda	<ul style="list-style-type: none"> -- Increase rate of successful prosecutions by: -- Supporting establishment of anticorruption Court -- Training investigators and prosecutors and provide equipment and logistical support

Objective	Country	Activities
		<ul style="list-style-type: none"> -- Decentralizing anti-C Court and providing legal aid for complainants Help anticorruption agencies and courts to streamline handling of cases
	Indonesia	<ul style="list-style-type: none"> -- Train judges on newly adopted Judicial Code of Conduct -- Train senior-level court personnel on wealth reporting/monitoring -- Develop job descriptions/performance standards for court personnel -- Publicize all Supreme Court decisions/enhance website -- Implement public complaints procedures -- Increase public's access to information
	Tanzania	<ul style="list-style-type: none"> -- Train public prosecutors on comprehensive prosecutorial skills, legal opinion writing, and information technology skills. -- Train district and resident magistrates from the Court of Appeal of Tanzania on the current anticorruption law
	Peru	<ul style="list-style-type: none"> -- Strengthen the judicial internal affairs office by revising and standardizing intake, investigation, and disciplinary procedures -- Provide new information technology to support to enforcement efforts -- Reduce the number of bribes paid to police and public servants by clarifying punishment and regulations, streamlining the intake of complaints, and by strengthening internal control units and conducting audits of affairs
	Kyrgyz Republic	<ul style="list-style-type: none"> -- Improve the judicial personnel system -- Improve the legal framework for handling commercial cases -- Increase public access to and management of judicial information -- Promote court automation and computerization -- Move the Court Department under the control of the new Judicial Council -- Restructure and reform the Organs of Internal Affairs (OVD), including the restructuring of vetting and hiring practices -- Create an internal affairs service to investigate police misconduct -- Establish a Civilian Review Board to oversee police conduct -- Provide training and equipment to law enforcement officials -- Develop effective witness protection program -- Provide training for the prosecution and judges
Provide Support to Lead Anticorruption Agencies/Implement National Corruption Plan	Malawi	<ul style="list-style-type: none"> -- Strengthen National Audit Office through training, recruiting and equipping -- Build M&E capacity of Ministry of Economic Planning -- Strengthen Police ability to address corruption related crimes/ install MIS/provide ethics training -- Provide technical assistance to Malawi Revenue Authority
	Indonesia	<ul style="list-style-type: none"> -- Provide equipment/training to improve the Corruption Eradication Commissions' technical capabilities to investigate/prosecute -- Expand Data Collection for TI's Corruption Perception Index
	Moldova	Strengthen Center for Combating Economic Crimes and Corruption (CCECC) by:

Objective	Country	Activities
		<ul style="list-style-type: none"> --Creating a single dept. for investigations and an independent civil board to monitor activity and advice Director --Build capacities of whistle blower protection unit and improve law -- Introduce system for reporting acts of corruption in civil service -- Make CCECC budget info available to public and strengthen their public education program
	Paraguay	<ul style="list-style-type: none"> -- Adopt transparent internal and external control system in Controller General's Office -- Strengthen public reporting of GOP financial performance -- Integrate databases of registries of Motor Vehicles , Judiciary Records and Dept. of Identification of Persons
	Philippines	<p>Strengthen Office of the Ombudsman through training and TA</p> <ul style="list-style-type: none"> -- legal research, case buildup, investigative and prosecutorial skills; -- establish mediation system to clear backlog of cases; -- establish virtual integrity institute for government officials, -- train, and integrate corruption prevention in curriculum of public schools; <p>Strengthen Department of Finance Revenue Integrity Protection Service (RIPS)</p> <ul style="list-style-type: none"> -- train lawyers in investigative techniques, legal writing and case preparation -- provide surveillance equipment and IT <p>Help implement the Government's National Anticorruption Plan of Action (NACPA)</p>
	Uganda	<ul style="list-style-type: none"> --Provide technological, equipment and logistical support to Inter-Agency Forum (IAF) (where five anticorruption agencies and civil society groups exchange info) --Build technical capacity of five anticorruption agencies and provide essential equipment -- Support the Directorate of Ethics and Integrity's and IAF's public information campaign the dissemination of critical information.
	Ukraine	<p>Create Internal Investigation Units (IIUs) to promote transparency and accountability in Ministries of Economy, Judiciary, Health, Agriculture, Education, Transportation and Finance</p>
	Tanzania	<ul style="list-style-type: none"> --Build the capacity of the Prevention of Corruption Bureau including: <ul style="list-style-type: none"> -- Training PCB investigators on comprehensive investigation and policing skills; and procurement fraud and corruption -- Training Prevention of Corruption Bureau prosecutors on prosecutorial and courtroom advocacy skills --Providing vehicles to PCB for investigators to use in field investigations
	Peru	<ul style="list-style-type: none"> -- Strengthen the anticorruption unit in the Ombudsman's Office, utilizing technical assistance, information technology equipment, surveys and internal campaigns to promote ethics and transparency
	Niger	<ul style="list-style-type: none"> -- Create a national anticorruption information system and publish a website with statistics related to fighting corruption -- Prepare national study examining root causes of corruption;

Objective	Country	Activities
		propose amendments to legislation and regulations based on survey results -- Train 500 civil servants in investigation and audits techniques
	Zambia	-- Build capacity of the Anticorruption Commission -- Establish internal watchdog units (Integrity Committees) in Ministry of Lands, Immigration Dept/Ministry of Home Affairs, Anticorruption Commission and Zambia Revenue Authority -- Implement tailored regulatory reforms at same institutions to simplify processes and reduce opportunities for corruption -- Create public monitoring and reporting mechanisms to expose corruption
Strengthen Independent Media	Malawi	-- Train journalists to report/analyze corruption -- Create Media Council to improve press freedom, ethical standards, accredit journalists -- Freedom of Information Act passed and amendments to the Communications Act
	Moldova	-- Create public-private working group to issue recommendation to increase the role of mass media in monitoring anti-C reforms
	Tanzania	-- Train journalists in investigative reporting skills
	Niger	-- Train 100 journalists to collaborate with civil society organizations to investigate and combat corruption
	Ukraine	-- Through training, TA and grants improve press coverage of corruption issues
Expand/Enhance the work of civil society organizations to monitor and advocate	Malawi	-- Provide small grants to Malawian civil society organization to disseminate anticorruption messages
	Moldova	Provide grants/training/TA to anti-C NGOs to monitor government activity and reform efforts
	Philippines	-- Support civil society participation in the Multi-Sectoral Anticorruption Council (MSACC); -- Build capacities of anticorruption NGOs and coordinate their efforts; -- Conduct regular public fora to report progress on government anticorruption; -- Provide civil society column in Threshold Program website
	Tanzania	--Train and mobilize civil society monitors at national and local levels To track local government expenditures
	Zambia	-- Partner with Transparency International to monitor process reengineering and disseminate information and to be recipient of complaints relation to corruption
	Kyrgyz Republic	-- Develop, in conjunction with the mass media, a public awareness campaign on the detection, investigation, and prosecution of corruption
	Uganda	--Provide technological, equipment and logistical support to Inter-Agency Forum (IAF) (where five anti-C agencies and civil society groups exchange info) -- Build human, technological, and programmatic capacity of civil

Objective	Country	Activities
		<p>society organizations so that they can more effectively engage public in debate on good governance and reducing corruption</p> <ul style="list-style-type: none"> -- Support the Directorate of Ethics and Integrity's and IAF's public information campaign the dissemination of critical information -- provide legal aid for public
	Peru	<ul style="list-style-type: none"> -- Strengthen the capacity of civil society organizations to assess and monitor transparency in government -- Conduct a communication campaign to foster citizen participation in anticorruption efforts
	Niger	<ul style="list-style-type: none"> -- Foster collaboration between civil society organizations and independent journalists to investigate and combat corruption
	Ukraine	<ul style="list-style-type: none"> -- Provide grants to NGOs (1) to do surveys to develop and disseminate data on anti-C efforts to increase public awareness; and (2) to monitor government and advocate for reform.
Public Procurement Reform	Albania	<ul style="list-style-type: none"> --Enhance institutional mechanisms to detect/punish corrupt practices -- Establish e-procurement system -- Bring existing procurement system into fuller compliance with 1995 law by adopting new regulations -- Provide professional training for procurement officers to strengthen oversight capabilities at Public Procurement Agency and other GOA procurement entities
	Kenya	<ul style="list-style-type: none"> --Strengthen capacity of the newly created Public Procurement Oversight Authority through technology and training --Develop and role-out e-procurement in five key Ministries (Education, Roads and Public Works, Energy and Health) and the Office of the President --Develop and implement new procurement regulations and guidelines --Institute proper records management protocols for public entities
	Indonesia	<ul style="list-style-type: none"> --Establish 5 regional procurement centers linked electronically -- Support baseline data collection from these centers to set performance targets for the reduction of single source procurements
	Malawi	<ul style="list-style-type: none"> -- Build professionalism and skills, as well as capacity to train government Internal Procurement Committees at Dept. of Public Procurement
	Tanzania	<ul style="list-style-type: none"> --Conduct procurement, contract and performance audits of government ministries and department and local government authorities to ensure compliance with law --Strengthen oversight and regulatory capacity of Public Procurement Regulatory Authority through training and expansion of Information Management systems
	Niger	<ul style="list-style-type: none"> -- Support the Public Procurement Regulatory Agency by training public procurement officials and establishing a website and procurement bulletin to inform public
	Uganda	<ul style="list-style-type: none"> -- Build capacity with the Public Procurement Authority (PPDA) by improving financial management systems, increasing audits, investigating findings, developing a national certification system and establishing procurement providers' registry

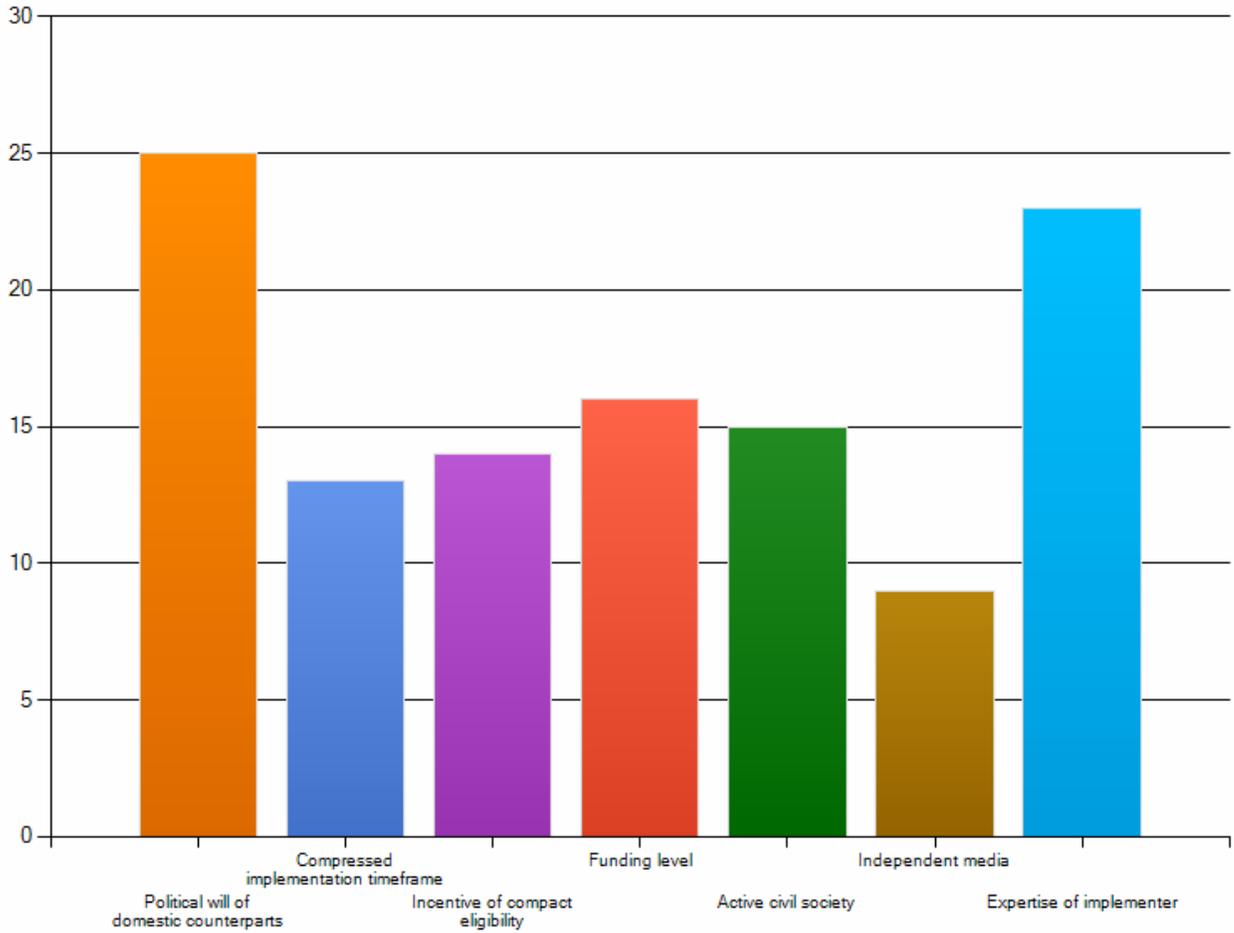
Objective	Country	Activities
		-- Increase human and logistical capacity at the Office of the Auditor General by training and provision of equipment and technology
Tax Administration/ Budget Execution/ Customs/Financial Management Reform	Albania	--Limit tax officials' personal interaction with taxpayers and discretion in tax assessment/collection --Broaden tax base --Improve tax collection by upgrading IT --Upgrade expertise of tax collectors, internal auditors and judiciary through training --Create more effective legal environment for taxation
	Malawi	-- Procure and deploy Integrated Finance Management Information System -- Build fiscal management capacity by strengthening Ministries of Finance, Economic Planning and the Malawi Revenue Authority
	Moldova	--Create single information center to provide tax forms and advice --Create fraud prevention division in the fiscal service --Improve recruitment and ethics code implementation systems in Customs and improve ability of internal security Section to initiate investigations --Introduce Computerized Transit System and create independent team to monitor and report on corruption at crossings --Launch an integrated information system at the Interior Ministry's guard units
	Paraguay	Increase Efficiency/Transparency of Government Tax Authority to reduce informal business transactions and increase tax compliance Strengthen the MOF's internal investigation capacity to investigate tax and custom's fraud
	Philippines	Support Run-After-Tax-Evaders (RATE) program of the Bureau of Internal Revenue -- Institutionalize RATE program with own staffing and budget; -- Train staff in tax fraud, criminal investigation and develop financial prosecution skills; -- Computerize all remaining 75 non-computerized regional district offices to improve tax administration, --Develop an automated Human Resource Information System (HRIS) Strengthen Run-After-The-Smugglers (RATS) program of the Bureau of Customs -- institutionalize RATS program to strengthen investigative and prosecutorial skills of staff, develop and implement IT; -- Develop evidence security and acquire surveillance equipment; -- Harmonize all customs laws and regulations for effective enforcement, and -- Establish internal control office and integrity program to curb corruption within its own ranks.
	Ukraine	Establish two temporary Centers for Policy Excellence in the Ministry of Transportation and State Customs Services to development proposal for the systemic reform and reduction in regulations of trans-border transportation and export/import operations, including

Objective	Country	Activities
		an integrated data base.
	Zambia	-- Streamline and simplify VAT registration -- Improve and coordinate customs administration to reduce import and export times at border
Business Registration/Business Friendly regulations	Albania	--Establish a single office (the National Business Center) for electronic filling of all documents to register a business --Create unified registration form and simplified procedures --Decrease time frame for business registration
	Paraguay	--Design and Implement one stop shops and call centers to facilitate legal registration of businesses
	Ukraine	-- Reform permit system in the construction sector through introduction of one-stop shops and streamline land regulations
	Niger	-- Streamline procedures for business creation and land access and titling -- Computerize the processes for starting businesses, in addition to exploring alternative incomes for institutions dependent on business start-up fees -- Publish how-to guide on business creation
	Zambia	--Establish the Zambian Development Agency as a one-stop shop for investors and businesses --Simplify framework of economic regulations --Set up Patents and Companies Registration offices in provincial Capitals
Establish Financial Intelligence Unit (FIU)/Other Anti-Money Laundering Activities	Indonesia	--Increase the capacity of the Financial Transaction Reports and Analysis Center (FTRAC) to analyze online financial reports --Enhance “know your customer” education and public awareness --Establish on-line communications system between FTRAC and law enforcement agencies
	Malawi	-- Establish FIU
	Tanzania	--Establish an FIU to receive/analyze information from financial institution and disclose suspicious info to appropriate authorities -- Strengthen ability of FIU to track cases investigated and to compile and disclose statistics of frozen/confiscated funds/assets
	Kyrgyz Republic	-- Improve capacity of vetted unit to investigate money laundering and other financial crimes -- Improve the system of financial disclosure, including the declaration of assets by civil servants and monitoring expenses
Higher Education Reform	Ukraine	--Strengthen Ukrainian Center of Evaluation of Education to implement the external testing system --Develop a functioning security system for test results, ensure that 100% of students are tested and test centers are operational.
Health Care Procurement	Kenya	-- Strengthen Kenya Medical Supplies Agency’s (KEMSA) procurement capacity and accountability -- Improve supply chain Management of public health resources Establish capacity at Ministry of Health to monitor and assess

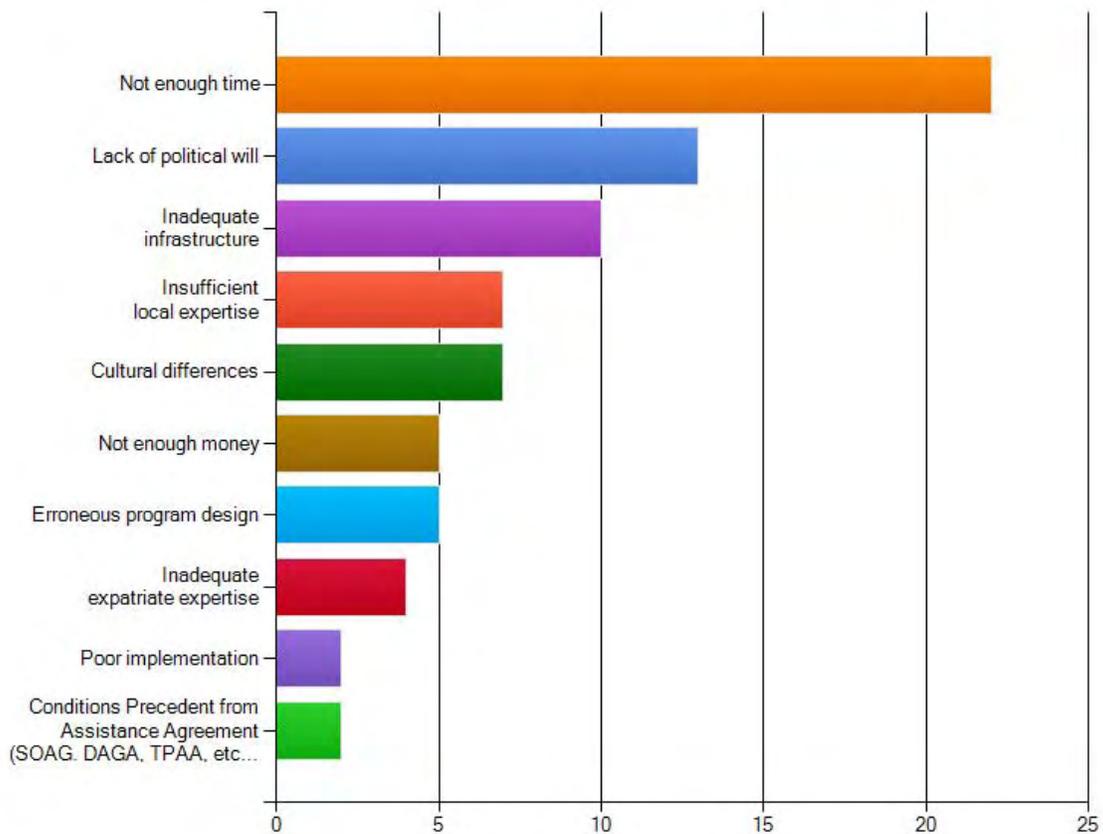
Objective	Country	Activities
		KEMSA's procurement function --Strengthen supervision of medical supplies delivered to rural facilities

APPENDIX C – SELECTED SURVEY RESPONSES

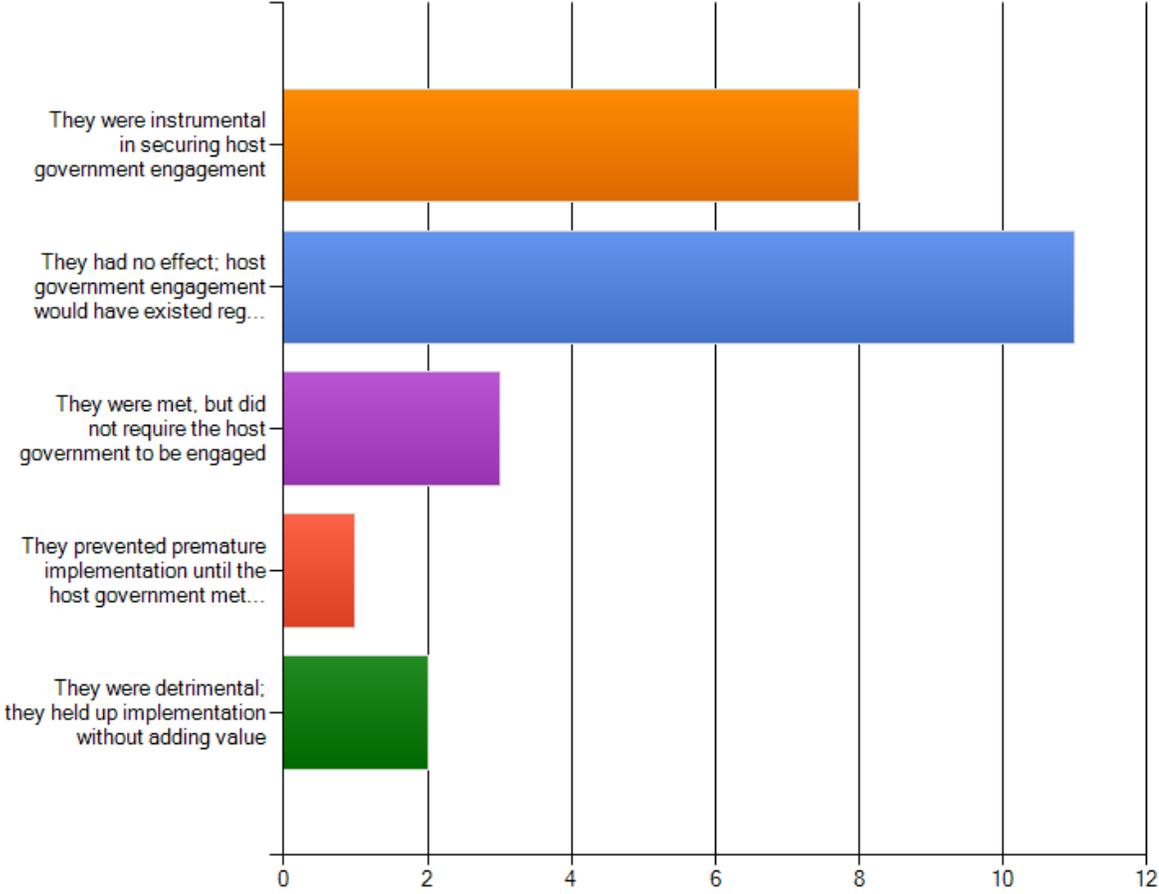
WHAT CHARACTERISTICS CONTRIBUTED TO THE SUCCESS OF THIS ACTIVITY?



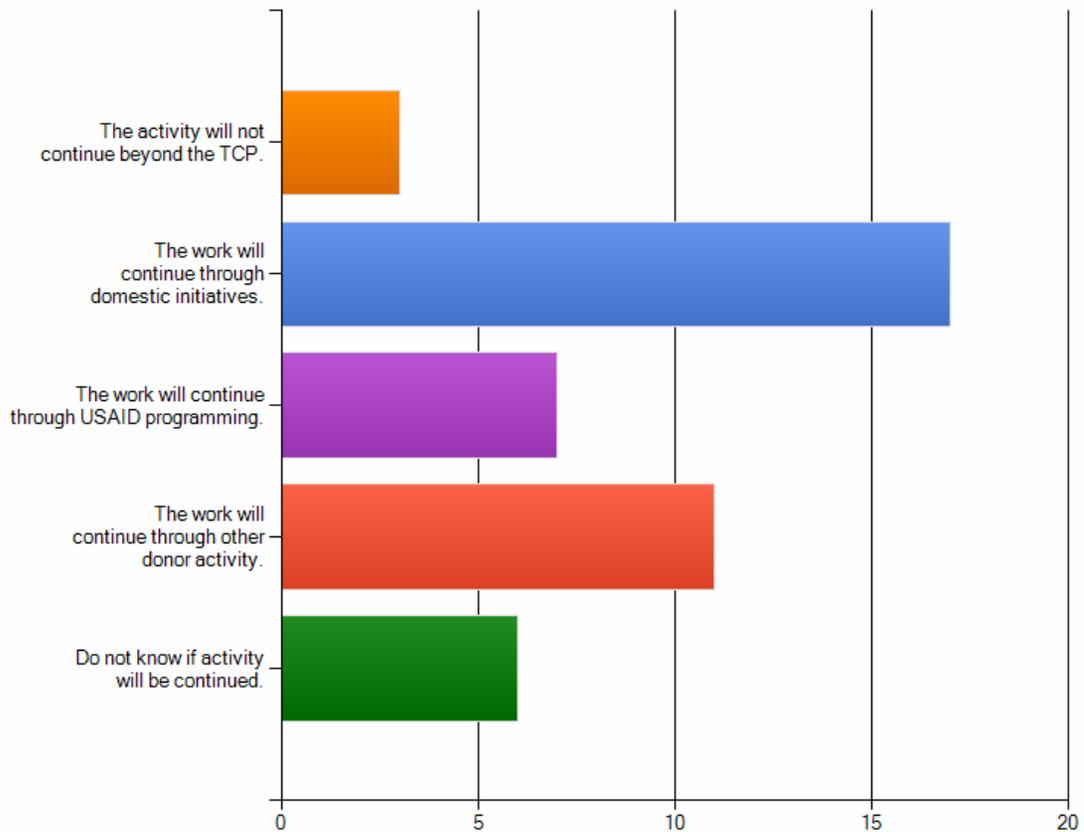
WHAT IMPEDIMENTS TO SUCCESS EXISTED?



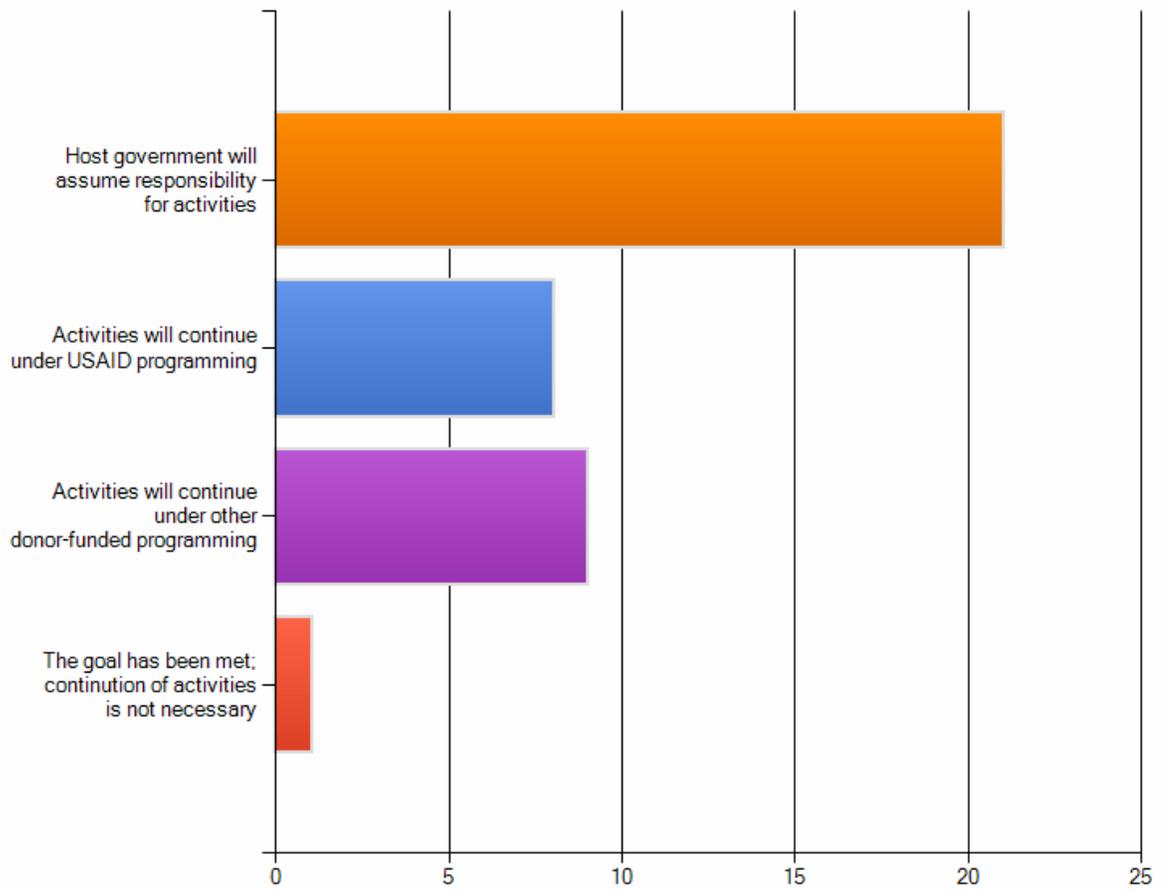
HOW DID THE CONDITIONS PRECEDENT IMPACT IMPLEMENTATION, IF AT ALL?



WILL WORK IN THIS ACTIVITY CONTINUE BEYOND THE TCP?



WHY WILL THE SUCCESS BE SUSTAINABLE?



APPENDIX D -- WORKSHOP AGENDA

USAID/ MCC THRESHOLD PROGRAM WORKSHOP Washington, DC October 13-15, 2009

WORKSHOP OBJECTIVE

Develop and document lessons learned from TCP anticorruption programs in the field for application to future programs

DAY ONE: Tuesday, October 13, 2009

8:00-8:30 Continental Breakfast

8:30-9:00 Welcome

Moderator: Karen Kaplan, The QED Group, LLC

Speakers: Karen D. Turner, Office Director, Office of Development Partners, USAID
Mervyn Ellis, Division Chief, Millennium Challenge Coordination Division, Office of Development Partners, USAID

9:00 -9:45 Overview of Agenda/Participant Introductions

Moderator: Karen Kaplan, The QED Group, LLC

9:45-10:00 Workshop Overview

Speaker: Tony Doggett, Threshold Team Leader, Millennium Challenge Coordination Division, Office of Development Partners, USAID

10:00-10:30 Methodological Approach and Survey Results

Speaker: Ellie Seats, Management Systems International

10:30-10:45 Break

10:45-12:10 Session 1: Strengthening the Statutory Framework for Anticorruption

Moderator: Karen Kaplan, The QED Group, LLC

Panelists: Ellie Seats, Management Systems International
Paul Kaiser, USAID/Malawi
Bruce Kay, USAID/Albania
Laura Pavlovic, USAID/Ukraine

12:10-1:10 Lunch

1:10-1:15 Country Trivia

1:15-2:20 Session 2: MCC Threshold Program Review, Indicators & Selection Process

Introduction: Mervyn Ellis, Division Chief, Millennium Challenge Coordination Division, Office of Development Partners, USAID

Speaker: **Tom Kelly**, Acting Managing Director for the Threshold Program at the Millennium Challenge Corporation

2:20-2:40 Break + Country Trivia

2:40-4:50 Session 3: Building Capacity to Identify/Expose Corruption

Moderator: **Karen Kaplan**, The QED Group, LLC

Introduction: Ellie Seats, Management Systems International

Breakouts: (1) Government initiatives/institutional capacity building (including internal audits and asset declaration regimes)

Breakout leader: Kate Somvongsiri, USAID/Indonesia

(2) Government/Public cooperation (including citizen complaint mechanisms, stakeholder engagement)

Breakout leader: **Lyvia Kakonge**, USAID/Uganda

(3) Civil society/media initiatives (including NGO monitoring and /investigative reporting)

Breakout leader: **Miriam Choy**, USAID/Peru

4:50-5:00 Close Day 1 & Multimedia Clips of Threshold Programs

5:00-7:00 2nd Annual Threshold Program Workshop Reception

Location: J.W. Marriott, Garden Terrace Room, 1331 Pennsylvania Avenue, NW, Washington, DC 20004

Introduction: **Mervyn Ellis**, Division Chief, Millennium Challenge Coordination Division, Office of Development Partners, USAID

Keynote: **Sherri Kraham**, Acting Vice President for the Department of Policy and International Relations, Millennium Challenge Corporation

USAID/ODP/MCC THRESHOLD PROGRAM WORKSHOP

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DAY TWO: Wednesday, October 14, 2009

8:00-8:30 Continental Breakfast

8:30-8:45 Recap Day 1

8:45-10:45 Session 4: Building Capacity to Investigate and Prosecute Corruption

Moderator: Karen Kaplan, The QED Group, LLC

Panelists: Alfonso Velasquez, USAID/Paraguay
Bruce Odell, USAID/Moldova
Lyvia Kakonge, USAID/Uganda
Nancy Langston, U.S. Department of Justice/OPDAT

10:45-11:00 Break

11:00-12:00 Session 5 – MCC Monitoring & Evaluation

Speaker: Tom Kelly, Acting Managing Director for the Threshold Program at the Millennium Challenge Corporation

12:00-1:00 Lunch

1:00-3:00 Session 6: Reducing Opportunities for Corruption

Introduction: Ellie Seats, Management Systems International

Breakouts: (1) Replacing subjective standards with objective ones (including objective hiring/discipline standards, SOPs, published fee schedules)
Breakout leader: Laura Pavlovic, USAID/Ukraine
(2) Reduce public official interaction with citizens (including e-procurement, automated case assignments, e-registration)
Breakout leader: Bruce Kay, USAID/Albania

3:00-3:15 Break

3:20-4:55 Session 7: Strengthening Integrity Among Public Officials and Reducing Citizen Willingness to Engage in Corruption

Moderator: Karen Kaplan, The QED Group, LLC

Panelists: Sidney Watae, USAID/Zambia
Carlos Gavino, USAID/Philippines

4:55-5:00 Close Day 2

USAID/ODP/MCC THRESHOLD PROGRAM WORKSHOP

Washington, DC

October 13-15, 2009

DAY THREE: Wednesday, October 15, 2009

8:00-8:30 Continental Breakfast

8:30-8:45 Day 2 Recap

8:45-10:30 Session 8: Improving Public Awareness of and Support for Public Anticorruption Efforts

Moderator: Karen Kaplan, The QED Group, LLC

Panelists: Miriam Choy, USAID/Peru
Bruce Odell, USAID/Moldova
Aboubacar Kossomi, USAID/Niger

10:30-10:45 Break

10:45-10:50 Country Trivia

10:50-12:00 Session 9: Speaker on “Foreign Assistance Reform”

Introduction: Carol Grigsby, Deputy Director, Office of Development Partners

Speaker: Dennis Shin, Catholic Relief Services

12:00-1:00 Lunch

1:00-2:30 Session 10: Partner Perspectives on Sustainable Anticorruption

Moderator: Karen Kaplan, The QED Group, LLC

Panelists: Nils Mueller, USAID/DCHA/DG
Alicia Mandaville-Phillips, Millennium Challenge Corporation
Catherine Newcombe, U.S. Department of Justice/OPDAT
Greg Ducot, U.S. Department of Justice/ICITAP
Laura Trimble, U.S. Department of Treasury/OTA
Maria Longi, U.S. Department of State
Avery Ouellette, Alliance Advisor, USAID/GDA
Matt Harsha-Strong, Millennium Challenge Corporation

2:30-2:45 Break

2:45-2:50 Country Trivia

2:50-4:00 Session 11: Synthesis and Conclusions

Moderator: Karen Kaplan, The QED Group, LLC

Speaker: Carol Grigsby, Deputy Director, Office of Development Partners, USAID

4:00-4:15 Concluding Remarks/Evaluation

Speaker: Mervyn Ellis, Division Chief, Millennium Challenge Coordination Division, Office of Development Partners, USAID