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A presentation for participants of the

**Institute of Brazilian Issues
Anti-Corruption Program**

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United States Agency for International Development

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Anti-Corruption Programs

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About the United States Agency for International Development (USAID)

- An independent agency of the U.S. Federal Government
- Works in close coordination with the State Department and U.S. Embassies
- Provides foreign assistance to developing countries
- The types of assistance include:
 - technical assistance and capacity building
 - food aid and disaster relief
 - infrastructure construction
 - small-enterprise assistance
 - credit guarantees



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Democracy and Governance

- Strengthening the Rule of Law and Respect for Human Rights
- Promoting Competitive and Democratic Elections & Political Processes
- Increased Development of a Politically Active Civil Society
- Better, More Transparent and Accountable Governance
 - Anticorruption Programs



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Why do we care about corruption?

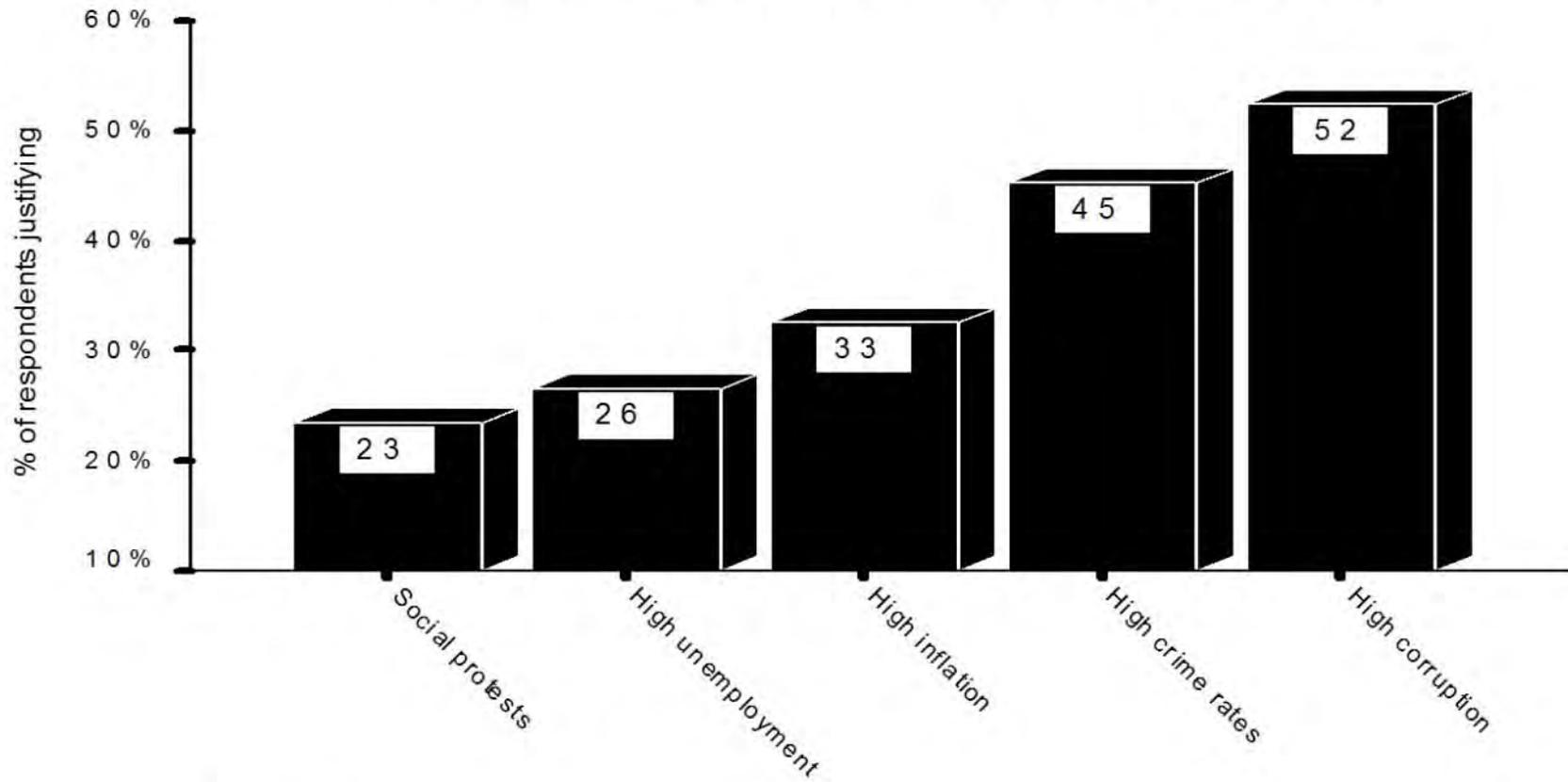
- Invalidates the legitimacy of government
- Undermines government performance & public services
- Misdirects development assistance & disaster response
- Undermines economic growth & exacerbates poverty
- Can trigger and often perpetuates conflict
- Links to organized crime, terrorism, and TIP



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Corruption Undermines the Legitimacy of Democracy

Corruption as the main reason for a coup

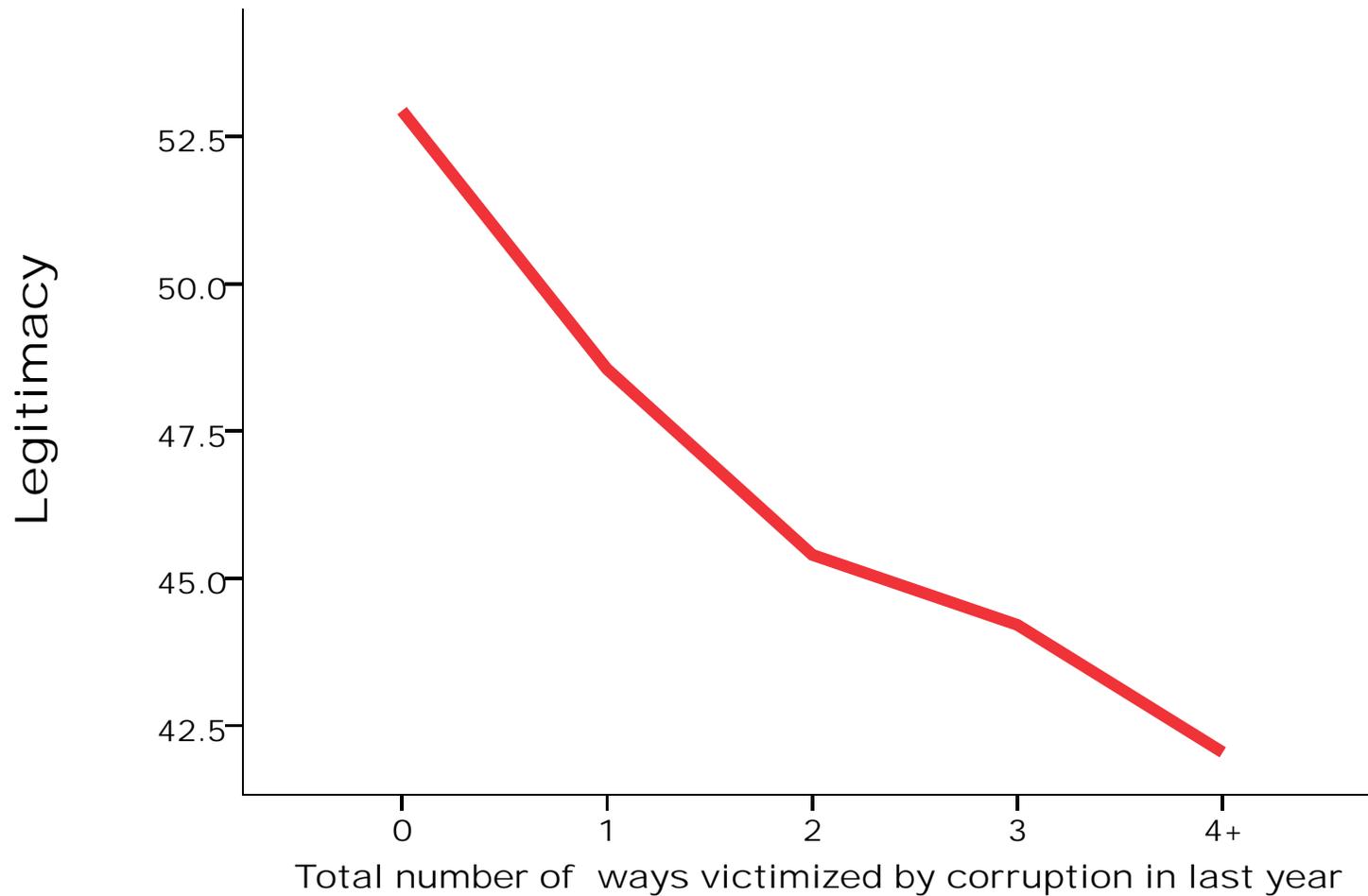


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Corruption victimization undermines democratic legitimacy

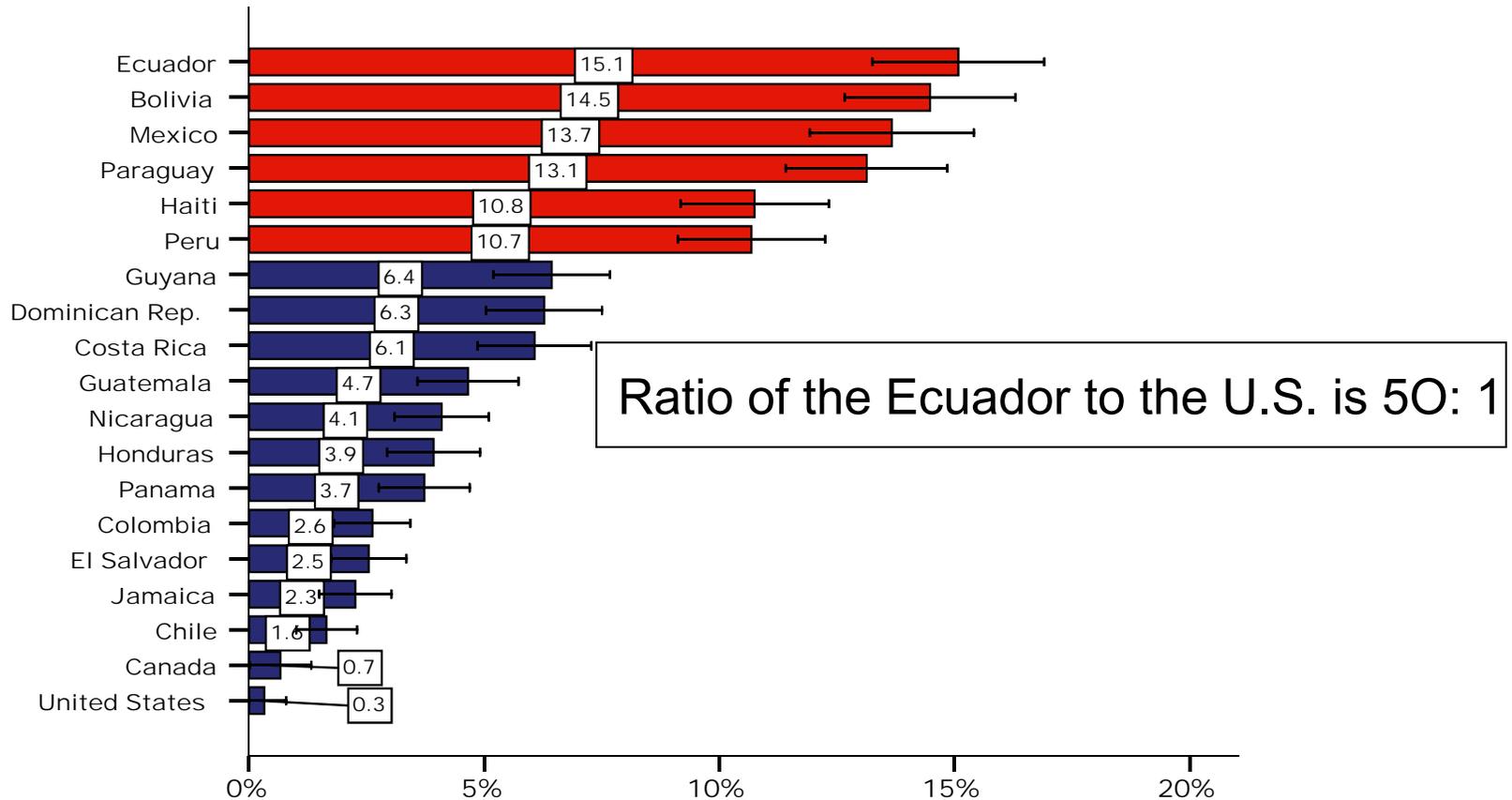


Source: AmericasBarometer 2006 by LAPOP www.americasbarometer.org



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Bribes Demanded by Public Employees in Year Prior to Survey



Source: AmericasBarometer 2006 by LAPOP

Error Bars: 95% CI



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1st Generation thinking...

“Illicit behavior flourishes when agents have monopoly power...when agents have great discretion, and when accountability...is weak.”

***Corruption =
monopoly+discretion-accountability***

Robert Klitgaard, *Controlling Corruption*, 1988



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USAID Handbook: Klitgaard slightly modified

Pursue institutional reforms that will:

- Limit authority (discretion & monopoly)
- Increase accountability
- Change **incentives**

Mobilize non-state actors:

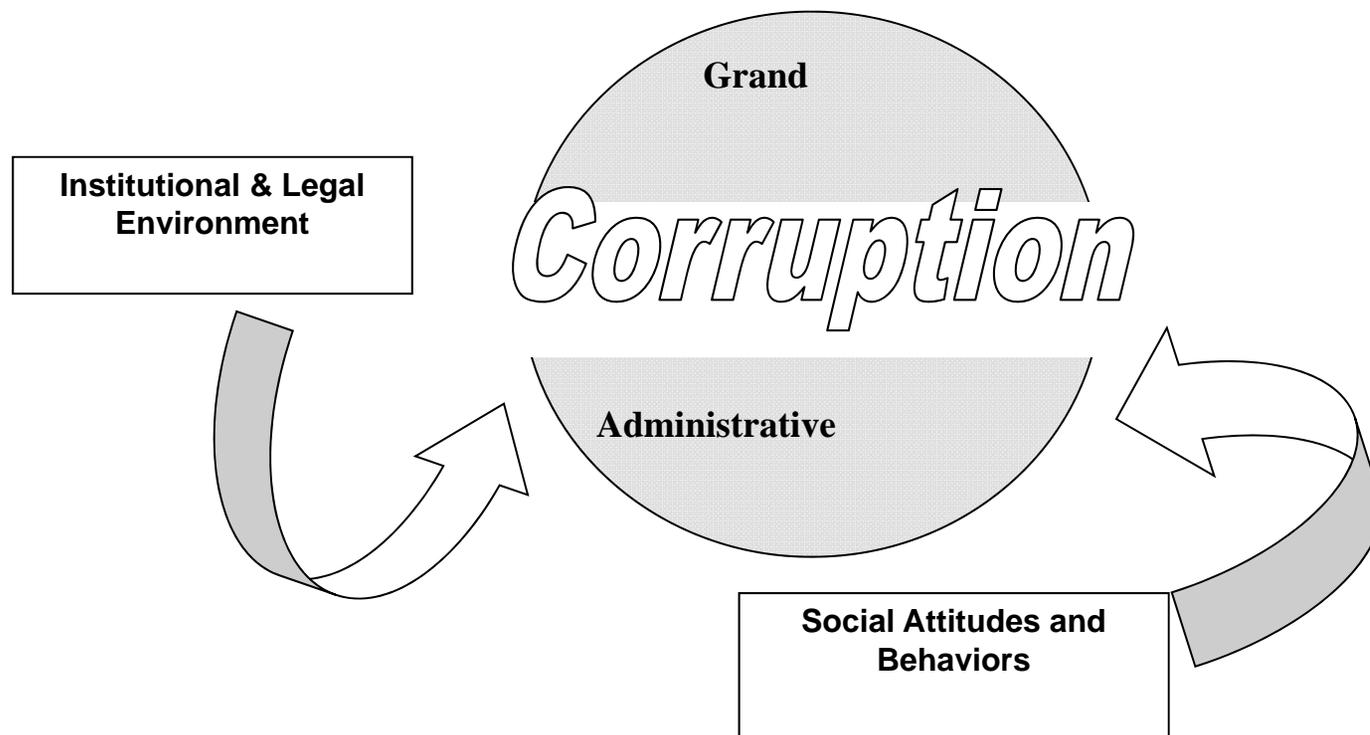
(Civil society, media,
business, parties):

- Advocate for reform
- Oversee government
- Demand accountability
- Raise citizen awareness
- Create, disseminate
information



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1st Generation Model: Corruption Causes and Access Points for Response





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USAID's New Strategy

- Modest progress in the area of administrative corruption
- Programs have had little impact on elites, political parties
- Need to address political economy of corruption
- Programming decisions have been reactive
- Corruption impact has been assumed, but not explicit in sectoral programs



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Broadening the Approach...

- What happens when senior authorities don't act in the public interest; don't *want to* act in the public interest?
- New USAID Anticorruption Strategy asks us to consider a larger set of conditions that shape and animate corruption



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Broadening the Approach...

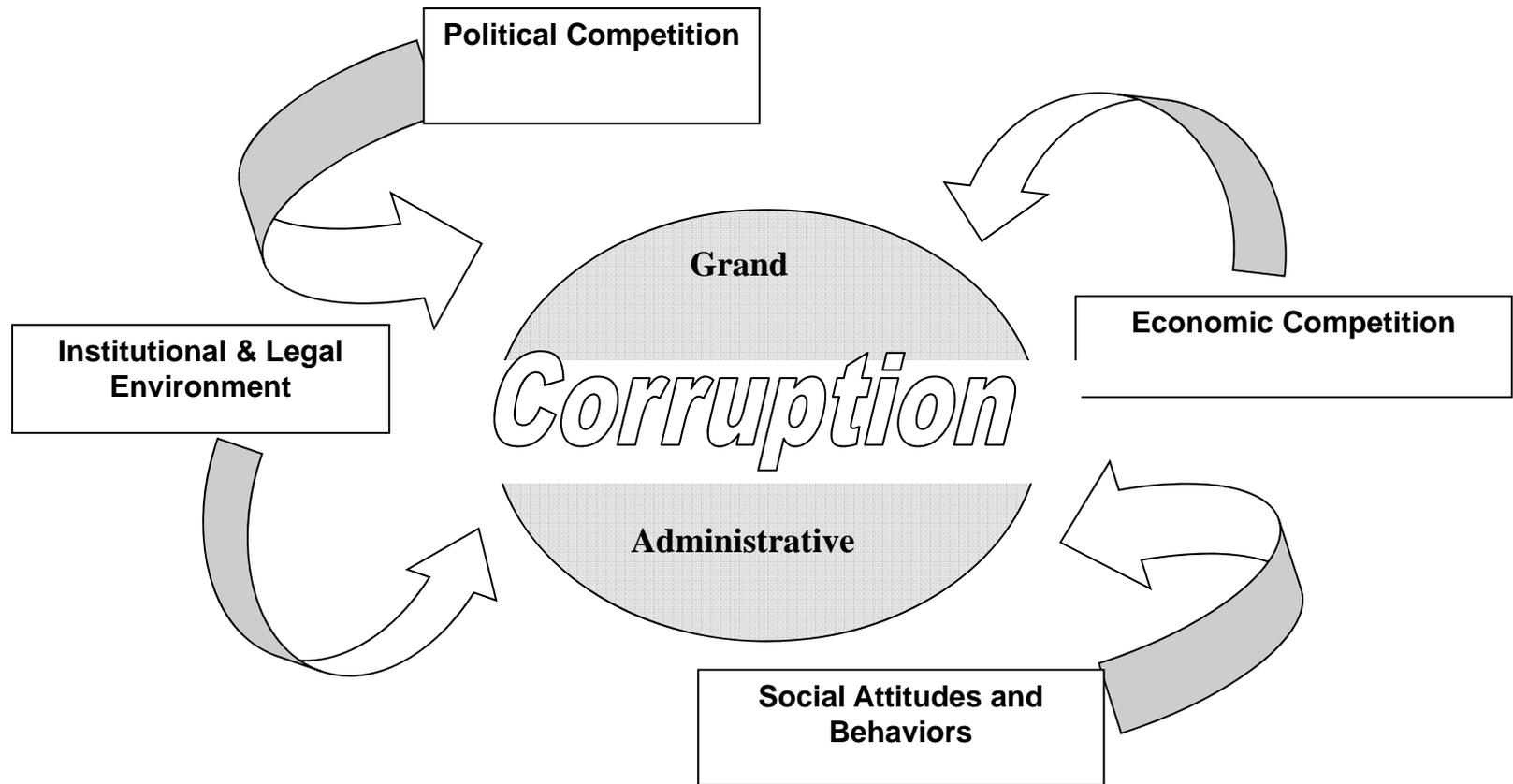
- As elites concentrate political and/or economic power, the corruption problem usually gets worse
 - they usually do this through limiting access (competition)

→ Addressing grand (elite) corruption means expanding *political and economic competition*



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New Strategy: A broader analysis of corruption causes and response options

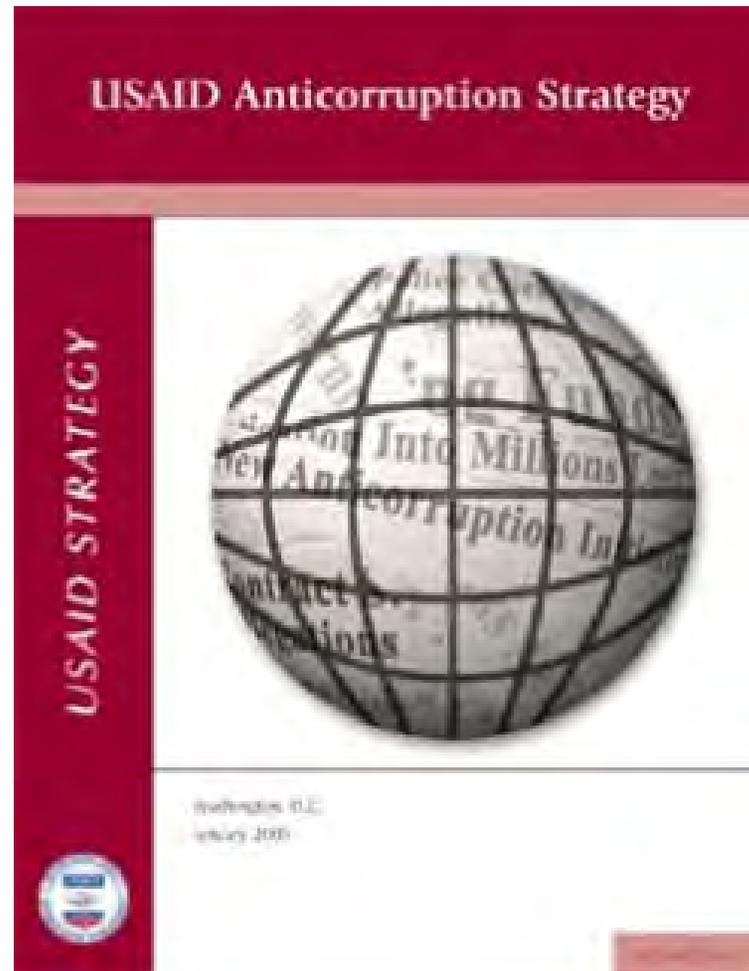


TRANSPARENCY



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USAID's Anticorruption Strategy



www.usaid.gov/policy/anticorruption_strategy05.pdf



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Designing a response to corruption in a USAID assistance country



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Designing Strategies to Address Corruption

- Analyze the problem
- Assess the context
- Decide on a strategic approach
- Filter program ideas through lessons learned



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Analyze the Problem...

- Collect data, analysis
- Where is corruption happening? Who is involved? What are they doing? How are they doing it? Why are they doing it?
- What are the larger dynamics that constrain lower-level results?
- How much corruption is happening in non-
"governance" sectors?



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Patterns of Corruption

- Endemic vs. Localized
- Organized vs. Anarchic
- Grand (Elite) vs. Petty (Administrative)
- State Capture vs. Predatory State

What are the dynamics of corruption in the country, sector, region?

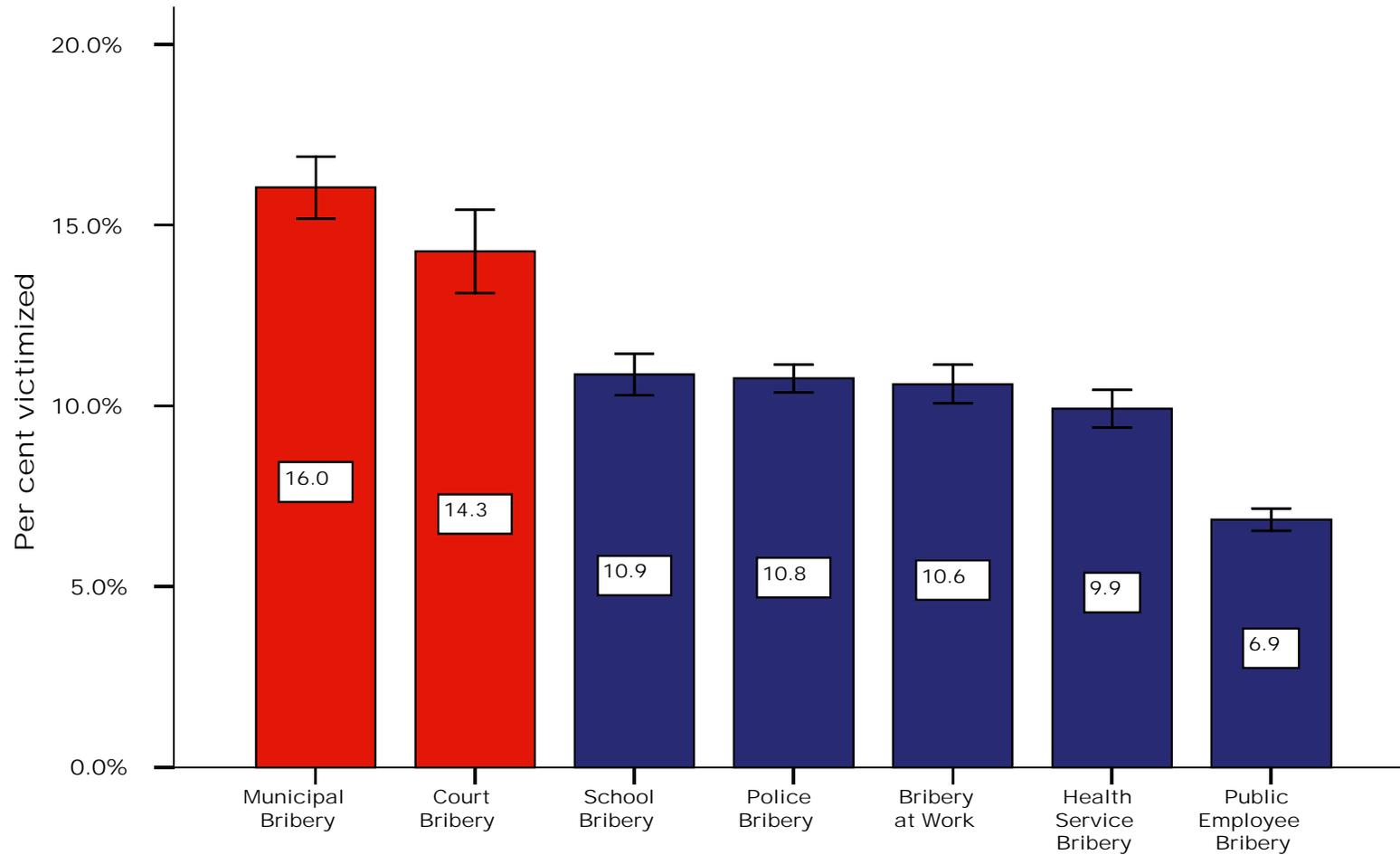


“Measuring” Corruption

- TI Corruption Perception Index (www.transparency.org)
 - World Bank Governance Indices -- Control of Corruption (<http://info.worldbank.org/governance/wgi/index.asp>)
 - TI Global Corruption Barometer
 - Public opinion: AmericasBarometer, Afrobarometer, etc.
 - Public Expenditure & Financial Accountability (PEFA) reviews (www.pefa.org)
 - Doing Business reviews (www.doingbusiness.org)
 - Global Integrity Index (www.globalintegrity.org)
 - TI National Integrity System Reports
- “User’s Guide to Measuring Corruption” (UNDP and Global Integrity, 2008 (www.globalintegrity.org/books))**



Modes of Corruption Victimization in Latin America and the Caribbean



Source: AmericasBarometer 2006 by LAPOP

Error Bars: 95% CI



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Assess the Context...

- Internal
 - Legal/institutional framework
 - Institutional capacity
 - Political will, opportunity
 - Economic structure
 - Political competition
 - Conflict risk
- External
 - Other donors
 - Geopolitical interests
 - USG interests
 - International attention
 - Conflict diamonds
 - EITI, G8
 - UNCAC, regional agreements

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Assessment Framework:

Dynamics of corruption and reform, as well as statics



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Decide on a Strategic Approach

Two general approaches

- Prosecution and enforcement: Seeks to identify, investigate, prosecute and punish corrupt actors.
- Education and prevention: Seeks to create an environment of integrity, where government hires qualified employees, actors have less room to behave in corrupt ways, and corrupt behavior is systematically detected and eliminated.

USAID's emphasis has been on *education and prevention* more than *prosecution and enforcement*

Two main arenas:

- Government: all three branches; legal reform; institutional reforms
- Non-government: civil society, private sector, media, citizens



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Anticorruption Programming “Toolbox”

	Prevention	Enforcement
Government	<ul style="list-style-type: none"> • Access to Info laws & implementation • Tax & customs reform; Procurement reform • Budget transparency & financial management • Parliamentary oversight • Judicial reform • Supreme Audit Institutions and line ministry auditors, IGs • Deregulation and privatization • Electoral and political finance reform • Extractive Industries Revenue Trncpcy • Civil Service reform/professionalization 	<ul style="list-style-type: none"> • Investigation & prosecution <ul style="list-style-type: none"> - Special courts - Special Investigator/Prosecutor units <ul style="list-style-type: none"> - Some AntiCorruption Agencies • Judicial reform • Auditors • Legal reform (making corruption a crime, establishing sanctions, etc.) • Administrative sanctions in civil service
Non-government	<ul style="list-style-type: none"> • Community report cards/oversight • Civil Society Advocacy & oversight • Media – public info/investigative journalism • Private Sector -- Corporate Gvnce, advocacy, self-monitoring, oversight of government • Information, surveys, awareness raising • Extractive Industries Revenue Transparency 	<ul style="list-style-type: none"> • Civil Society Advocacy • Whistle blowing



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Filter Program Ideas Through Lessons Learned...



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Operating Principles for Anticorruption Programming

- No silver bullets
- Tackle the disease, not the symptoms
 - Incentives!
- Critical role of high-level commitment (“political will”)
- External accountability and public participation along with capacity building for government
- Prevention vs. enforcement
- Essential role of transparency
- Long-term commitment
- Local ownership



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USAID resources

- Encouraging Global Anticorruption and Good Governance Efforts (ENGAGE) IQC
- Anticorruption Assessment Framework
- Mainstreaming workshops
- Program briefs

- TDYs, Assessments, SOW review, Design assistance, etc.
 - Tina del Castillo (cdelcastillo@usaid.gov)
 - Mark Goldenbaum (mgoldenbaum@usaid.gov)



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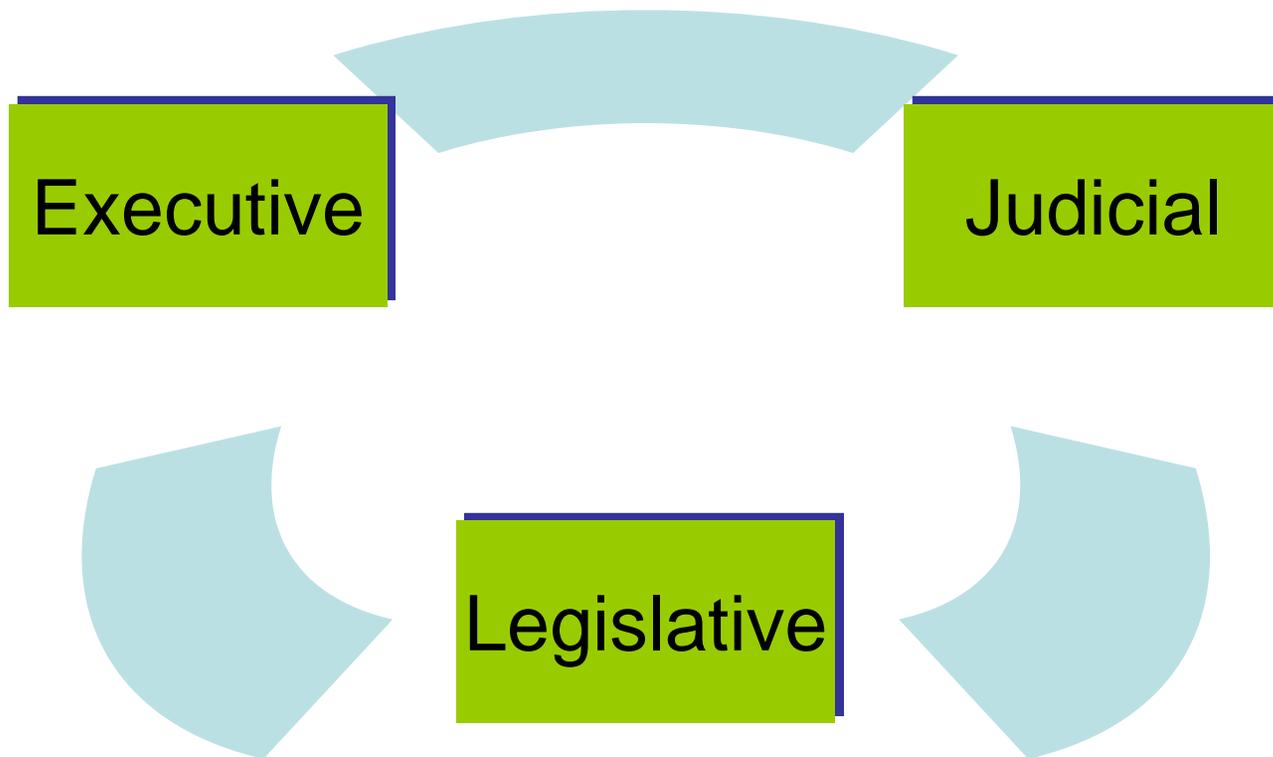
Civil Society Programs

- Anticorruption NGOs, civic groups, women's, environmental, and human rights organizations
- Studies/analyses on costs and impacts of corruption
- Analysis of budget and its execution
- Civic education & public awareness campaigns
- Media; investigative journalism
- Private Sector



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Accountability among Branches of Government (Horizontal Accountability)





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Accountability within Executive Branch

- Budget, Financial Management Reform
- Supreme Audit Institution, Internal Audit Control
- Merit-based Personnel System
- Transparency, Citizens' Guides
- Anti-corruption Commissions; Ethics Office; Ombudsman



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Accountability within Judicial Branch

- Legal Reform
- Case tracking and administration
- Transparency of proceedings; Publishing decisions
- Judicial ethics
- Prosecutor training



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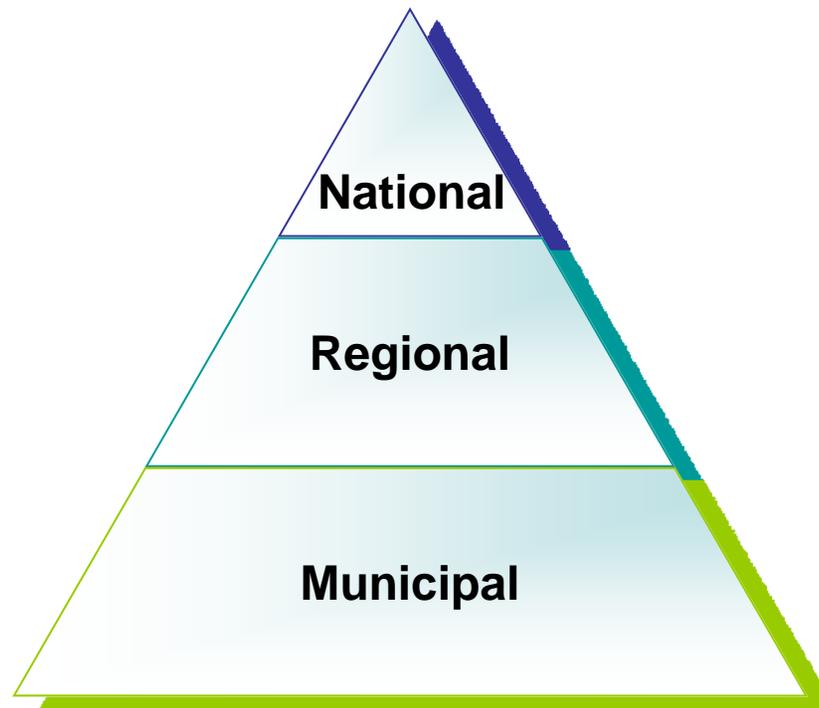
Accountability within Legislative Branch

- Committee strengthening
- Public hearings
- Dissemination of draft laws for comment
- Freedom of Information laws
- Publishing voting and attendance records
- Increasing citizen participation



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Accountability between levels of Government





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Sub-national Level Strategies

- Strengthening local government capacity
- Improve public financial management
- Improve local service delivery
- Expand citizen participation and oversight



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Thank you!