



# Corruption and the Education Sector

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## **Abstract**

This paper discusses reasons that national education systems are particularly vulnerable to pervasive corruption, forms that corruption takes within the education sector, and interventions that have been suggested for reducing corruption. The central argument of the paper is that, while there are ample examples of large-scale corruption within central education ministries, the most serious consequences arise from the pervasive, petty corruption that permeates the day-to-day transactions at the classroom, school, and district levels. The real damage to a society occurs when entire generations of youth are mis-educated – by example -- to believe that personal success comes not through merit and hard work, but through favoritism, bribery, and fraud. Such lessons have the potential to undermine civil society well into the future.

The paper discusses donor complicity in corruption, for example, when donors overlook corruption in order to achieve larger strategic political interests, provide funding at levels that exceeds absorptive capacity, or penalize contractors for slow implementation caused by their unwillingness to pay petty bribes to facilitate work flow on projects they manage. Finally, the paper highlights the efforts in several countries to reduce corruption through the introduction of more objective measures for awarding education-related opportunities, greater transparency, and effective use of community organizations.

## **I Introduction**

National education systems across the developing world are particularly vulnerable to pervasive corruption, largely for three reasons. (1) As one of the few governmental agencies with high visibility representation all the way down to the community level, education is an attractive structure for patronage and manipulation of local sentiment. (2) Decisions perceived to have significant consequences for people's lives are made by "gatekeepers" who control decisions at each of those levels (e.g., district education officers, headmasters, teachers). (3) A considerable amount of education funds are spent in small amounts, across many scattered sites, most of which have weak accounting and monitoring systems. While there are ample examples of large-scale corruption within central education ministries, this paper argues that the most serious consequences arise from the pervasive, petty corruption that permeates the day-to-day transactions at the classroom, school, and district levels. The real damage to a society occurs when entire generations of youth are mis-educated – by example -- to believe that personal success comes not through merit and hard work, but through favoritism, bribery, and fraud. Widespread petty corruption breaks the link between personal effort and anticipation of reward. This, in turn, limits the economic and social development well beyond the immediate corruption. Such lessons have the potential to undermine civil society well into the future.

## **II Vulnerabilities to Corruption in the Education Sector**

### **How is corruption manifested in the education sector?**

One of the central problems in combating corruption is the difficulty in clearly defining the behaviors that constitute it. Five behaviors may be labeled, at different times, as corruption:

1. ***Blatantly illegal acts of bribery or fraud:*** There are ample examples of blatant fraud and bribery, in which education officials at all levels demand some form of payoff for themselves, family, or friends in return for their help in shaping the outcome of

contracts, implementation efforts, distribution systems, etc. While mechanisms may vary, there is wide agreement that these practices are corrupt.

2. ***Actions taken to secure a modest income by people paid too little or too late:***

When teachers sell grades or require students to pay for private tutoring in order to pass a course, most observers recognize it as corruption. Often, however, such behavior is judged less harshly in settings in which teachers' salaries are extremely low or salary payments are delayed for months. It tends to be tolerated because virtually all observers recognize that teachers have little choice if they are to live. In some countries, such as Cambodia, these practices are tacitly condoned by government, which recognizes that it could not maintain a teaching force if teachers were unable to subsidize their salaries, even if they use practices that compromise the quality of education.

3. ***Actions taken to get work done in difficult circumstances:*** At times, what appear as corruption may be better understood as ministry and project personnel cutting corners, ignoring rules, and by-passing procedures in order to move activities forward in ways important to the success of a project or ministry initiative. (see Box A1). What appears as corruption to some people may be viewed as pragmatic project management by others. For instance, when project implementation requires government staff to work harder or longer hours than is their custom, a project manager may pay an unauthorized bonus as an incentive. Similarly, a project manager may pay government personnel to provide data that should be free. An unfortunate outgrowth of these practices is that it often teaches local staff that they can extort money by withholding services, and a pattern develops. Nonetheless, failure of the project manager to take these actions could undercut project success.

4. ***Differences in cultural perspective (e.g., gift giving):*** In some cultures it is customary and expected that gifts are given even in return for small favors. While token gifts of little monetary value often satisfy the cultural expectation, the practice has

sometimes mushroomed into widespread, petty extortion. The practice of gift giving has often been exploited to mask a corrupt practice in the disguise of a cultural expectation. This is illustrated by the Chinese student who, needing the signature of a local official in order to secure a passport to study abroad, took a new television set to the official to thank him for his signature. In Russia, it is commonplace to provide small gifts -- a box of candy, flowers (or a bottle of vodka) -- to authorities as a token of respect, if not a request for special assistance.

5. ***Behavior resulting from incompetence:*** What appears as corruption is sometimes merely the incompetence of key actors or the inadequacies of the infrastructure in which they work. When record keeping systems are weak or nonexistent, key personnel assign little importance to maintaining records. It is then often difficult to know whether education officials' inability to account for money or supplies reflects deception or poor management practices. For example, despite the expenditure of several million dollars of donor funds on textbook production and distribution in Laos and government receipts indicating the books had been delivered to the district education offices, international teams were unable to locate very many of the new books during site visits to the schools. It was never completely clear whether this was a case of poor record keeping or diversion of textbook funds.<sup>1</sup>

The essential point is that thoughtful, reasonable people can disagree over what constitutes corruption. Even when observers agree that certain actions constitute corruption, they may differ in their tolerance of the offense (e.g., when the sales of grades is tolerated because teachers are underpaid). Moreover, those forms most widely condemned (e.g., contract kickbacks) tend to be the least visible; those forms that tend to be the most visible (forced private tutoring) tend to be the most widely tolerated.

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<sup>1</sup> Asian Development Bank (2000). *Lao People's Democratic Republic Education Development Sector Development Plan*, Manila: Asian Development Bank and Vientiane: Ministry of Education.

Disagreement over what constitutes corruption has serious consequences for efforts to combat it. While each country has a different legal definition of corruption, the often broader conception of corruption as the misuse of public office for private gain yields a much larger context in which citizens can detect official misconduct. Forceful actions to reduce corruption could lead to great trouble for individuals who were merely cutting corners in their effort to do a good job or who were unclear about the lines between gifts and bribes. If, in response to anti-corruption efforts, educators, government officials, and project staff started strictly complying with the myriad of government and donor rules, especially those involving international aid, education projects could bog down and stall. On the other hand, if a looser definition of corruption was used, intentionally corrupt behavior could hide behind expressions of good intention or confusion about meanings. Effective efforts to combat corruption require clear, but sensible, definitions of what is acceptable behavior and what is not.

### **The costs and consequences of corruption**

The most direct, and in some ways the most inconsequential, cost of corruption is the waste of the financial resources that get misdirected. The more serious costs are incurred when (a) children unable to afford bribes are denied access to schooling, (b) talent is misallocated due to promotion being awarded on the basis of bribery rather than merit, and (c) a generation of children come to believe that personal effort and merit do not count and that success comes through manipulation, favoritism and bribery. When corruption is so pervasive that it comes to be viewed as a basic mechanism of social and economic interaction, it instills a value that is highly destructive to social and economic development of a country.

### **How prevalent is corruption in the education sector?**

Several organizations have developed corruption perception indices that purport to rank countries in terms of the extent of corruption (i.e., The Internet Center for Corruption Research, <http://www.gwdg.de/~uwwv/icr.htm>). However, objective

estimates of the prevalence of corruption specific to the education sector are hard to determine. Anecdotal evidence suggests that, while corruption is present in the education system of many countries, it is widespread in some countries of South and Southeast Asia and endemic in many countries of the Former Soviet Union and Africa. Table 1 provides some insight into the pervasiveness of corruption. Across 17 countries in the survey, the percent of citizens who believe corruption is widespread ranged from 1% to 53%, with about half the countries in the 20-40% range. The highest percentages of educators who report being asked for a bribe were in Southeast Asia (e.g., Bangladesh, Cambodia, Indonesia).

**What forms does corruption take in the education sector?**

Corruption can occur at any point in a system where decisions are made that have meaningful consequences for individuals. In the education sector, that means it can happen at virtually every level, from the central ministry down to the school and classroom. It can happen any time educators operate as gatekeepers to real or assumed

Table 1  
Perceptions of pervasiveness of corruption, selected countries

Country	% who perceive corruption is widespread among			% who have been asked for bribe by		
	University Professors	Teachers	Within the education sector in general	University Professor	Teachers	Education professionals in general
Albania	32	10		28	11	
Bangladesh						74
Bosnia	38	22	38	11	5	
Bulgaria	28	10		14	4	
Cambodia						41
Croatia	31	16		5	2	
Ghana						24
Honduras			2			
Indonesia			53			24
Latvia			1			
Macedonia	43	23		14	9	
Montenegro	32	21		10	6	
Peru	18					7
Romania	22	18		13	15	
Russia			20	16	6	
Serbia	42	33		27	20	
Slovakia			38			

benefits. As education is widely viewed as access to life opportunity, higher lifetime earnings, and greater social mobility, even seemingly small decisions are often awarded great value.

Gatekeepers at different levels of the education system introduce corruption around the particular opportunities and benefits they control. Their motivation is often economic – to supplement their income -- but may also be an effort to extend their status or power, create future career opportunities, or conform to expectations of those whose patronage they seek. Figure 1 illustrates the types of corruption that can occur at different levels of the education system. At the central ministry levels, much of the corruption involves the diversion of funds associated with procurement, construction,



and of the funds intended for allocation to lower levels of the system. At intermediate levels of the education bureaucracy, the corruption tends to center on procurement, diversion of money and supplies on their way to the schools, and bribes from educators lower in the system seeking to secure opportunity or avoid punishment. At the school level, corruption tends to center on bribes from parents to ensure student access, good grades, grade progression, and graduation. However, it also takes the form of teacher absenteeism—teachers collect salaries but the intended instruction does not occur.

Educators at the school level also can divert funds, school supplies, and sometimes food that the schools received from community or government sources. Headmasters and teachers are also in a position to assess unauthorized fees for real or imaginary services (e.g., paper fees in order to take a exam), create the need for private tutoring, or take salaries for work not actually done.

### **III Responses to corruption in the education sector**

Corruption is not inevitable and corruption is not a life sentence for a country or government. A key factor in the differing corruption levels across countries and within the same country over time is the ***quality of top leadership***. Leaders who respect the

**Figure 1**

**Illustration of common forms of corruption in the education sector, by level of the education system**

<b>Level of Activity</b>	<b>Type of Behavior</b>
Central Ministry	Kickback on construction and supply contracts
	Favoritism in hiring, appointments, and promotions decisions
	Diversion of funds from government accounts
	Diversion of funds from international assistance funds
	Ghost teachers and employees
	Requiring payment for services that should be provided free
	Withholding needed approvals and signatures to extort bribes (e.g., gifts, favors, outright payments)
	Directing the location of construction and services to locations that offer opportunities for gain by oneself, family, or friends
	Requiring the use of materials as a way of creating a market for items on which oneself, family or friends hold an import or production monopoly
Region/district	Overlooking school violations on inspector visits in return for bribes or favors
	Diversion of school supplies to private market
	Sales of recommendations for higher education entrance
	Favoritism in personnel appointments (e.g., headmasters, teachers)
School level	Ghost teachers
	Diversion of school fees
	Inflation of school enrollment data (in countries in which central ministry funds are allocated to school on basis of enrollment)
	Imposition of unauthorized fees
	Diversion of central MOE funds allocated to schools
	Diversion of monies in revolving textbook fund
	Diversion of community contributions
Classroom/teacher level	Siphoning of school supplies and textbooks to local market
	Selling test scores and course grades
	Selling change of grade
	Selling grade-to-grade promotion
	Selling admissions (especially to higher education)

	Creating the necessity for private tutoring
	Teachers' persistent absenteeism to accommodate other income producing work
International agencies	Payment of bribes
	Payment of excessive or unnecessary fees to obtain services
	Skimming from project funds
	Allocating (or acquiescing in the allocation of) project related opportunities on the basis of candidates connections rather than on merit

Source: original

rule of law, emphasize transparency in the operation of the offices they oversee, take action against subordinates found violating rules, and exhibit integrity in their own transactions can make a difference. Honest leaders can be a powerful force in reducing corruption. Conversely, when top leadership is corrupt, they lack the moral platform to demand honesty in others.

Implementing honest practices can be tricky, possibly dangerous, even for highly committed leaders. In some cultures, it is widely understood that one of the benefits of public office is the opportunity to accrue personal wealth through manipulation of the system. Appointments to senior government positions are granted as rewards, a recognition that the appointee has earned a turn to loot. Just as incentives, when commonplace, lose their incentive value, corrupt practices, when pervasive, become the norm. Those not participating may be considered naïve, odd, or stupid, even by those who suffer the negative consequences. Consequently, effective leadership to reduce corruption often requires considerable personal courage. Leaders have to withstand criticism, often overt opposition, from colleagues who see their own self-interest threatened by the introduction of more transparent and honesty practices.

In some cases, senior officials fear retaliation by colleagues intent on protecting their income and influence. At lower levels of management, some fear they will lose their jobs if they do not participate in, or at least cover-up, the corrupt practices that

may be going on around them. They confront a lead-or-bullets dilemma: They can participate and enjoy the fruits of their illicit gain or they can resist and risk professional and even personal injury. Nonetheless, the commitment of top leadership to honest operation) of the education system (e.g., greater transparency, introduction of a code of conduct) remains a central component in minimizing corrupt practices.

A second factor in minimizing corruption is that educators and government officials need a **clear code of conduct**. This may originate in a country's administrative or criminal code or be introduced by professional associations or unions. For example, in the United States, every state has a teachers' code of conduct. Teachers who violate it can lose their teaching license. At the same time, professional organizations have codes of conduct that apply to the specific activities promoted by those organizations. For instance, the American Educational Research Association has formulated a code of conduct for educational researchers; the American Evaluation Association has published a code of ethics for conducting education evaluations.

Educators need to know what behaviors might be constituted as corrupt practices, especially when proper professional conduct might run counter to social norms widely accepted outside of the education workplace. A code of conduct would, for example, clarify the propriety of and sets limits on accepting gifts in return for professional actions, even though gift giving may be considered appropriate in other social settings. However, codes of conduct alone do little to reduce corruption unless there are effective means of communication, clear sanctions for violating the codes, consistent enforcement, and top level support.

A third factor in minimizing corruption is the **creation or modification of organizational structures** and administrative procedures aimed at breaking the grip of entrenched practices.<sup>2</sup> A key element in this is a **clear, workable accountability system**.

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<sup>2</sup> Decentralization is often advocated as a strategy for reducing corruption at central levels of government. However, this is a point of considerable controversy. Some argue that decentralization does little to reduce

To be effective, an accountability system must clearly state the rules and procedures associated with managing the education system, provide a mechanism for monitoring compliance, specify the consequences for non-compliance, and be consistent in enforcement. Box A illustrates how the creation of a new organizational structure helped reduce corruption in higher education in Azerbaijan.

Ironically, some accountability systems intended to reduce corruption sometimes fuel more corruption. Efforts to legislate corruption out of existence can backfire and inadvertently contribute problems worse than those initially being addressed. This occurs when a government's response to corruption is to add rules aimed at eliminating particular undesirable practices or behaviors in a piecemeal manner. As the number of rules grow and multiply, the rules can interact in unanticipated ways, operate at cross-purposes, and ultimately stifle legitimate reform.

**Box A: Successful practices in reducing corruption: Azerbaijan**

Faced with rampant corruption in admissions to higher education, the Government of Azerbaijan took admissions authority away from universities and vested it with a newly created State Student Admissions Committee.<sup>3</sup> This Committee now oversees the development and administration of a national university entrance examination and subsequent selection of candidates for places in all public universities. While broadly opposed by the universities, this Committee is widely credited with significantly reducing corruption in university admissions.

This was illustrated in pre-civil war Liberia. Given the complexity and corruption in the process of getting replacement teachers hired to replace teachers who died or left teaching (new teachers needed 29 official signatures to get on the payroll), headmasters were allowed to appoint temporary substitutes and let them cash the

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corruption and only serves to push it to lower levels of the education system. See Chapman D.W., (2000). Trends in Educational Administration in Developing Asia, *Educational Administration Quarterly*. 36, 2, 283-308.

paychecks of the teachers they replaced. Principals quickly realized that they could cash these paychecks and keep the money, without bothering to appoint a replacement teacher. This eventually led to a high incidence of “ghost teachers.”<sup>4</sup> When district and central officials realized what was happening, instead of trying to eliminate the practice, they demanded a cut of the proceeds. Moreover, when the World Bank introduced a new education management information system (EMIS) in an effort to help strengthen management capacity, education leaders feared that improved school level data would expose the fraud. Though initially successful, the EMIS died within two years as headmasters refused to provide accurate school level data in annual school surveys.<sup>5</sup> An example in which government successfully implemented an auditing system in the education sector is provided in Box B. An example in which NGOs worked with schools to create greater transparency in the use of parental contributions to the schools is presented in Box C.

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<sup>3</sup> Guluzadeh, A., Bakeer-zadeh, E., Minayeva, O. with Chapman, D. (2002). *Sub-Regional Cooperation In Managing Education Reforms, Country Study: Azerbaijan*, Manila: Asian Development Bank.

<sup>4</sup> USAID (1988). *Liberia Education and Human Resources Sector Assessment, Improving the Efficiency of Education Systems Project*, Tallahassee: Florida State University and Washington D.C.:USAID.

<sup>5</sup> Chapman, D.W. (1991). The Rise and Fall of an Education Management Information System in Liberia. *Journal of Educational Policy*, 6, 2, 133-143.

**Box B: Successful practices in reducing corruption: Uganda<sup>6</sup>**

With World Bank support, the Uganda government conducted an audit of actual enrollments and funding flows in schools. Funds actually received by the schools were compared to the amounts dispersed by central government plus the amounts collected from fees assessed at the local level. The audit discovered major leakages of money. For example, only 13% of funds allocated for non-salary items like textbooks and supplies reached the schools. To promote transparency and fix the problem, all fund transfers to district education offices were published in the newspapers and broadcast on radio. Each primary school was required to post a public notice of all inflows of funds to the schools. Results were impressive. Within three years, 90% of non-salary funds provided by the central government were reaching the schools.

**Box C: Successful practices in reducing corruption: Russia**

In Russia, schools typically request money from parents each year allegedly to enhance educational programs, repair/maintain school buildings, and obtain equipment and supplies, etc. Technically, such requests are not legal. Parents typically comply fearing retribution toward their students. There is little or no feedback to parents on how these out-of-budget funds are actually used or managed on a school-by-school basis. Under small grants to NGOs in Samara and Tomsk, Russia in 2002, an activity was initiated to assess parental attitudes and to work with particular school districts to make the planning and expenditure of these budgets more transparent and generate more parent participation in the budgeting process. As a result of extensive lobbying with school administrations, the out-of budget funds in several schools are now open and transparent, and parents are getting involved in how the monies should be spent (Management Systems International, 2002).

Accountability systems can only operate in the context of **laws promoting transparency**. These laws provide the broader legal and social frameworks that allow

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<sup>6</sup> Siller, Donald (n.d.) Strengthening Basic Education through Institutional Reform: Linking Authority, Accountability, and Transparency, Policy Issues Paper, Washington: USAID, (draft). See also, World Bank PREM Notes 23, "Using Surveys for Public Sector Reform," May 1999

the flow of information needed for accountability systems to work. These laws have an impact on reducing corruption only when two other conditions are met. The first is the operation of a **free press** that can utilize these laws to help expose questionable practices. Only as evidence of inappropriate practices is widely available can a critical mass of public concern be mobilized. The second condition is the engagement of citizens willing to push for honesty in the operation of the education system. Within the education system, citizen involvement is often in the form of parent-teacher associations organized around specific schools or community advisory groups organized by local non-governmental organizations (NGOs). Box D presents an example of the impact of increased transparency on teacher deployment.

**Box D: Successful practices in reducing corruption: Gambia**<sup>7</sup>

The introduction of an education management information system in Gambia helped reduce the role of favoritism in teacher assignments. The EMIS provided an objective means of tracking and ranking teachers by seniority, language abilities, subject specialization, and other factors that were supposed to be used in assigning teachers to schools. The availability of this information constrained the assignment of teachers on the basis of such factors as family connections, personal friendships, or other forms of personal influence.

While **community engagement** and collective community action can play an important role in fighting corruption, such action can be difficult to foster. Success depends on the perceived benefits of reducing corruption as opposed to the costs community members may incur for their efforts. However, for community engagement to be effective, it often needs to be supported **by community level training**. Citizens frequently lack experience in how to hold their local schools accountable for effective financial and personnel management. For example, a recent study of parent

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<sup>7</sup> Department of State For Education (2001). Education Management Project: Output To Purpose Review:



perceptions of effective schools in Ghana found that many parents considered a school to be effective if strict student discipline was maintained and no one complained about the school.<sup>8</sup> Community members had little framework for knowing other dimensions on which they might judge their local school. Such training should be aimed at helping community members understand (a) the characteristics of an effective school, (b) what headmaster and teacher behaviors they should look for in assessing the effectiveness of those educators, (c) their own legal rights as parents and community members to information about school budgets, expenditures, procedures, and operational decisions, and (d) the sanctions they as community members can bring to bear on underperforming schools. An example of where citizens have been able to work effectively in monitoring school practices is presented in Box E.

In some countries, the operation of **non-governmental organizations** (NGOs) has been effective in helping to minimize corruption.<sup>9</sup> However, in some countries, a number of development-oriented NGOs sprang into existence solely as a means of

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17-19 January 2001, Government of Gambia.

<sup>8</sup> Chapman, D.W., Barcikowski, E., Sowah, M., Gyamera, E. and Woode, G. (2002). Do Communities Know Best? Testing a Premise of Educational Decentralization: Community Members' Perceptions of their Local Schools in Ghana, *International Journal of Educational Development*, 22, 181-189.

<sup>9</sup> For good discussions of NGOs, see: Edwards, M. (1999). International development NGOs: Agents of foreign aid or vehicles for international cooperation, *Nonprofit and Voluntary Sector Quarterly*, 28, 4, 25-37; Bies, A.L. Moore, A. and DeJaeghere, J. (2000). *Consultancies and capacity-building: Considerations of mutual fit, mutual learning, and mutual benefit*. Paper presented at the annual meeting of the Association for Research on Nonprofit Organizations and Voluntary Action, New Orleans; Bartlett, K. (2000, March). *Supporting NGOs working in education: Nurturing ideas and approaches and mainstreaming these through partnership*, Paper presented at the annual meeting of the Comparative and International Education, San Antonio; DeJaegher, J. (2000). *NGO partnerships in education: A framework of opportunities and obstacles*, Paper presented at the annual meeting of the Comparative and International Education, San Antonio; Sweetser, A.T. (1997). *BRAC's non-formal primary education: Customer focused evaluation of the world's largest NGO*, Advancing Basic Education and Learning Project, Washington DC: Academy for Educational Development.

**Box E: Successful practices in reducing corruption: Indonesia**<sup>10</sup>

In some countries, the handling of community generated funds for the local schools is highly susceptible to corruption. In Indonesia, however, these funds are often allocated with minimum corruption, due to the involvement of the parent association in deciding how these funds are to be used and in monitoring to ensure that the funds reach their intended destination. At the beginning of the school year, representatives of the parent association meet with school officials to establish a plan for how community generated funds will be used. School officials provide detailed accounting of expenditures to the parent association during the year. The system works because (a) the use of these funds is highly structure, (b) expenditures are highly transparent, and (c) the community attaches considerable importance and pride to the success of this scheme.

capturing these development funds, sometimes led by individuals more interested in the money than in development. As more funds have been routed through NGOs, there is growing evidence in some countries that NGOs can be just as corrupt as governments.

Where corruption is a symptom of a structural or operational flaw in the education system, governments and international agencies are unlikely to suppress it with more laws, at least until they have **addressed the underlying problems** that fuel the behavior. This may require efforts to **change the incentive systems** that fuel corruption. It is likely that corruption motivated by insatiable greed, arrogance, and blind self-interest may be influenced by some convergence of the strategies discussed above. However, it is also likely that the most insidious types of corruption in the education system – the petty corruption that shapes the day-to-day experience of students and their families -- are driven by more complicated dynamics.

For example, as previously pointed out, corrupt practices are sometimes perpetrated by teachers who are severely underpaid or whose salaries have not been paid for months. Their corruption may be interpreted by some as a reasonable

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<sup>10</sup> Personal communication with M. Mertaugh, World Bank and World Bank (1990). **Basic Education**

adaptive response to a difficult situation. At one level, it is easy to be sympathetic. However, it is this very type of petty corruption -- and what it teaches students -- that poses the greatest risk to the long-term fabric of a society. Regardless of one's sympathies for teachers' motivation in turning to corrupt practices, once started, these practices are difficult to eliminate. While low salaries motivate teacher corruption, raising salaries does not necessarily reduce that corruption (Di Tella and Schargrodsky, 2002). Raising salaries is a necessary but not a sufficient intervention to reduce corruption, once entrenched.

### **Donor complicity in corruption**

Those international agencies providing development assistance funds are not without culpability in the corruption evident in some education systems. Three forms of complicity are of particular concern:

1. Donors have overlooked corruption in education when there were larger strategic political interests at stake. For example, when the U.S. is cultivating a country's assistance in a fight against terrorism or drugs, their participation in a coalition to support a regional peace plan, the rights to a house a military base in the country, or the country's vote in an upcoming issue in front of the United Nations, senior diplomats often do not want their efforts derailed by attention to corruption in what they may consider a marginal area of concern. Examples abound. American support was given to Barre in Somalia, Marcos in the Philippines, and Dow in Liberia even though U.S. officials were aware of corrupt practices in the use of American development assistance funds. Few, if any diplomats questioned the prevalence of corruption at senior levels in those countries, but other, more strategic, consideration prevailed. Much can be done to reduce corruption in the use of U.S. development assistance in

- the developing world, but only if the U.S. is willing to risk relationships and arrangements that may be crucial to other aspects of its agenda in these countries.
2. Money flow that exceeds absorptive capacity creates conditions that fuel corruption. When large amounts of money are infused into an education system that lacks sufficient numbers of trained personnel, clear procedures for handling the funds, or workable financial monitoring systems, both intentional and unintentional misallocation of funds is easy. What may start as unintentional misallocation may quickly shift to intentional misallocation when those in charge realize there are no sanctions for their actions. One way to reduce corruption is to better align the flow of development assistance with capacity to effectively manage those funds and the project activities those funds buy.
  3. International contractors seeking to minimize corruption in the projects they manage are caught in a conflict of interests. There are few incentives for USAID contractors to fight corruption and there can be very real costs if they try. Contractors who refuse to overlook or condone petty corruption of counterpart staff often encounter resistance and delays in implementation that reflect badly on their companies and on them personally. If these delays impede progress toward project objectives, home companies may incur financial penalties within USAID's performance based payment systems. At a personal level, they may be seen as ineffective in managing their projects, a problem that can cost project managers their jobs. In short, those responsible for project implementation have few incentives and clear disincentives for resisting petty corruption.

As donor groups come to view corruption as a major impediment to sustainable progress in education development, they need to reconsider their own practices that

overlook or tacitly condone it. They need to be willing to pay the price of enforcing rules aimed at minimizing corruption, even if this means withdrawing from important programs, risking important relationships, and jeopardizing the flow of assistance to innocent beneficiaries. Until international agencies are willing to incur these costs, they will continue to give confused message that is easy for aid recipients to ignore.

## **Annex 1: Corruption in education: What does it look like? How does it work?**

### **Examples from the field:**

- An underpaid teacher, to make ends meet, charges students a “paper fee” in order for them to take the end of year national examination for their grade. Students must pass this test in order to progress to the next grade.
- The Director General of Secondary Education insists that transportation is a necessary condition for a donor sponsored secondary education project to succeed. Once purchased, the Jeep was assigned by the Ministry to the personal use of the Director General.
- A teacher training college was purchasing far more food than seemed necessary for the number of students enrolled. Staff were siphoning supplies for their personal use, justifying it because they had not been paid for four months.
- To be officially hired as a teacher, a person needed to secure signatures from 17 different offices across four different ministries. The people whose signatures were needed each expected a gift in return for their signature.
- The Director General for Vocational Education insists that the new technical training center be located in particular town of his choice. Within that town, the local elders insist that the center be built in specific location, even though the land was very expensive and not particularly convenient for the children. Later it becomes clear that the location was owned by the director general's brother-in-law.
- A district school inspector, while visiting a rural district, found the school seriously out of compliance with several Ministry regulations. The headmaster was concerned that the inspector's report could seriously damage his career. That evening the headmaster brought a goat to the inspector’s guesthouse. After discussing the issue and exchanging the goat, the inspector decided that no report was necessary.
- An international adviser “borrows” money in a dollar-denominated project bank account, converts the money to local currency on the black market, then converts the money back to dollars using the official exchange rate. He returns to dollars to the project account and pockets the difference.
- The staff in the Statistics Office of the Ministry insists that international consultants

pay a fee for the enrollment and school data they need, even though the data is for a project sponsored by a different office in the same Ministry. The consultant complains to the Deputy Minister. The Deputy Minister tells the Statistics Office to provide the data. The consultant receives the data, but it is incomplete and full of errors, even though the consultant knows the correct data are available.

## **Annex 2: People contacted in preparation of this paper**

Tracy Atwood, Resident Representative, USAID, Almaty, Kazakhstan (Personal conversation)

Kimberly Bolyard, Office of Education, Bureau for Economic Growth, Agriculture and Trade, USAID (Email)

Marc Cohen, Senior Education Specialist, Asian Development Bank, Manila, Philippines (Personal conversation)

Patrick Collins, USAID/W (Phone conversation, Email)

Todd Drummon Country Director, American Councils for International Education, Bishkek, Kyrgyz Republic (Personal conversation)

Ann Dykstra, WID Office, USAID/W (Phone conversation, Email)

Jon Gore, Deputy Director, British Council, Almaty, Kazakhstan (Personal conversation)

David Heesen, USAID (Email)

Jane Hutton, Deputy Director, Education Support Program, Open Society Institute, Budapest, Hungary (Personal conversation)

Jessica Leonard, Education Specialist, USAID, Almaty, Kazakhstan (Personal conversation)

Malcolm Mercer, Education Consultant, Wales, UK (Personal conversation)

Michael Mertaugh, Lead Education Economist, Europe and Central Asia Region, World Bank. (Personal conversation)

Yolande Miller-Gradvaux, Education Advisor, USAID/Africa Bureau/SD/ED, AED/SARA (Email)

Madelene O'Donnell, USAID/W (Personal conversation)

Donald Siller, USAID/W (Email)

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