



**USAID**  
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# ANTICORRUPTION ASSESSMENT HANDBOOK

## FINAL REPORT

**FEBRUARY 28, 2009**

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### **DISCLAIMER**

The author's views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government.

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# I. Introduction

## OBJECTIVES OF THE HANDBOOK

USAID's 2005 Anticorruption Strategy signaled a clear recognition that new approaches need to be taken by host country governments, their civil society and business communities, and international donor organizations to address corruption as a serious obstacle to development. Corruption is both the product and the cause of numerous governance failures, economic dysfunctions and political shortcomings. More than a decade of programming experience demonstrates that effective programs to address corruption must take into account a wide range of these factors to avoid the trap of tackling the symptoms but leaving the underlying disease untreated. A first step toward implementing improved anticorruption programs is to assess how corruption manifests itself in a particular country, the array of factors that drive it, and the effectiveness of existing laws, institutions and control mechanisms meant to reduce a country's vulnerability to corruption.

The purpose of this handbook is to provide USAID Missions and their implementing partners with an integrated framework and practical tools to conduct tailored anticorruption assessments efficiently and at a level sufficiently detailed to produce targeted and prioritized recommendations for programming. The framework is guided by international best practice, theory and research, as well as the results of pilot assessments that tested earlier versions of the methodology. By offering a common approach by which the dynamics of corruption can be understood and assessed, USAID believes that anticorruption strategies can be improved and programs made more effective and appropriate to different country conditions.

The main objective of the assessment approach outlined in this handbook is to *assure that assessments start by casting a wide analytical net* to capture the breadth of issues that affect corruption and anticorruption prospects in a country *and then provide a clearly-justified, strategic rationale for their final programmatic recommendations*. This handbook provides step-by-step practical assistance to implement the methodology and produce an assessment report that addresses a wide range of issues and generates recommendations for action. The guidance provides assessment teams with tools for diagnosing the underlying causes of corruption by analyzing both the state of laws and institutions, as well as the political-economic dynamics of a country. By understanding country-specific drivers of corruption, assessment teams should be able to develop reasonable insights on government sectors and functions that are most vulnerable to corruption and the types of initiatives that can reverse or control these problems. The framework also provides a rationale for setting priorities, choosing some approaches and rejecting others.

The handbook's approach does not offer automatic cookie-cutter conclusions. The assessment team will have to assimilate and analyze information from a variety of sources to reach conclusions and recommendations. The framework facilitates this process by offering organizing concepts, information gathering tools and corruption categories that can help in diagnosing the targeted country, prioritizing key sectors and functions in need of remediation, and developing an overall strategic plan for anticorruption programming. Each assessment team may find that it will want to adapt, expand or alter these approaches based on the needs of the final users and/or the specifics of the country being assessed.

The handbook is intended to assist a variety of users to carry out assessments -- from anticorruption specialists to country experts, to USAID Democracy and Governance officers and USAID officers in

other sectors. It is not intended to be a primer in all things anticorruption, but is meant to give users enough information to be part of a team led by an anticorruption expert.

## UNDERLYING PRINCIPLES

This handbook is premised on several principles that are essential to understanding and addressing corruption:

1. **All corruption is not the same.** Corruption may manifest itself in similar ways across countries and over time – bribery, extortion, embezzlement, influence peddling, nepotism, and so on – but the underlying causes can be different and the areas that corruption attacks can vary across geographic region and over time. The assessment framework is built to help governments, donors and other interested parties identify different types of corruption (grand and administrative corruption, as well as state capture and predation), and the sectors and functions that are vulnerable to corruption in particular locales or points in time. By providing a better understanding of the nature of the problem and its root causes, this framework supports development of a comprehensive strategic outlook that can offer a customized approach to controlling corruption.
2. **All countries do not possess the same proclivity toward the same types of corruption.** Rather, based on different patterns of development and political-economic dynamics, countries manifest differing corruption tendencies and vulnerabilities. The assessment methodology incorporates a new method to distinguish among countries along these dimensions that may help provide new perspectives on the types of programs that would be appropriate and effective in different settings.
3. **All countries are not at the same level of anticorruption readiness.** The political will and commitment of governmental and nongovernmental leaders defines only one aspect of a country's readiness to deal effectively with the problem of corruption. The capacity to act effectively is the other element that determines a country's readiness level. Thus, there needs to be a basic framework of anticorruption laws, regulations and institutions in place that serve as the prerequisites or preconditions for all initiatives. As well, government officials and civil society, mass media, and business leaders must have the training, resources, and capacity to act effectively and with meaningful resolve over the long haul if anticorruption initiatives are to be adequately implemented.

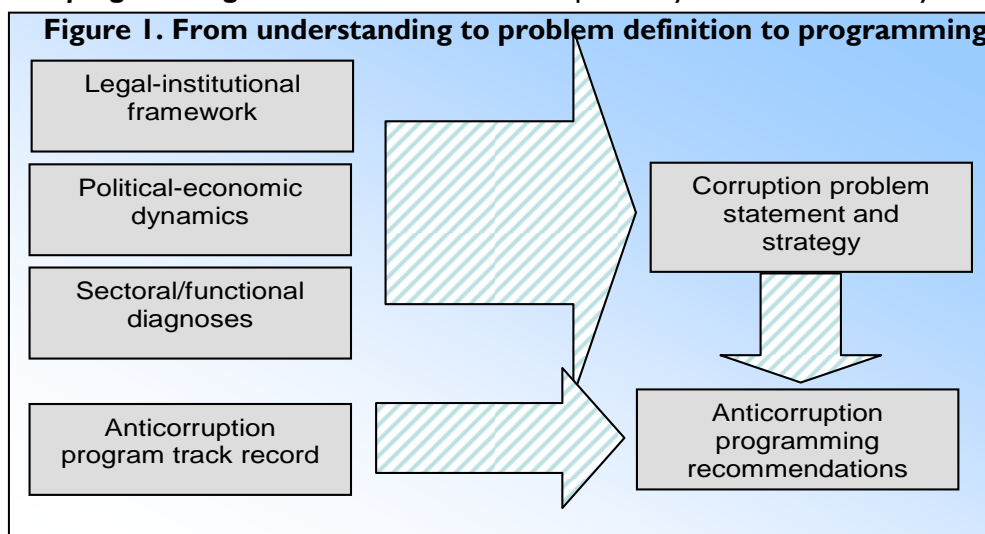
## USING THIS HANDBOOK

Traditionally, corruption has been assessed primarily as a problem of weaknesses in **legal and institutional arrangements**. But to avoid government and donor responses that only treat the symptoms of corruption, it is essential to take a strategic perspective that assesses underlying causes and the deeper **political-economic dynamics** that have influenced the evolution of corruption in a country. This handbook offers a way to combine these two approaches and to help users move from a *general understanding* of corruption issues to *problem definition* and then to *programming* (see Figure 1). In addition, the framework presented in this handbook is applicable across development sectors, not simply in democracy/governance or economic growth program areas.

The **assessment methodology** is driven by two overarching objectives:

1. **Develop a practical strategy by assessing the context and understanding the problem:** Valuable insight into the nature and underlying causes of the corruption problem in a country can be derived from a detailed understanding of the context within which corrupt practices and tolerances have developed in that country. Based on this contextual understanding and statement of the problem, a meaningful and implementable **anticorruption strategy** can be designed. To accomplish this requires a comprehensive assessment of the country's **legal-institutional framework** and analysis of the **political-economic dynamics** that have guided the country's development.
2. **Make recommendations by diagnosing sectors and assessing program track records:** Tailored and prioritized **programming recommendations** that specifically address a country's principal

corruption problems can be derived from **in depth diagnoses of key governmental sectors and functions** that target corruption vulnerabilities and opportunities for reform. Up-to-date information about **the track records of anticorruption programs elsewhere** can inform the team about appropriate courses of action based on what has proven effective in similar contexts.



This handbook is organized to support practical assessment teams going out to the field.

- Section 2 provides a brief overview of the major features of corruption, including definitions.
- Section 3 is a practical guide to using the Anticorruption Assessment Framework, illustrating the approaches, tools and activities.
- Section 4 applies the framework to one country—Ukraine—and includes lessons learned from pilot tests conducted elsewhere.
- Annexes to this handbook provide users with more detailed explanations of the tools and additional resources to assist analysis of many sectors and functions where corruption is common. In addition, model Statements of Work, report outlines, practical planning guidance, and other information materials are offered.

If accessed on the web, users can take advantage of the many hyperlinks throughout this handbook. Together with the annexes, the handbook can also be used effectively as a standalone printed document.

## 2. Understanding Corruption and Key Considerations for Programming

### CORRUPTION DEFINED

Aside from its specific legal definition in particular countries, corruption is generally defined as **the misuse of entrusted authority for private gain**. It occurs any time public officials or employees misuse the authority placed in them as public servants for either monetary or non-monetary gain that accrues to them, their friends, their relatives or their personal or political interests. It may also include the “supply side” of corruption—e.g., the offered bribe.<sup>1</sup> Corruption in any given context usually has both legal and socio-cultural definitions, which are not always the same. But neither law nor culture is immutable, and anticorruption efforts may need to target one or both. Corrupt practices and sanctions against them are often referenced in a country’s laws and regulations, but detection and enforcement may be weak or non-existent. If appropriate controls are not in place or well-enforced and officials believe they can act with impunity—in other words, if misuse of office is seen as a low-risk, high-gain activity—corruption can progressively degrade a country’s governance structures and its ability to deliver services to citizens. It can also undermine the rule of law and legitimacy of government, and thwart financial growth and investment along with a country’s overall development objectives.

### THE MAJOR FEATURES OF CORRUPTION

Over the past decade, international research and practice have demonstrated that there are several major characteristics of corruption that must be accounted for in any reform program. The brief summary below is not intended to be comprehensive in its treatment, but should give handbook users a sufficient overview for conducting assessments.

#### 1. Corruption is multi-sectoral

Corruption is both a **governance and economic problem**, and it is **manifested in all development and service delivery sectors**.<sup>2</sup> Its occurrence is facilitated by the absence or insufficiency of financial controls, performance monitoring for both personnel and programs, transparency, and mechanisms of accountability. Its consequences are often manifested in poor governance and economic distortions and stagnation. The USAID Anticorruption Strategy acknowledges the cross-cutting nature of corruption and challenges Missions to integrate and mainstream anticorruption objectives and programming approaches into USAID initiatives across all sectors. While fighting corruption has traditionally been viewed as a “democracy and governance” task, it is also critical to address corruption vulnerabilities in each domain of a development portfolio. Often, *service delivery sectors (education, health, security, etc.) are where people encounter corruption most visibly or frequently* and where its impact can reduce the effectiveness of any number of other development initiatives.

Looking at the problem through a *governance lens* primarily focuses the analyst on determining if government institutions have the capacity and follow-through potential to deliver efficient, transparent

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<sup>1</sup> While this aspect of private sector corruption is dealt with in this handbook, corrupt actions strictly within the private sector, such as the payment or acceptance of illegal commissions or kickbacks among private firms and their suppliers, are not addressed, nor do they constitute a major focus of USAID programming at this time.

<sup>2</sup> See Bertram Spector, editor, *Fighting Corruption in Developing Countries: Strategies and Analysis* (Bloomfield, CT: Kumarian Press, 2005) and J. Edgardo Campos and Sanjay Pradhan, editors, *The Many Faces of Corruption: Tracking Vulnerabilities at the Sector Level* (Washington, DC: The World Bank, 2007).



and accountable services within the law. Some of the key factors relate to adequacy of the legal and institutional framework, administrative complexity, capacity and professionalism of staff, and internal control and oversight mechanisms. A second important aspect of the governance equation is the role of the public in advocating, monitoring and sanctioning. Key issues in this regard include access to information, freedom and capacity of civil society and the media, and the effectiveness of elections as sanctioning mechanisms. Essentially, corruption can be viewed as a governance problem *within each sector*. There may be some common approaches that can address corruption across sectors—related to budgeting and procurement, for example. But there are also sector-specific approaches that will be needed to deal with corruption vulnerabilities particular to certain sectors. Empirical analyses have shown that improvements in governance can have positive impacts on reducing corruption abuses, as can programs that directly attack corrupt practices.<sup>3</sup>

Looking at corruption through an *economic lens* puts the focus primarily on the extent of government intervention in the economy and its consequences on corrupt activities. Key factors from this perspective include overregulation, government control or rationing of resources, subsidies, procurement, revenue administration and public expenditures, among many others.

## 2. Corruption affects multiple levels of government

Corruption can be found at all levels of government – from the *central to the regional to the local levels*. Preventive and control programs at the central level may have only limited reach and effectiveness down to the subnational levels of government. To be effective, initiatives are typically required from the top-down and from the bottom-up simultaneously. A strategic anticorruption assessment needs to access information at all levels to understand differences in the nature of the problem and in programming requirements. This is accomplished through probing diagnostic questions within key sectors and functions and special efforts to examine the phenomenon and impact of corruption at all levels.

## 3. Corruption impacts multiple levels in society

*Administrative corruption* is typically characterized as an everyday, low-level abuse of power that citizens and business people encounter – for example, requests for small bribes or gifts, speed money and influence peddling to turn a blind eye on circumvention of the rules or to get things done that should have been free or part of expected public service delivery.

*Grand corruption* involves higher-level officials and larger sums of money, and typically includes, for example, kickbacks to win large public procurements, embezzlement of public funds, irregularities in political party and campaign financing, and political patronage and clientelism. Grand corruption can sometimes come in the extreme forms of:

- **state capture** -- where economic elites effectively dictate policies to suit their private interests, or

This USAID assessment framework provides a viable alternative to the available indices that seek to measure the general level of corruption, largely on the basis of expert opinion or popular perceptions.\*

- The *Transparency International Corruption Perception Index* ranks countries by their perceived levels of corruption, as determined by expert assessments and opinion surveys.
- The *Global Integrity Index* rates accountability and transparency in civil society, elections, government administration, oversight, regulation, and the rule of law.
- The *World Bank Control of Corruption Index* monitors the extent to which public power is exercised for private gain based on opinion surveys of firms, individuals and experts.

While these indices and surveys can offer useful country comparisons over time, they usually do not provide sufficient detail to inform particular country programming.

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\* References to these indices are provided in the Resources section at the end of this Handbook

<sup>3</sup> Daniel Kaufmann, “Rethinking Governance: Empirical Lessons Challenge Orthodoxy” (Washington: World Bank, March 11, 2003). Available at SSRN: <http://ssrn.com/abstract=386904>.

- **state predation** – where political power is used to extract financial benefits from a country’s economic resources.

There is no clear line between administrative and grand corruption, and the two are often linked, but the distinction is nonetheless important for assessing problems and developing programmatic responses. If high-level corruption is endemic, for example, it may be much less likely that political leaders will be willing to implement meaningful reforms, even if those reforms are only targeted at lower-level officials. At the same time, administrative corruption in a particular ministry or agency may be addressed if the leadership of that agency is not entangled in webs of corrupt exchanges.

The assessment framework encourages the team to examine all levels of corruption and develop appropriate remedies. While it is not always possible to implement, international experience suggests that it is preferable to address all types in a comprehensive program – the high-level influence peddling, the low-level administrative corruption, the collusive state capture relationships and the outright ravaging of the economy by political leaders. The logic of such an approach is that the combined impact of addressing all levels of corruption will increase the probability of detection and change corruption into a high-risk, high-cost activity and reduce popular tolerance for corrupt practices.

#### **4. Countries with similar political-economic conditions may have similar corruption dynamics**

Patterns of corruption and responses to legal and regulatory incentives differ across societies in ways that reflect deep and long-term development processes and political-economic conditions. By understanding the underlying factors that influence these patterns – that is, the way people pursue, use and exchange wealth and power in particular societies – it may be possible to identify the kinds of corruption problems a country is likely to have and, thereby, better diagnose its basic difficulties and devise appropriate countermeasures, not just treat its symptoms. Thus, it is important to recognize that countries with similar political-economic conditions are likely to have similar, though not necessarily identical, corruption dynamics.

#### **5. Corruption is strongly influenced by situational factors**

The types and levels of corruption in a society are largely affected by both situational opportunities and obstacles. The major factors at play include:

**Actors and Political Will.** There will be little hope for meaningful and sustainable change if critical stakeholders are not present and committed to reform. *Important actors can be in government, civil society, business and the media.* Anticorruption programs can be initiated in whichever development sector is ready for change and willing to take a stand. Champions for change and ethical leadership may exist or can be nurtured. If there are none, it still may be possible to mobilize civil society groups, the media or business leaders to advocate for reforms and exert external pressure on government.

There can also be political will *against* reform—vested interests who want to maintain the system of corruption in place as is. It is important to identify who these interests are and understand their incentives and their power. With accurate assessment of these forces, it may be possible to propose ways of diminishing or bypassing these opponents of good governance. Overall, this framework evaluates stakeholders – both pro and con – in the context of the priority sectors and functions that are diagnosed.

**Institutional Capacity.** There may be motivation but little capacity and experience to fight corruption effectively. Training, technical assistance and financial support can be used to *strengthen the capacity of*

*governmental and nongovernmental groups* in the areas of advocacy, oversight, ethics, investigation, prosecution, awareness building, prevention, transparency, and accountability. No country needs to invent such programs from scratch; there is a wealth of international experience and a growing body of best practices that can be shared. Institutional capacity is analyzed during the sectoral-functional diagnostic phase of the assessment.

**Culture and Tradition.** In many countries, the *use of public office for private gain is viewed as a matter of their traditional and cultural heritage*. It is often difficult to toss off approaches to the use of wealth, power and influence that have become accepted and commonplace. Often, these practices can exist side-by-side with legal structures which prohibit them. While difficult, it is possible to reverse such cultural/traditional tendencies. Popular champions of reform and more modern institutions can emerge to promote rule of law, accountability and transparency, and exercise power responsibly.

**Prerequisites.** It is important to determine if certain preconditions for anticorruption programs exist or if they need to be implanted early in a comprehensive strategy. These prerequisites or essential building blocks include:

- The basic legal framework needed to fight corruption (such as an effective criminal and civil code, conflict of interest laws, meritocratic hiring rules, freedom of information laws, sunshine laws, asset disclosure rules, codes of conduct, and whistleblower protection),
- Effective law enforcement and prosecution,
- Adequate government oversight institutions,
- Accountable and transparent public finance processes, and
- Active nongovernmental advocacy and oversight of government operations.

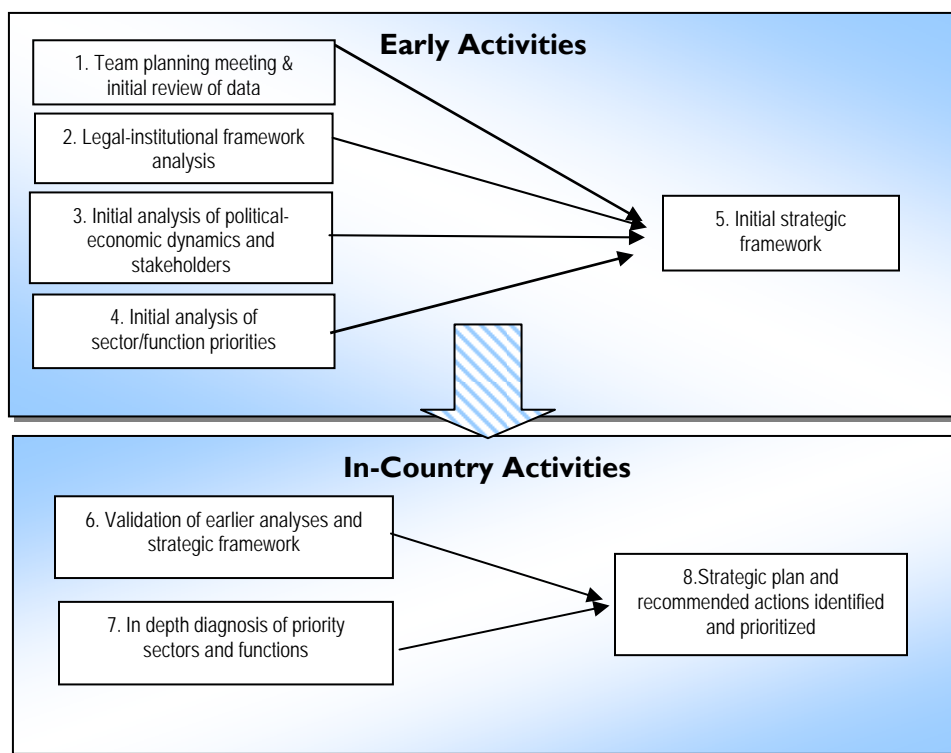
While anticorruption programs can proceed and sometimes thrive in the absence of some of these elements, fighting corruption is made more difficult if they are missing or not fully implemented. The assessment approach, through its legal-institutional analysis, will not only identify the existence of these laws and institutions, but also how adequate they are and how well they are implemented. Inconsistencies between words and deeds can create major barriers to reform.

**International Actors, Influences, and Initiatives.** International organizations and donors can strongly influence and promote anticorruption programs. In some cases, such as the corruption index threshold for the [Millennium Challenge Corporation](#) and [World Bank conditionality](#), donors require serious demonstrations of a country's actions and intentions in fighting corruption as a prerequisite for larger loans and grants. Conversely, international actors can undermine anticorruption programs by sending mixed messages. Coordination and consistency among donors (as well as among various countries' diplomatic, development and commercial actors) regarding intentions and priorities can make the difference between leveraging for common objectives and contradictions that undermine anticorruption investments. Other initiatives, such as the [United Nations Convention Against Corruption \(UNCAC\)](#) and similar regional treaties, establish agreed standards for anticorruption efforts; some also involve review mechanisms to evaluate a country's progress in meeting those standards. Industry-based efforts like the [Extractive Industries Transparency Initiative \(EITI\)](#) also establish standards for anticorruption efforts in specific sectors, though the voluntary nature of all these initiatives means they do not guarantee adherence by countries who sign on.

### 3. The Anticorruption Assessment Framework

USAID conducts assessments as a vital input to decisions about programming. By providing insights concerning a difficult problem, anticorruption assessments can help to inform not only USAID program directions, but also support host-country priorities and solutions. This assessment framework involves several practical tasks that progressively build a detailed analysis of the country’s corruption problems and what can be done realistically to improve the situation. Figure 2 offers a graphic presentation of these tasks; a complete description of each follows. Additional background, resources and tools are presented in the Annexes.

**Figure 2. Flowchart of Anticorruption Assessment Framework**



#### EARLY ACTIVITIES

To ensure that the assessment team’s time in-country is well spent, a substantial amount of effort should be allocated to pre-trip preparation.<sup>4</sup> Early review of existing information and formulation of working hypotheses is the best way to a) avoid repeating analysis that has already been conducted by others, and b) make the most effective use of time on the ground in the country.

#### Task 1. Team Planning Meeting and Initial Review of Existing Resources

*Team Planning Meeting.* The purpose of the team planning meeting (TPM) is to begin the task of preparing the assessment work plan, which is then refined as the team begins work. By setting aside time before the assessment team arrives in-country, teams can make their time working together more efficient and

<sup>4</sup> An illustrative scope of work for anticorruption assessment is provided in Annex 7.

productive. In addition, teams tend to function better when TPMs are held at the front end of an assessment. TPMs should address the questions in the text box. A sample TPM agenda is offered in Annex I. An independent facilitator – someone who is not responsible for producing the work, but who will shepherd the TPM process along -- can be useful to conduct an efficient meeting.

Sometimes, all members of the team may not be fully assembled until the assignment begins in-country. While this presents a challenge for forming the team and beginning to work together, and it is optimal to be co-located, TPMs can be conducted with members in different locations through tele- or video-conferencing. Or it may be necessary to conduct two TPMs—before departure and upon arrival in-country—to make sure each member has a common understanding of the team’s objectives, timelines and products, as well as his or her individual roles and responsibilities.

Team Planning Meeting Questions
1. Who is the client? Who are the stakeholders?
2. What is the task?
3. What are our team roles and responsibilities?
4. How will we best work together in terms of leadership and working styles?
5. What is our work plan?

*Initial Review of Existing Resources.* Given the growing quantity of anticorruption and related analysis that is publicly available (see Resources in the Appendix), USAID strongly advises that teams be given sufficient time prior to arrival in-country to review documents, conduct initial analysis and develop working hypotheses and preliminary priorities. The Mission should be able to provide many up-to-date materials. In addition, the team should explore other resources, many available on the web. Figure 3 provides a guide to identify relevant materials. Early conclusions can be revisited once team members arrive in country.

**Figure 3. Guide to Relevant Country-Specific Anticorruption Resources**

<p><b>Existing corruption indicators for the country.</b> Several broad indicators of corruption are collected on a regular basis for most countries, including:</p> <ul style="list-style-type: none"> <li>• Transparency International, Corruption Perceptions Index <a href="http://www.transparency.org">www.transparency.org</a></li> <li>• World Bank, Control of Corruption Indicator, <a href="http://info.worldbank.org/governance/wgi/index.asp">http://info.worldbank.org/governance/wgi/index.asp</a></li> <li>• Global Integrity, Global Integrity Index, <a href="http://report.globalintegrity.org">http://report.globalintegrity.org</a> (The Global Integrity Index offers a narrative description, broken down by component area, along with their quantitative index.)</li> </ul> <p><b>Existing anticorruption assessments or reports.</b> There are many possible sources of recent reports that assess corruption in the country. Some may target particular sectors or functions, while others are framed more broadly. For example,</p> <ul style="list-style-type: none"> <li>• Transparency International has sponsored <i>National Integrity Studies</i> for many countries that provide detailed analyses of corruption and anticorruption efforts; these are available on the TI website (<a href="http://www.transparency.org">www.transparency.org</a>).</li> <li>• In several regions where there are regional treaties concerning corruption, peer reviews and assessments are conducted on a regular basis. Among these are: <ul style="list-style-type: none"> <li>○ Council of Europe/Group of States Against Corruption (GRECO), <a href="http://www.coe.int/t/dg1/greco/">http://www.coe.int/t/dg1/greco/</a></li> <li>○ OECD Anticorruption Network for Eastern Europe and Central Asia, <a href="http://www.oecd.org/pages/0,,en_36595778_36595861_1_1_1_1_1_1_1,00&amp;&amp;en-USS_01DBC.html">http://www.oecd.org/pages/0,,en_36595778_36595861_1_1_1_1_1_1_1,00&amp;&amp;en-USS_01DBC.html</a></li> <li>○ Organization of American States, <a href="http://www.oas.org/juridico/english/fightcur.html">http://www.oas.org/juridico/english/fightcur.html</a></li> <li>○ OECD/ADB Anti-Corruption Initiative for Asia-Pacific, <a href="http://www.oecd.org/pages/0,,en_34982156_34982385_1_1_1_1_1_1_1,00&amp;&amp;en-USS_01DBC.html">http://www.oecd.org/pages/0,,en_34982156_34982385_1_1_1_1_1_1_1,00&amp;&amp;en-USS_01DBC.html</a></li> </ul> </li> <li>• Check with local Transparency International chapters, other anticorruption NGOs, other donors, as well as government and academic sources.</li> </ul> <p><b>Anticorruption websites.</b> Several major websites that focus on corruption issues are presented here. Others will be initiated over time.</p> <ul style="list-style-type: none"> <li>• U4 Anticorruption Resource Centre, <a href="http://www.u4.no">www.u4.no</a></li> <li>• Information Portal on Corruption in Africa, <a href="http://www.ipocafrika.org">www.ipocafrika.org</a></li> <li>• Respondanet, <a href="http://www.respondanet.com">www.respondanet.com</a></li> <li>• Transparency International, <a href="http://www.transparency.org">www.transparency.org</a></li> <li>• World Bank Governance and Anticorruption, <a href="http://go.worldbank.org/KUDGZ5E6P0">http://go.worldbank.org/KUDGZ5E6P0</a></li> <li>• OECD, <a href="http://www.oecd.org/infobycountry/0,3380,en_2649_34857_1_1_1_1_1_1_1,00.html">http://www.oecd.org/infobycountry/0,3380,en_2649_34857_1_1_1_1_1_1_1,00.html</a></li> </ul>
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*Host government and donor coordination.* There is increasing interest and action in the development community to reduce duplication of assessments and improve coordination of assistance among donors and with the host government. In the 2005 [Paris Declaration on Aid Effectiveness](#), donors and host governments pledged to take steps to reduce the burdens that donors place on host governments and to improve coordination between host-country priorities and donor programs.<sup>5</sup> Good practice in this area is still developing,<sup>6</sup> but a minimum standard for all teams should include the following:

- Work with the USAID mission to identify existing assessments and mine those documents for information that does not need to be collected again;
- Identify host country anticorruption strategies, plans and programs and evaluate the degree to which they represent a viable basis for USAID programs; and
- Come to agreement with the USAID mission about the degree to which host country counterparts will be consulted, briefed and otherwise included in the assessment process and the degree to which host country priorities will be reflected in USAID programs (some of this may already be in the Statement of Work).

## **Task 2. Legal-Institutional Framework Analysis**

Corruption is facilitated or inhibited by the legal and regulatory framework, how it is put into practice, and how it is enforced or monitored through governmental institutions. **This analysis is meant to be conducted by one or more legal experts** – usually in-country – who are well-versed in the current status of laws, regulations and institutions that are typically considered to be the prerequisites of a comprehensive anticorruption regime. The categories of questions are listed in Figure 4 and the actual table to be completed is in Annex 2. The factors in the table include the categories addressed in the [UN Convention Against Corruption \(UNCAC\)](#).

The legal expert should consider the following when completing the table:

- Describe the **formal provisions of laws** and provide brief, factual responses as to the nature and content of the laws, regulations and institutions that exist, at least on paper.
- Provide insight on **how the provisions are implemented in practice** and provide their perceptions as to the operations, effectiveness and adequacy of the legal/regulatory provisions and institutions in reality.
- Identify the categories or subcategories that are **the weakest or present the greatest vulnerability** to corrupt practices.

The results of the analysis should be summarized at the beginning of the Assessment Report by highlighting the weaknesses and gaps in the formal legal-institutional framework, as well as in the provisions put into practice. The completed and detailed table can be used in its entirety as an appendix to the report.

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<sup>5</sup> See [www.oecd.org/document/18/0,3343,en\\_2649\\_3236398\\_35401554\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/document/18/0,3343,en_2649_3236398_35401554_1_1_1_1,00.html)

<sup>6</sup> See OECD, “Policy Paper and Principles on Anti-Corruption: Setting an Agenda for Collective Action,” Development Assistance Committee Guidelines and Reference Series, 2007. (<http://www.oecd.org/dataoecd/2/42/39618679.pdf>)



**Figure 4. Categories Covered by the Legal-Institutional Framework Analysis (see Annex 2)**

- |  |   |
|--|---|
| <p><b>1. NATIONAL ANTI-CORRUPTION STRATEGIES/PLANS</b><br/>1.1 Anti-Corruption Strategy and Plans</p> <p><b>2. ANTI-CORRUPTION ENFORCEMENT LAWS AND INSTITUTIONS</b><br/>2.1 Explicit Anti-Corruption Laws<br/>2.2 Corruption Investigations<br/>2.3 Corruption Prosecution in Courts<br/>2.4 Money Laundering<br/>2.5 Asset Recovery<br/>2.6 Witness Protection</p> <p><b>3. CORRUPTION PREVENTION LAWS AND INSTITUTIONS</b><br/><b>3.1. EXECUTIVE BRANCH</b><br/>3.1.1 Asset Disclosure<br/>3.1.2 Abuse of Discretion<br/>3.1.3 Gifts/Favors/Abuse of Influence</p> <p><b>3.2. LEGISLATIVE BRANCH</b><br/>3.2.1 Asset Disclosure<br/>3.2.2 Gifts/Favors/Abuse of Influence/Conflicts of Interest<br/>3.2.3 Oversight Responsibility</p> <p><b>3.3. JUDICIAL BRANCH</b><br/>3.3.1 Asset Disclosure<br/>3.3.2 Gifts/Favors/Abuse of Influence/Conflicts of Interest<br/>3.3.3 Judicial Independence<br/>3.3.4 Accountability Mechanisms</p> <p><b>3.4. CIVIL SERVICE</b><br/>3.4.1 Conflicts of Interest<br/>3.4.2 Asset Disclosure<br/>3.4.3 Codes of Conduct<br/>3.4.4 Whistleblower Protection<br/>3.4.5 Lobbying<br/>3.4.6 Public Hiring and Appointments<br/>3.4.7 Immunity</p> | <p><b>3.5. TRANSPARENCY AND ACCOUNTABILITY</b><br/>3.5.1 Ombudsman (public complaints unit)<br/>3.5.2 Freedom of Information<br/>3.5.3 Public Hearings Requirements</p> <p><b>3.6. POLITICAL PARTIES AND ELECTIONS</b><br/>3.6.1 Political Party Financing<br/>3.6.2 Elections</p> <p><b>3.7. PUBLIC FINANCE</b><br/>3.7.1 Financial Management Systems<br/>3.7.2 Audits of Public Expenditures<br/>3.7.3 Public Procurement<br/>3.7.4 Budget Planning<br/>3.7.5 Taxation<br/>3.7.6 Banking System</p> <p><b>3.8. PRIVATE SECTOR REGULATION AND PRIVATIZATION</b><br/>3.8.1 Business Regulations<br/>3.8.2 Privatization<br/>3.8.3 Business Sector Anticorruption Activities</p> <p><b>3.9. NON-GOVERNMENTAL ORGANIZATIONS AND THE MASS MEDIA</b><br/>3.9.1 Civil Society Organizations<br/>3.9.2 Mass Media</p> <p><b>4. CULTURAL DIMENSIONS</b></p> <p><b>5. INTERNATIONAL COOPERATION</b></p> <p><b>6. COMPLIANCE WITH INTERNATIONAL LEGAL INSTRUMENTS</b></p> |
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### **Task 3. Initial analysis of political-economic dynamics and stakeholders**

#### *Conducting Political-Economic Analyses With and Without Corruption Syndromes*

While knowledge of the strengths and weaknesses of laws and institutions is necessary for diagnosing corruption problems and proposing solutions, it is not sufficient. Understanding the dynamics of political and economic power that shape these factors is equally essential for developing a realistic strategy to address the problem. The concept of “corruption syndromes” is offered in this framework as a potential tool to facilitate political-economic analysis and identify corruption patterns and tendencies in the target country.<sup>7</sup> Although political-economic analysis can be conducted in a number of different ways by the team, the syndrome analysis is a potentially illuminating way to categorize countries in terms of the patterns of corruption causes and symptoms that emerge from a country’s particular economic, political

<sup>7</sup> See Michael Johnston, *Syndromes of Corruption: Wealth, Power and Democracy*. New York: Cambridge University Press, 2005. Also, see Annex 8 of this Handbook for a more detailed summary of the corruption syndromes approach.

and institutional trajectories. While the syndromes are explained in detail in this handbook, this is because the approach is new, not necessarily because it should be the central feature of the assessment.

A syndrome is defined as a complex of symptoms that indicate the existence of a condition or problem. A corruption syndrome is a distinctive and complex pattern of corruption problems reflecting the ways people pursue, use, and exchange wealth and power, as well as the political and economic institutions that facilitate and/or impede those processes. Through the lens of syndromes, corruption is viewed as the result of a confluence of many factors, not just as the dealings of “bad people,” the result of poor legal or regulatory systems, or as activities that can be punished or deterred in isolation from broader influences. In other words, the whole (corruption in a country) may be greater than the sum of its parts (legal, institutional and behavioral weaknesses). The syndrome tool provides the assessment team with a more complex picture of the factors that facilitate corruption and what might realistically be done about it – from a “deeper” strategic perspective as well as in terms of specific countermeasures. Perhaps most importantly, the syndromes approach can often tell us *what not to do*; reforms that work well in one setting may be irrelevant, or even harmful, in another. Assessment teams will determine if it is feasible to apply the corruption syndrome approach.

The syndromes are shaped by the long-term political and economic developments a country has experienced, as well as by more recent influences and events. For example,

- The nature and spread of corruption in established democracies with reputable political and economic institutions are likely to be of a different nature (and to be coped with differently) than in countries in a transitional stage of democratization with political institutions that are not firmly in control and markets that operate primarily in the informal sphere.
- Other countries might be characterized by excessive collusion among political and economic elite, thereby weakening governance institutions, reducing the rule of law, and limiting the independence of the judiciary to provide adequate checks and balances. In these countries, anticorruption reforms must seek to increase political and economic competition in various ways to reduce the overall influence of these controlling elite networks.
- Yet other types of countries might be dominated by a ruler, inner circle or family, where personal power and loyalties operate systematically to weaken democratic and institutional capacity. In these countries the elite plunder the state with impunity. Anticorruption reforms here often need to be aimed at mobilizing the press and citizen groups to gradually develop meaningful political competition and accountability mechanisms.

This framework profiles four broad syndromes (see Figure 5) and almost all countries can be characterized by these syndromes. Since the syndromes are multidimensional by their very nature, a particular country might be largely described by one *primary syndrome*, but also have some of the elements of another *secondary syndrome*. In addition, it is important to consider that syndromes

#### Conducting Political-Economic Analyses – With and Without Syndromes

- In Ukraine and Rwanda, country experts came to a quick consensus on a single syndrome that best described these countries at the present moment, Type 2. While Ukraine appeared to be a pure Type 2, Rwanda exhibited some hybrid features.
- Experts placed Paraguay as primarily a Type 4 syndrome, characterized by a corrupt figure who puts state power to personal use, but secondarily as a Type 3, where a more complex, chaotic and disruptive corrupt environment is marked by pervasive insecurity. A mixed set of implications could be drawn as a result.
- In Mozambique, the team was unable to agree on a common syndrome. Instead, it analyzed political-economic dynamics by examining the factors that facilitate corruption (for example, single party dominance, the merger of elite political and economic interests, limited rule of law, linkages to organized crime, weak accountability mechanisms and social legacies) and those that inhibit corruption (for example, the new government, incipient anticorruption institutions, the decentralization program, and donor investments in public financial management systems). The emerging extractives industry was also analyzed as a critical driver.
- The implications for strategy of placing a country into a corruption syndrome are illustrated for Senegal in a text box on page 18 below.



**Figure 5. Corruption Syndromes Described**

TYPE I: Wealth pursues influence in public institutions	TYPE II: High-level figures collude to weaken political/economic competitors	TYPE III: Oligarchs contend in a setting of pervasive insecurity	TYPE IV: A dominant inner circle acts with impunity
<p><i>While politics and the economy are usually active, competitive and well-institutionalized, you also see:</i></p> <ul style="list-style-type: none"> <li>• Efforts by private parties to buy influence within public institutions and official processes</li> <li>• Static or declining political participation and trust</li> <li>• Declining credibility of parliaments, parties, elections, and executives</li> <li>• Growing economic inequality</li> <li>• Corrupt influence used to short-circuit political and economic competition</li> <li>• Demand for access to decision makers exceeds legitimate opportunities</li> <li>• Civil societies stagnant or in decline</li> </ul> <p>Wealthy interests seek influence over decisions, usually via their connections to political figures. Wealth is used to influence specific decisions, often involving the implementation of particular policies, not to dominate whole societies or institutions. Thus, a business might deliver significant funds to an elected official, party leader or lobbyist who in effect is placing influence and access out for rent. Wealth may also be channeled through a variety of organizations such as foundations and pseudo-charities. At times, this sort of corruption leads to agency “capture,” but the process is generally too competitive, and officials have too much autonomy, to make full-blown state capture likely. Strong institutions and competitive economies make access a valuable commodity: large benefits are at stake and official decisions have major consequences. Economies tend to be open and state intervention relatively light. Officials themselves may take the initiative in demanding payment, as exemplified by “pay-to-play” deals in procurement and contracting. Over time, this syndrome reduces political and economic competition—perhaps undermining public trust in democratic processes—and produces inflexible policy, as businesses buy advantages over competitors and political figures spend more time seeking rents than contending over policy.</p>	<ul style="list-style-type: none"> <li>• Elite figures in several sectors share corrupt benefits, maintaining political and economic dominance in the face of rising competition</li> <li>• Top political and economic elites overlap and interlink</li> <li>• Fraudulent, indecisive or uncompetitive elections foster collusion among party leaders</li> <li>• Large overlap between state and business; poor transparency</li> <li>• Moderately weak institutions: public/private boundaries are porous, politicized, and manipulated, while bureaucracy and business are colonized by parties and political leaders</li> <li>• Civil society and media lack independence and are orchestrated from above</li> <li>• Competitors exist but face systematic disadvantages</li> </ul> <p>Elites are connected by durable networks based on sharing major benefits of corruption, while excluding political and economic competitors, though competition is intensifying. Elites may include politicians, party leaders, bureaucrats, media owners, military officers and business people in private and parastatal sectors. Corruption is moderate to extensive, but controlled from above, with the spoils shared and uniting elite network. Leaders of nominally competing parties may share graft revenues while excluding competitors. Often marked by ineffective legislatures, extensive state presence in the economy, politicized banking and industrial policy, and mutual “colonization” among business, parties and bureaucracy. Corruption underwrites <i>de facto</i> political stability and policy predictability, partially compensating for moderately weak official institutions. International investors may find the situation attractive. But tight-knit elite networks delay the growth of genuine political competition and, by preempting needed economic and policy changes, can build rigidity into policy and governance. Often features very large and complex corrupt deals.</p>	<ul style="list-style-type: none"> <li>• Powerful figures and personal followings plunder both public and private sectors in a setting of very weak institutions and widespread insecurity</li> <li>• Institutions, rule of law, property rights, and public-private boundaries are all weak</li> <li>• Little orderly competition; violence a common substitute for institutions (e.g. protection rackets in place of police and courts)</li> <li>• Capital flight and weak banking sector; foreign direct investment made for short-term gains only</li> <li>• Economic and political opportunities are plundered, making gains insecure</li> <li>• Little state autonomy and credibility; bureaucracy, courts, and police are hijacked</li> <li>• Chronic revenue shortages &amp; poor tax collection</li> <li>• Very large corrupt deals involving both public and private assets; phony privatizations common</li> </ul> <p>Corruption is complex, chaotic, highly disruptive, and often linked to violence. Pervasive insecurity is created by very weak institutions and the influence of rapacious figures and their followers. Both politics and the economy are rapidly opening up; power and wealth are up for grabs and few rules govern the ways they are sought. Winners find it difficult to protect gains or enforce agreements, encouraging violence, protection markets and large-scale capital flight. Domination by few very powerful figures; their influence extends across sectors of both government and economy. Public-private boundaries are weak to nonexistent, while law enforcement and courts are used to grab power and assets. Organized crime and leaders’ own families are powerful. Loyalty to an oligarch is only as valuable as the stream of rewards provided, making followings unstable. High instability, unpredictability, and weakness of opposing forces. Investment may be extremely risky, property rights shaky, and democratic guarantees meaningless.</p>	<ul style="list-style-type: none"> <li>• Ruler, family or favorites make unchecked use of state power for enrichment and/or political control</li> <li>• Weak boundaries separate economy from top elite exploitation</li> <li>• <i>Personal</i> power and loyalties dominate society; <i>official</i> roles and structures are weak</li> <li>• Power flows top down; opportunities - corrupt or otherwise - controlled by dominant figures</li> <li>• Elite impunity and little or no accountability</li> <li>• Little or no political competition; civil society is weak, intimidated or nonexistent</li> </ul> <p>Involves corrupt figures who put state power to personal use—often, the top figures in a regime or their personal favorites. Unlike Type I, where wealth intrudes into state functions, <i>here personally-controlled state power intrudes into the economy</i>, including diversion of aid and investment. Often depends upon the personalities and agendas of top leaders; some may be completely venal while others pursue more enlightened policies. Family networks may be particularly powerful. Top political figures may form alliances with favored business interests or colonize those interests. In smaller societies, such networks may be relatively simple and controlled on a national basis by a dictator, family members and personal favorites. In more complex countries, such networks may be more fragmented along sectoral or geographic lines, particularly where economies are rapidly creating new opportunities. While some political liberalization may be in progress, countervailing political forces remain weak, turning opposition to corruption into confrontation with the regime. Serious corruption can be extremely unpredictable, exacting major costs in terms of democratization and open, orderly economic development.</p>
<p>Illustrative examples: Germany, Japan, US</p>	<p>Illustrative examples: Italy, Republic of Korea</p>	<p>Illustrative examples: Mexico, the Philippines</p>	<p>Illustrative examples: Kenya (under Moi), Indonesia (during and following Suharto)</p>

which best describe a country might change over time and, in some countries, different geographic regions might exhibit different syndrome tendencies, as might different government sectors. The four syndromes are presented with more detailed descriptions in Annex 8.

To use this tool, the assessment team should read through the syndrome descriptions in Figure 5 to detect particular characteristics that appear to ring true for the targeted country. Local experts should also be involved in this process. While some countries may fit perfectly in one and only one syndrome, most will be described well by a *primary syndrome*, but also have some characteristics of a *secondary syndrome*.<sup>8</sup> An early hypothesis about key political and economic dynamics and underlying causes of corruption can be drawn from initial syndrome conclusions as well as other analysis based on background reading and the team's existing knowledge of the country and validated once the team arrives in-country.

Using the syndromes approach along with other analyses that help in the understanding of political-economic dynamics of corruption, the team should draft a short narrative for the assessment report that elaborates on the *drivers of corruption* in the country. This can include discussion of the following topics:

- Why corruption affects the country as it does,
- How power and wealth are used, by whom, within what institutional context, and with what effect,
- How political and economic institutions have developed,
- How open and accountable is participation in the political and economic process,
- How the corruption problem can be framed in general terms,
- The nature of administrative and grand corruption, as well as state capture, and
- The broad implications that might be drawn about different approaches to anticorruption reform.

The implications of each syndrome and the most appropriate strategies and tactics to address those types of corruption are discussed below in Task 5.

Some practical tips on analyzing the syndrome types follow:

- **Do not agonize** over syndrome assignment; the point is to draw insights from the detailed descriptions and to compare them to what you already know about the country.
- **Syndrome analysis may be best used at the beginning and the end of the assessment.** First, identifying important characteristics of a syndrome for the target country may help the team formulate initial hypotheses about areas that need further analysis. Later, the syndrome may help the team think about programmatic possibilities that they had not considered initially.
- **The name or label of the syndrome is not important.** It is the description of the corruption problem in the syndrome profile and the implications of those problems that the assessment team should pay attention to see if they match up with their view of reality.
- **If a single syndrome profile does not provide an accurate or reasonable description of the country being assessed, consider identifying a primary and secondary syndrome.** The value of the syndromes lies only in the extent to which they provide helpful insights for anticorruption strategies and programming. The team *may identify more than one*

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<sup>8</sup> See Annex 8 for a list of countries that have been designated into the four syndromes using a quantitative analytical approach conducted in 2006.

*syndrome* for the country as a whole, different regions of the country, levels of government, or parts of the economy.

Finally, keep in mind that corruption syndromes are used in this framework as *one* tool for diagnosing corruption problems and prescribing solutions. As this framework has been tested in the field, teams have used syndrome analysis *along with* more traditional tools of legal, institutional, political, and economic analysis. Assessors are encouraged to use the syndrome analysis in this framework as a way to help them think beyond the more straightforward strengths and weaknesses of laws, institutions, and practices to ask themselves what they might be missing.

### Analyzing Stakeholders

The readiness of stakeholders to promote and implement anticorruption reforms is a function of their political will and capacity to act. At this early stage in the assessment, it is important for the team to examine the major stakeholder groups in terms of those that are likely to demonstrate a commitment to reforms and those that are likely to oppose them.

*Political mapping of stakeholders* is a helpful way to illustrate relative support and opposition for anticorruption programs (see Figure 6 for an example from Paraguay in 2008).<sup>9</sup>

**Figure 6. Stakeholder Map on Anticorruption Issues (Paraguay 2008)**

OPPOSITION	CONDITIONAL SUPPORT	CORE SUPPORT	CONDITIONAL SUPPPORT	OPPOSITION
		APC POLITICAL PARTIES	MPQ PPS  <b>PLRA??</b>	UNACE
		<b>PRES. LUGO</b>  <b>Min Fin</b>  CC-AC ?? GOVERNMENT SECTORS	CISNI? Customs Contraloria FISCALIA	CONGRESS <b>State Enterp.</b>  JUDGES  <b>POLICE</b>
		<b>MCC</b>  <b>USAID</b>  <b>WORLD BANK</b>  EXTERNAL ACTORS	IIB	
<b>Public Employees</b> <b>Teachers</b> <b>Health Workers</b>  Asoc. Sin Techos	MCNOC ONAC  CEJ INECIP  Asoc. Liberal Mayors  Decidamos Semillas  Contralorias Ciudadanas		Transparency Paraguay  Ultima Hora ABC Color  PRESSURE GROUPS/NGOS	Asoc. Rural CIP CAPECO UIP FEPRINCO  <b>LAWYERS</b>
				<b>Contraband</b>  <b>Narco-traffickers</b>  <b>Clandestine industry</b>

Excerpted from *Assessment of Corruption: Paraguay* (Washington, DC: Management Systems International, July 2008).

<sup>9</sup> For more information on constructing macro- and micro-political maps, please refer to Derick Brinkerhoff and Benjamin Crosby, *Managing Policy Reform*, Chapter 8, "Political and Institutional Mapping," (Bloomfield, CT: Kumarian Press, 2002).

Horizontally, groups are arrayed in terms of their support or opposition to anticorruption reforms. Vertically, groups are arrayed across four sectors as demonstrated in the chart. Overall level of support can be estimated by the number of groups in the Core and Conditional support sectors. Larger size and bold fonts can indicate the more important groups in terms of resources and political influence. Where there are a relatively large number of important groups in the “core” support sector, there is likely to be greater political commitment for implementing difficult measures. Similarly, numerous important groups in the opposition sectors can signal lesser support and political will for difficult decision-making and implementation. Placement of groups on opposite sides of the map indicates incompatibility of interests – groups that are unlikely to align or coalesce in support of a particular issue. Groups on the extreme outside boundary of the map are considered “anti-system” -- they typically function outside the normal “rules of the game” and often use violence as a political resource.

While this map presents only a snapshot in time of the readiness/opposition of groups to deal with anticorruption reforms, it can provide a useful early assessment of opportunities and problems that future anticorruption programs may encounter – who may be called on as champions for change, who needs to be nurtured, who is ready to advocate, and who has vested interests in maintaining currently corrupt systems. This information is extremely valuable for informing decisions on where to focus assistance efforts. Assessment teams may want to use this tool early in the assessment, using background reading and their own knowledge of the country, and/or revisit the analysis later in the process.

#### Task 4. Setting Initial Government Sector/Function/Institution Priorities

At the heart of the anticorruption assessment are in-depth analyses conducted “where corruption lives” in particular government sectors and functions. In many heavily corrupted societies, the problem is found almost everywhere; in order to decide what to do first, the assessment team must identify early where corruption hurts the most and where the best opportunities exist to remedy these problems. In this stage, the team can use several inputs to identify an initial set of sectors, functions and institutions with the greatest corruption risks that are most ripe for resolution. These inputs can include:

- **Legal-institutional analysis.** The analysis in Task 2 can suggest possible sectors or functions where there are particular corruption weaknesses or vulnerabilities.
- **Syndrome profiles.** The syndrome profiles and political-economic analysis derived in Task 3 may also suggest particular government sectors or functions that are good candidates for further diagnosis. For example, in some syndromes it is recommended that conflict of interest laws, electoral

##### Selecting Sectors and Functions for In-depth Diagnosis

- In Jamaica, the team reviewed the annual report of the Contractor-General that identified vulnerable political bodies, plus assessed the relative readiness of these bodies to respond positively to anticorruption programs. Readiness was based on expert interviews and focus groups concerning the political will of reformers or champions within these bodies, as well as the existence of new anticorruption procedures and legislation.
- In Paraguay, the team delimited the number of sectors and functions by first identifying those most debilitated by excessive patronage, political influence and insufficient resources. Among these sectors/functions, the team highlighted the ones with the most operational responsibility to confront public corruption. They ultimately selected the judicial sector, law enforcement, audit and customs. Running across all of these were two major dysfunctional cross-cutting functions: public administration and budgetary frameworks. These were selected as well for in-depth diagnosis.
- In Rwanda, the USAID Mission and the Government decided prior to the assessment that the health sector presented the greatest need to tackle corruption and was home to reformers with the political will to follow through on new initiatives.
- In Morocco, the team sought guidance from the program office and several technical offices at the USAID Mission for their priorities across the sectors and functions to pare down the list to a doable number.

systems, public finance management, and/or court systems need to be strengthened. Based on these profiles, these sectors and functions can be pinpointed for future in depth analysis.

- **Stakeholder mapping.** This analysis of actors (Task 3) can identify where political will and opposition lies – by sector and function – for reform.
- **Recent research reports.** The team may be able to find recent research reports, analyses, assessments and opinion surveys that highlight government sectors and functions which are particularly vulnerable to corruption or where there may be ready opportunities for reform (Task 1). Likely sources for such reports are the [World Bank](#), [Transparency International](#), [Global Integrity](#), the U4 Anticorruption Resource Center ([www.u4.no](http://www.u4.no)), and others.
- **US Government and other donor priorities.** USAID priorities for the assessment will probably be outlined in the scope of work for the assessment. Other USG priorities may be determined from meetings and reports from the State Department and Department of Justice. Activity reports and country analyses by other donors will identify other areas of interest or help rule out areas for further investigation.
- **Host government priorities.** Experience has shown that anticorruption programs are most effective when they support meaningful and committed efforts on the part of host country counterparts. Many countries have developed anticorruption strategies and action plans, and though they are not all of equal quality, such expressions of host government priorities need to be carefully considered when exploring programming options.

Based on these sources, the team should develop an initial list of priority sectors, functions and institutions that ought to be diagnosed in greater depth in later stages of the assessment. The benefit of developing this list while the team is still preparing is that it allows them to begin collecting data on those sectors and functions, find appropriate local consultants, and start scheduling meetings and interviews prior to arriving in the country. The table in Annex 3 can be used to focus the team on analyzing questions about institutional capacity, transparency, accountability and stakeholder interest in priority sectors and functions.

### **Task 5. Initial Strategic Framework**

Based on the previous steps, the assessment team should have sufficient insight into the country's corruption problems and anticorruption opportunities to sketch out a **preliminary anticorruption strategic framework** that can guide the more detailed in-country work that will follow.

**“Strategy,”** in this sense, **refers to sustained action against the underlying causes shaping a country's particular pattern of corruption**, not to specific programs or controls aimed at particular practices. The team's strategic framework should reflect the team's understanding of the corruption problem at this early stage of the assessment, based on the preceding analyses in Tasks 1 through 4. It will be a “best guess” that can be adjusted as more is learned once the team is on the ground. This step does not necessarily require significant time, as it will likely be revisited later in the process. Still, having this framework at this stage will be very helpful to plan appropriately for conducting the in-country assessment tasks. The framework will provide team members with a set of working hypotheses that can be tested during their trip.

In this task, team members should attempt to integrate what they have learned into a short narrative that can be included in the assessment report and will help in elaborating a more complete strategic plan later in the assessment process.

- Analysis of the legal-institutional framework and the state of its implementation (Task 2) should have provided the team with an understanding of what are usually considered the prerequisites for effective anticorruption programs, including the gaps and deficiencies in the current context.

- From the political-economic analysis of Task 3, the team should have generated information about the underlying problems and causes of corruption, and anticorruption approaches that are likely to be helpful in developing a meaningful near- and long term-strategy.
- As well, the stakeholder analysis conducted under Task 3 should have identified likely opportunities and potential roadblocks in implementing an effective anticorruption program.
- The results of Task 4 provided the team with a layered understanding of *where* corruption vulnerabilities exist and must be addressed directly – by sector, function and institution.

Together, these analyses provide the team with a wealth of information for this initial integrated analysis. The written narrative should include a discussion of:

1. The **Core Problems** which represent the underlying causes of corruption that have emerged from the initial analyses. This ensures that the assessment does not deal merely with the visible symptoms of corruption but seeks to remedy problems that can have a more positive and long lasting impact on the country. Core problems are usually described broadly and might include, for example, poor political accountability and competition, colonization of the civil service bureaucracy by political party loyalists, poor tax collection, weak governance institutions, or economic and political opportunities plundered by elite few. The syndrome profiles in Figure 5 above provide particular problem statements that are common to each syndrome type and may be relevant to a particular country.
 

**Implications of Selecting a Syndrome on the Strategic Framework**

The Senegal assessment team decided that the country was best described as a mixture of two corruption syndromes: Types 3 and 4, both characterized by weak institutions and increasingly centralized power personalized in a narrow leadership group. As a result, the strategic framework defined the core problems in terms of inadequate controls on executive decision-making, a lack of accountability in delivering public services, a lack of transparency in government operations, and inadequate public demand and advocacy for change. Understanding the potential obstacles to reform at the central level, the team targeted its proposed strategic directions at promoting change through local government and civic participation, by building capacity in agencies that oversee public spending and procurement, and by applying pressure and conditionality by international and bilateral donors.
2. The **Strategic Goals** should be geared to specifically address the Core Problems. They propose broad basic approaches to remedy the identified problems. Core problem areas and key strategic directions common to particular corruption syndromes are included in Figure 7 below on *syndrome implications*. These can include, for example, strengthening property rights, developing stronger boundaries between the state and business, decreasing the state’s role in the economy, establishing systems for credible political competition and elections, generating systems of incentives for civil servants to work for the public good not political patrons, developing an independent judiciary, and promoting an independent mass media.
3. **Working Hypotheses** should be formulated that reflect these core problems and strategic goals in a way that they can be tested – validated, refuted or adjusted – by the information and insights collected by the team during its in-country activities. These hypotheses should get to the heart of *why corruption plagues the targeted country and what broad approaches are likely to have positive impacts*.



**Figure 7. Strategic Implications of Corruption Syndromes**

TYPE I: Wealth pursues influence in public institutions	TYPE II: High-level figures collude to weaken political/economic competitors	TYPE III: Oligarchs contend in a setting of pervasive insecurity	TYPE IV: A dominant inner circle acts with impunity
<p><b>MAIN GOAL:</b> Build capacity of citizens and civil society groups in the course of pursuing and defending their interests, punish corrupt officials and parties, and reward good governance with support, votes and contributions</p> <ul style="list-style-type: none"> <li>• Increase participation in, and credibility of, politics; build political trust</li> <li>• Link corruption control to the interests of citizens and civil society groups</li> <li>• Increase political competition of elections</li> <li>• Increase legitimate access to decision makers</li> <li>• Broaden base of funding election campaigns</li> <li>• Combat deals to gain special access to officials and corrupt demands upon contributors</li> </ul> <p><b>CONSIDER:</b></p> <ul style="list-style-type: none"> <li>– Strengthening civil society &amp; forces checking top politicians. Civil society efforts need <i>not</i> aim directly at corruption control, but at effective voicing of group interests through politics.</li> <li>– Backing development of parties that represent real groups and interests rather than personal agendas and followings of top political figures.</li> <li>– Increasing political competition</li> <li>– Monitoring bureaucracy's autonomy to prevent capture by politicians or private interests.</li> <li>– Where institutions, civil liberties and rule of law are relatively secure, emphasize transparency in political funding and lobbying.</li> <li>– Use political finance systems to support competition and participation, not just to control flows of money; subsidies may be necessary.</li> </ul> <p><b>AVOID:</b></p> <ul style="list-style-type: none"> <li>– Starving politics of legitimate funds or inhibiting free expression &amp; legitimate influence process</li> <li>– Restricting <i>bona fide</i> constituent service</li> <li>– Too much <i>or</i> too little bureaucratic autonomy</li> <li>– Very technical &amp; onerous political finance rules</li> <li>– Stigmatizing self-interest or treating political parties as "civic" entities only</li> <li>– Excessive public expectations about reform</li> <li>– Forms of transparency that deter citizens; allow small anonymous contributions</li> <li>– Free-rider problems; build on self-interest</li> </ul>	<p><b>MAIN GOAL:</b> Increase political and economic competition at a moderate pace; link such opening-up processes to aid and other incentives</p> <p><b>CONSIDER:</b></p> <ul style="list-style-type: none"> <li>– Monitor treatment &amp; protect rights of emerging businesses, parties, and civil society groups</li> <li>– Strengthen property rights</li> <li>– Promote economic opportunities, political funding and lending <i>not</i> dominated by elite</li> <li>– Promote economic initiatives and investment from outside the country</li> <li>– Promote conditionality linking aid to treatment of opposition groups &amp; economic competitors, rewarding tolerance, transparency and fairness</li> <li>– Seek gradual pluralization of political system with new competing groups emerging based on open, vigorous and broad-based economy.</li> <li>– Build independence and professionalism in the bureaucracy, courts, and legislative institutions</li> </ul> <p><b>AVOID:</b></p> <ul style="list-style-type: none"> <li>– Sudden political <i>or</i> economic threats to elites that may encourage repression or frantic theft</li> <li>– Excessively fragmenting bureaucracy</li> <li>– Starving the political process of funding</li> <li>– Hope of quick results from strategic reforms</li> <li>– Information-intensive reforms until competent and independent bureaucracy is in place</li> <li>– Using conditionality and external resources to challenge regime directly.</li> <li>– Undervaluing unity and stability at top; remember that alternatives can be worse!</li> </ul>	<p><b>MAIN GOAL:</b> Reduce insecurity and violence, build credible public and private institutions, and enable opposition to corruption to grow</p> <p><b>CONSIDER:</b></p> <ul style="list-style-type: none"> <li>– Strengthening property rights</li> <li>– Promote credible policies and implementation, in a few areas (e.g. taxation, policing)</li> <li>– Promote stronger boundaries but easier and <i>legitimate</i> access between state and society</li> <li>– Reduce "informal" economy, while making institutionalized markets more credible</li> <li>– Promote predictable revenues for the state based on simple, effective and fair taxation</li> <li>– Protect citizens and small business from exploitation and abuse</li> <li>– Over long term, reduce risks &amp; unpredictability in markets; strengthen banking practices, bond &amp; equity markets, and currency</li> <li>– Over long term, promote stronger civil liberties, free and independent press, &amp; honest elections</li> </ul> <p><b>AVOID:</b></p> <ul style="list-style-type: none"> <li>– Anticorruption initiatives and agencies that can become weapons for rival oligarchs</li> <li>– "Strong hand" options that create more insecurity</li> <li>– Weak "ownership" of reforms that waste opportunities and credibility</li> <li>– "Privatizations" that become licenses for theft</li> <li>– Elections without socially rooted parties and procedural safeguards</li> <li>– Massive public anticorruption campaigns that lack credibility</li> <li>– Civil society strategies and elections until risks subside</li> <li>– Sharp increases in competition that heighten elite insecurity; tolerate a degree of collusion</li> </ul>	<p><b>MAIN GOAL:</b> <i>Gradual</i> growth of political competition and independent power centers</p> <ul style="list-style-type: none"> <li>• Credible <i>official</i> roles and institutions; eventual growth of "civic space"</li> <li>• Accountability based on public, not personal, grounds</li> <li>• Strengthen press and civil society <i>gradually</i></li> </ul> <p><b>CONSIDER:</b></p> <ul style="list-style-type: none"> <li>– Shielding private sector from official raids; create more secure property rights</li> <li>– Establishing basic civil liberties, rather than moving rapidly to full democracy</li> <li>– Creating/strengthening incentives for officials to work for public, not political, patrons and <i>gradually</i> building social capacity to demand accountability, if not through elections then via organized groups</li> <li>– Encouraging <i>gradual</i> emergence of a diverse national elite featuring a political class separate from top economic figures, where power and accountability rest on the rule of law</li> <li>– Enlarging the scope of economic participation and decision making and offering existing elites economic rewards for accepting change.</li> </ul> <p><b>AVOID:</b></p> <ul style="list-style-type: none"> <li>– Rapid or sudden change; perceived threats to elites may put reform advocates and emerging civil society at risk</li> <li>– Reforms and public morality campaigns that hide corruption or produce political reprisals</li> <li>– Reforms (e.g. public management improvements) with short-term timelines; reforms require a long-term process</li> <li>– Promoting civil society groups aimed solely at anticorruption and good governance agendas: their activities will be risky and collective action problems may be severe</li> <li>– Massive anticorruption campaigns and anticorruption agencies until it is clear they will not be personal tools of top figures</li> </ul>

## IN-COUNTRY ACTIVITIES

### Task 6. Validation of Earlier Analyses

Upon arrival in-country, the team should initially work on testing the working hypotheses and preliminary strategic framework formulated during Task 5. Broad-ranging discussions with key observers of corruption, politics and economics in the country, as well as more specific discussions with USAID program and project managers, relevant embassy and international donor

representatives, and key host-government counterparts, should be planned in advance if possible and undertaken quickly. Individual interviews or focus group sessions are both effective. Based on these meetings, the team should assess whether the political-economic analysis, stakeholder mapping, and the Strategic Plan need to be adjusted. Annex I provides guidance on how to allocate the team's time in country, based on past experience.

#### Criteria to Prioritize Sectors and Functions

- Are there major deficiencies and vulnerabilities, plus strong opportunities in the sector/function?
- Does the sector/function fit into one or more of the core problem statements in the Strategic Plan?
- Is there strong political will and readiness among stakeholders in the sector/function?
- Are major programs already under way or planned by the government, donors or USAID/USG in the sector/function?
- Do major obstacles to reform or internal resistance or obstacles exist in the sector/function?
- Is there high USAID/USG priority for the sector/function?

During this task, it is also important to revisit the prioritization of sectors and functions that will be diagnosed in depth. Given the limited amount of time the team has in country, it is essential to bring the number of sectors and functions down to a reasonable number. To accomplish this, the criteria in the accompanying text box should be considered systematically.

### Task 7. In-Depth Diagnosis of Sectors, Functions and Institutions

Detailed diagnoses of the risky sectors, functions and institutions should be conducted based on document reviews, interviews and focus groups with major stakeholders. The team can draw upon a library of 19 sector-by-sector *Diagnostic Guides* (see Figure 8 and Annex 4) that provides probing questions for team members to ask in focus groups and interviews to understand critical sector/function-specific corruption weaknesses. This task will probably consume a major portion of the team's time in-country. The increasing number of corruption analyses produced by groups like [Transparency International](#) and [Global Integrity](#), as well as more specialized reports such as those on public financial management ([www.pefa.org](http://www.pefa.org)), may allow fairly detailed analysis of these sectors even before arriving.

**Figure 8. Available Diagnostic Guides (see Annex 4)**

Anticorruption Agencies	Mass Media & Access to Information
Budget and Financial Management	Political Parties
Civil Society	Private Sector
Customs	Privatization
Education	Public Institutions/Civil Service
Electoral Commission and Election Process	Public Procurement
Healthcare	Regional and Local Government
Judiciary	Supreme Audit Institution
Law Enforcement Institutions	Taxation System
Legislature	

Each diagnostic guide was developed by researching the expert literature in each sector, function or institution and conferring with specialists in those areas. While each addresses a unique set of issues and



contexts, there are some common categories of questions that each guide discusses where corruption vulnerabilities may exist. These include institutional authority and capacity, independence, accountability, transparency, integrity mechanisms, and enforcement mechanisms.

As part of these detailed diagnoses, stakeholders within the sectors/functions/institutions should be assessed to determine their support/opposition to reforms, their political will and capacity to act, and their leverage over others to make things happen. The stakeholder mapping approach can be used again at the sector/function/institution level, though teams do not necessarily need to produce detailed diagrams for each sector.

The diagnostic results need to be analyzed within the context of the initial strategic framework (Task 5), considering the key problem statements and priorities. For the report, a brief narrative analysis of each selected sector/function/institution should be developed that includes an overview of the current situation, vulnerabilities to corruption, opportunities and obstacles to reducing these risks, and program option recommendations. These programmatic recommendations should be feasible within the country context and in concert with the overall strategic framework.

### **Task 8. Strategic Plan and Prioritized Recommended Options**

In this last task, the initial strategic framework from Task 5 should be updated based on the sector/function/institution diagnoses and developed into a Strategic Plan for an integrated anticorruption program. An illustrative structure for such a strategic plan is presented in Figure 9 that includes Core Problems, Strategic Goals, and Implications for Action. This table should be included in the assessment report to provide a rationale for the recommended programmatic options.

**Figure 9. Illustrative Anticorruption Strategic Plan  
(based on Senegal Assessment, 2007)**

<b>Core Problems</b>	<b>Strategic Goals</b>	<b>Implications for Sectors, Functions &amp; Institutions</b>
Core Problem 1: Inadequate checks on executive decision-making	1.1 Strengthen judiciary and legislature	1.1.1 Take measures to reduce political interference
	1.2 Strengthen local government	1.2.1 Widen the base of citizen participation in monitoring the budget
Core Problem 2: Lack of transparency in government operation	2.1 Promote high-level policy dialogue	2.1.1 Address ways to develop independent regulatory and audit agencies
	2.2 Support selected oversight institutions	2.2.1 Establish independent watchdogs to monitor public contracts
Core Problem 3: Lack of quality and accountability in delivery of public services	3.1 Promote effective decentralization	3.1.1 Extend training in good governance to municipal officials
	3.2 Concentrate efforts in local level key sector programs	3.2.1 Establish professional codes of ethics in each sector
Core Problem 4: Ineffective public opposition to corruption	4.1 Support citizen oversight of government	4.1.1 Promote civil society analysis of good governance
	4.2 Public education and diffusion of corruption's impact	4.2.1 Civic education via religious leaders and citizen movements

Adapted from *Corruption Assessment: Senegal* (Washington, DC: Management Systems International, August 2007).

The proposed recommendations that were developed at a sectoral, functional and institutional level need to be integrated and prioritized into a logical and reasonable plan in accordance with the strategy. There are likely to be some recommended options that are common across sectors or functions, for

example, budgeting reform, procurement reform, and transparency activities. These might be bundled

Implications of Syndrome Analysis for Strategy	
As a further illustration, for a Type 4 African country (where a dominant inner circle acts with impunity):	
Guidance from syndrome analysis	Core strategy recommendations
Start with basic civil liberties and transparency	Fix structural weaknesses in democracy and governance
Without committed leadership, supply-side improvements have limited likelihood of success	Focus on transparency in governance as first step toward accountability
Be careful about insecurity for advocates; link public participation to concrete issues and possibly de-politicized ones	Support demand-side capacity and activism, but look to groups active in other sectors (mainstreaming, local government)
Recognize the overall constraints of a non-accountable system; leaders may be more accountable to donors than public	Heavy emphasis on donor/diplomatic role

together as cross-sectoral options to avoid duplication of effort.

Many options usually arise during the course of discussions for the sector/function diagnoses. Other potentially innovative ideas can be gleaned by referring to international experience and lessons learned by USAID, other donor groups, governments and nongovernmental organizations in other countries. To support this examination, this handbook includes a large number of integrative reports that review and evaluate the track records and experiences of many anticorruption programs in many countries across a wide range of sectoral and functional domains. Figure 10 provides a list of the areas covered by these reports. Citations for these resources are provided in Annex 5 along with links to the actual reports.

**Figure 10. “Track Record” Reviews of Anticorruption Program Experience (see Annex 5)**

Agriculture	Media
Budget	Mining
Customs	Parliament
Decentralization	Petroleum
Education	Pharmaceuticals
Electricity	Political Parties and Elections
Energy	Post-Conflict Situations
Environment	Private Sector
Forestry	Procurement
Health	Public Finance
Infrastructure	Transport
Justice	Water

Typically, assessment teams generate too many recommendations across all sectors and functions for a donor such as USAID to handle effectively.

As a result, it is essential for teams to *delimit and prioritize* their recommendations. Several criteria are suggested to help the team pare down the number of recommendations and order them in terms of importance and likely impact (see text box).

Ultimately, the prioritized options need to fit in the overall strategic logic of the assessment’s analysis, so they should be linked back to the core problems and strategic goals in the Strategic Plan. The final product of this task

Criteria to Prioritize Recommendations
➤ Does the option satisfy the core problem statements in the Strategic Plan?
➤ Does the option satisfy existing or planned USG/USAID priorities?
➤ Does the assessment suggest likely success for the option?
➤ Are there particular risks involved in proposing or implementing the option?
➤ How rapid is the likely program impact (near-, mid-, or long-term)?
➤ Is there political will and readiness among local stakeholders to embrace and implement the option?

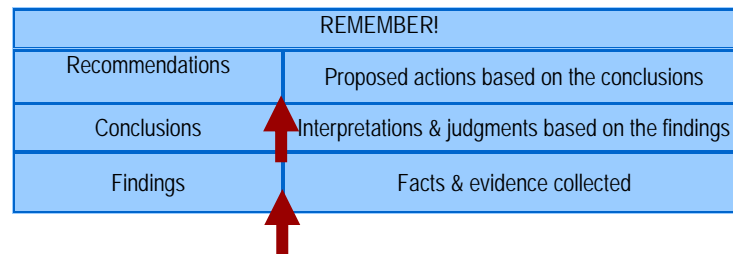
should be a well-considered integrated program for anticorruption action for USAID to consider in the context of the overall Anticorruption Assessment Report. Recommendations should be designated as short-, medium- or long-term priorities. Each recommendation should be described briefly, major stakeholders and counterparts listed, potential obstacles to success recognized, anticipated impacts on corruption identified, and likelihood of success estimated. A sample recommendations table is presented in Figure 11. Depending on the mission's interest, resources required and/or recommended time frames may be important additions to such a table. The accompanying narrative may need to explain why some potential program areas were *not* included as priorities, especially if they were of particular interest to USAID or the host government.

**Figure 11. Prioritized Recommendations (Excerpt from Honduras assessment, 2008)**

Anticorruption Program Option	Priority	Major Counterparts	Potential Obstacles	Anticipated Impact on Corruption	Likelihood of short-term success
<b>STRATEGIC GOAL 1. DEPOLITICIZE GOVERNMENT INSTITUTIONS AND ENHANCE ACCOUNTABILITY</b>					
Enhance Health Ministry capacity to make purchases of medications and other public health inputs more transparent	Short-term	Health Ministry (MOH), State Procurement Office, National Anti-Corruption Council	Bureaucratic inertia and interference by corrupt stakeholders to prevent reform	Could close a grand corruption avenue with a substantial positive impact on health standards	Potentially significant
Proactively incorporate corruption prevention interventions in health sector	Medium-term	MOH, National Anti-Corruption Council, Supreme Audit Agency	None if resources are available	Significant if anticorruption practices introduced during the program design stage prove effective	Not likely
<b>STRATEGIC GOAL 2. SUPPORT CIVIL SOCIETY IN ADVOCATING FOR ANTICORRUPTION AND OVERSEEING GOVERNMENT AGENCIES</b>					
Systematize and disseminate best social audit practices applicable to the health care sector	Medium-term	MOH, National Anti-Corruption Council, Supreme Audit Agency, Municipal Transparency Committees, NGOs	Complexity of endeavor, resistance by local authorities	Major in communities willing to become actively involved in the initiative	Potentially significant
Decentralization of the management of financial resources for health	Long-term	MOH, National Anti-Corruption Council, Supreme Audit Agency, municipal administrative authorities, Municipal Transparency Committees, NGOs	Difficulties in implementing decentralization process, particularly in light of weak local management capacity	Considerable to the extent that the decentralization process is effectively implemented in a transparent and accountable manner at the local level	Not likely in light of time required for program to be initiated and implemented across Honduras. Disparities in local management capacity will reduce possibility of short-term success

Adapted from *Honduras Corruption Assessment Report* (Washington, DC: Management Systems International, October 2008).

An annotated outline for the final Anticorruption Assessment report is provided in Annex 6.



## HOW DOES THIS FRAMEWORK RELATE TO OTHER USAID CONSIDERATIONS?

**DG Assessment.** The USAID Democracy and Governance Assessment provides the broad political and institutional context within which an anticorruption assessment can be better understood. The Anticorruption Assessment examines governance, accountability and transparency issues in great depth within the democracy and governance sector itself, as well as in other sectors and government functions. The DG assessment may in fact identify corruption as a key problem based on the confluence of weaknesses in the core characteristics of democracy, such as competition, rule of law and governance. An anticorruption assessment should draw on the analysis in available DG assessments and go the next step by identifying the most promising and strategic ways of addressing the problem.

**Fragile States.** Corruption weakens governance practices, confounds the rule of law, and reduces government revenues that were meant to provide public services; these factors serve to promote fragility and deterioration of the state. At the same time, failing, failed and recovering states operate within conditions that usually promote corruption; in fact, the use of corrupt practices may be the only way to get things done within a state that is incapacitated. The political-economic analysis within the Anticorruption Assessment Framework views the state of institutional capacity as very important in framing the nature and spread of corruption; it establishes parameters for accountability and control of corruption. Fragile states and those rebuilding after conflict have greater hurdles to overcome than typical developing states.

**Gender Considerations.** There is some evidence that corruption affects men and women differently and that there are gender differences in the response to corruption. While conducting anticorruption assessments, especially during the Detailed Diagnostic phase (Task 7), the team should inquire about the following gender-related issues within sectors and government functions where corruption risks are deemed to be high.

- What is the variable impact of corruption on men and women?
  - In each sector or function, are there significant differences in the extent to which men and women interact with potentially rent-seeking government officials? What are they?
  - In each sector or function, are there significant differences in the impact of corrupt practices on men and women in terms of degraded public services, lost income, etc.? What are those differences?
- What are feasible and promising approaches to address the differential impact of corruption among men and women?
  - How much awareness exists of the differential impact of corruption among men and women?
  - In each sector or function, are there significant differences in gender participation in citizen advocacy aimed at controlling corrupt practices?

- Can program options be developed that promote realistic gender participation in combating corruption and build on unique interests and opportunities for men and women to participate?

## 4. Applying the Framework: Ukraine (2005)

During the course of developing this Anticorruption Assessment Framework, several pilot tests were conducted – in Ukraine, Mozambique, Senegal, Honduras, Jamaica, Rwanda, Morocco and Paraguay – to provide feedback on the value and practicality of the approach. For illustrative purposes only, a much condensed summary of the Ukraine application conducted in late 2005 is presented below.<sup>10</sup> The analysis is that of the team and not necessarily that of the USAID Mission or the U.S. government. This summary is presented only to illustrate the application of the framework and no attempt has been made to bring it up-to-date. Much of the material below is drawn from the original assessment report. Text boxes throughout this section reflect feedback on the assessment framework provided by assessment teams in these earlier pilot tests.

### EARLY ACTIVITIES

The fight against corruption in Ukraine received a welcome boost in November-December 2004 as a result of the Orange Revolution. A year after the change in administration, some positive rhetoric had been heard and some reform activities have been accomplished, but a strong and clear national policy and strategic direction against corruption, with accompanying programs to increase transparency, strengthen accountability and build integrity, was still absent. Corruption in Ukraine still remained one of the top problems threatening economic growth and democratic development. Administrative corruption was widespread and visible in the everyday lives of citizens and businesspeople, and grand corruption was also widespread, though not as visible, in the higher levels of government where large sums of money and political influence were at stake.

**Task 1. Team Planning Meeting.** The team held preparatory meetings in Washington at the beginning of the assignment to define roles and responsibilities within the team, discuss the methodology, and identify preliminary lists of interviews.

#### Feedback from Assessment Teams on Early Preparation

- Pre-departure analyses and team planning are absolutely indispensable. Sufficient time should be allocated to allow the team to become more familiar with the methodology and tools, review existing documents, and conduct and assimilate the initial analyses.
- Having a local expert(s) in place sufficiently in advance of the team's arrival can contribute significantly to planning and efficiency.

**Task 2. Legal-Institutional Analysis.** The legal framework remained incomplete, in particular in the corruption prevention area, though some laws and amendments had been drafted. Implementation and enforcement of law remained the critical problem. There was no governmental institution currently in place empowered to lead anticorruption efforts. The analysis of the legal-institutional framework was supported by recent [Council of Europe/Group of States Against Corruption \(GRECO\)](#) reports, [OECD-sponsored Anti-Corruption Network for Transition Economies](#) documents, and government reports summarizing their accomplishments. These, in addition to meetings and detailed assessment of laws and decrees, yielded an analysis that served the team well for the duration of the assignment. The analysis reviewed the status of national anticorruption policy, anticorruption enforcement legislation, corruption prevention legislation, governmental institutions, civil society organizations, mass media, and business associations.

In summary, *there were many factors that contributed to and facilitated corruption in Ukraine*, including:

- an incomplete and inadequate legal framework,

<sup>10</sup> The team that conducted the Ukraine Corruption Assessment in 2005 consisted of Drs. Bertram Spector and Svetlana Winbourne of Management Systems International, and Jerry O'Brien and Dr. Eric Rudenshiold of USAID. The full report, "Corruption Assessment: Ukraine, Final Report" dated February 10, 2006 is available at [www.dec.usaid.gov](http://www.dec.usaid.gov).

- selective enforcement of existing laws and regulations and the exercise of excessive discretion by public and elected officials at all levels,
- excessive regulation of the economy by the state,
- excessive executive control and influence over the judicial branch and the civil service while at the same time inadequate oversight of the executive branch by the Verkhovna Rada, and
- collusive ties between the political and economic elite where the former use the state to enhance their wealth and the latter use their wealth to enhance their power.

Despite this discouraging picture, there were many positive factors in Ukraine that have the potential to inhibit corrupt behaviors and facilitate the promotion of good governance, assuming the necessary commitment and sincere political will of leaders. These include:

- The President directed several ministries and agencies to develop a National Anti-Corruption Strategy and to formulate a new interagency Anti-Corruption Commission.
- A range of anticorruption reform activities was initiated in the State Customs Service, the State Tax Administration, and the Civil Service – departments typically identified as the most corrupted institutions in government.
- Important legislation appeared to be on the verge of approval and adoption by the Rada to reform the judiciary and enhance other anticorruption laws.

**Task 3. Political-Economic Analysis and Corruption Syndrome Designation.** The Orange Revolution, which mobilized popular frustration about corruption, strengthened the voice of civil society, and brought the issue to the top of the political agenda. President Yushchenko pledged to deal effectively with the problem. Civil society, business associations and the mass media were energized by the revolution but required additional support to further develop their capacity to effectively use their resources and power.

The World Bank categorized Ukraine as a *closed insider economy* -- a country strongly influenced by elite cartels. The assessment team identified a small group of local country experts that independently agreed with this classification and reached quick consensus that Ukraine can be designated as a Type II syndrome (high-level figures collude to weaken political/economic competitors). Referring to the Syndrome Profile tables and based on interviews with a variety of stakeholders, the assessment team developed a contextual description of how Ukraine fits into this syndrome, which follows:

Top political and business figures collude behind a façade of political competition and colonize both the state apparatus and sections of the economy. Immediately after independence, these influential elite and their organizations grew into major financial-industrial structures that used their very close links with and influence over government, political parties, the mass media and the state bureaucracy to enlarge and fortify their control over the economy and sources of wealth. They used ownership ties, special privileges, relations with government and direct influence over the courts and law enforcement and regulatory organizations to circumvent weaknesses in governmental institutions to their own private advantage. Their tactics and their results can be viewed as a clear exercise of *state and regulatory capture*. At the same time, there is a high tolerance for corrupt practices throughout society, facilitating a trickle-down effect that allows petty, administrative corruption to flourish.

This corrupt environment is a clear obstacle to future sustainable economic growth and integration into the European Union and world economy. It hinders fair competition, encourages under-the-table deals and collusion between state officials and business, promotes rent-seeking behaviors, discourages foreign investment, and decreases adaptability over time.

In more recent years, several of these Ukrainian cartels/clans have grown and subdivided, increasing the number of clans that compete with one another for wealth and power. Sometimes, for convenience, these clans coalesce on political issues. After the Orange Revolution, the network of “bosses” within the government bureaucracy that could “make things happen” for the cartels/clans was partially dissembled, resulting in some uncertainty and a slowdown for major businesses. It is to be seen if the Yushchenko government rebuilds with a responsive, accountable and professional bureaucracy.

While the current situation may appear to the Western eye as an incipient competitive market economy, the system still operates largely in a collusive and opaque fashion, subverting the rule of law, and with apparent disregard for the public good.

**Task 4. Key Sector/Function Designation.** Five local experts completed the methodology’s sector/function table to identify, rank order and prioritize sectors and functions. In addition to these results, the team conducted discussions with USAID managers and considered other factors to decide on the sectors and functions to diagnose in greater detail, including USG/USAID priorities, where major programs were already under way or planned, and the demonstrated political will and commitment of key stakeholders. Based on this analysis, eight sectors/functions/institutions were selected: judicial, health, education, public finance, private sector, parliament, political parties, and subnational government.

**Task 5. Development of the Strategic Plan.** On the basis of the syndrome profile, what was learned from the legal-institutional analysis, and the sector/function analysis, the assessment team developed a Strategic Plan that guided the rest of the Anticorruption Assessment. From the wide range of corruption problems that Ukraine experiences, a smaller set of *core problem statements* was developed by applying several decision criteria – USAID and US Government priorities, other donor programs, major areas of corruption risk, and major areas of anticorruption commitment by stakeholders.

Feedback from Assessment Teams on Using Syndromes to Shape Strategies

- The syndrome descriptions and implications were an important part of the analysis. The syndrome descriptions helped the team understand the range of potential corruption manifestations and moved the analysis away from a description of legal and institutional circumstances to a more holistic analysis.
- The syndrome’s strategic implications were helpful because they supported early identification of implementing counterparts and major obstacles they could face. Syndromes also helped us rank potential impacts and timing of diverse proposed interventions.
- Some syndrome types fit our understanding of the country, while others did not. We realized that our country was more of a hybrid and used a mixture of syndrome implications as a result.

The analysis revealed four core problem statements and four related strategic goals (see Figure 12). Based on these problems, several related *operational plans* that are more specific and detailed were also developed. Initial ideas about the strategy were formulated before arrival in country, but the analysis continued throughout the assessment.



**Figure 12. Anticorruption Strategic Plan – Ukraine 2005**

Core Problems	Strategic Goals
Core Problem 1: Inadequate legal framework and selective law enforcement	Establish legal, institutional and economic conditions within which anticorruption programs will thrive
Core Problem 2: Excessive executive control over other branches as well as the economy	Promote capacity building within key government institutions, the civil service and the judiciary
Core Problem 3: Low capacity of civil society to oversee government operations effectively	Strengthen civil society and business to advocate for change and oversee government, including activities at local and regional levels
Core Problem 4: Weak accountability mechanisms and uneven transparency in government decision-making	Mainstream anticorruption programs so that the problem is attacked at many levels – concentrating on major sectors, high-level diplomatic dialogue, and multi-donor coordination

## IN-COUNTRY ACTIVITIES

**Task 6. Validation/Revisions.** Additional meetings with government and nongovernmental representatives were conducted in Kiev and in several other cities to test the results of the early analyses and conclusions of the Strategic Plan. Revisions were made.

**Task 7. Detailed Diagnoses.** Responsibilities for diagnosing each of the selected sectors/functions were allocated to different team members. Documents were gathered on the current status of each sector/function and meetings were conducted with a range of stakeholders in each area. The Diagnostic Guides were used to help team members focus on typical areas of corruption risk and vulnerability, while helping them elicit recommended programs to control corruption. The results of this step produced detailed sector/function assessments with tactical recommendations for programmatic options. These included the following:

- *Judicial Sector.* Key activities must be supported to reform the judicial selection process and bring it into line with modern meritocracies. In addition, reforms in court administration and procedures need to be promoted to increase transparency.
- *Health Sector.* Major remedies need to be promoted to make the procurement of pharmaceuticals more transparent and accountable. In addition, it is critical to develop tracking systems to monitor and oversee budgetary expenditures to stem leakages. Overall, organizational, management and institutional reforms are needed to improve the efficiency and effectiveness of healthcare delivery and reduce mismanagement which can encourage corrupt practices.
- *Education Sector.* It is important to support CSO budget oversight initiatives to put external pressure on the educational system to be accountable for its use of public funds and to encourage greater transparency. Continued expansion of standardized testing procedures for higher school entrance exams is merited.

### Feedback from Assessment Teams on Using the Framework's Tools

- Once the team decided on the core corruption problems, identifying specific strategic goals and operational plans was relatively easy and straightforward.
- The payoff of the Anticorruption Assessment Framework from USAID's point of view is in the value that it adds as a tool for identifying strategic and programming priorities.
- The Library of Illustrative Diagnostic Guides served as an excellent checklist for review in preparation for interviews, in preparing specific requests for materials, and in thinking through the matters that should be covered in the drafting process.
- Local country sensitivities can require the need for a public version of the assessment report that may present less detail than the version used for internal USAID purposes.

- *Public Finance.* Support should be given to ensure effective implementation of new procurement laws and ongoing tax reform initiatives. In addition, the accounting chamber and the Chief Control and Auditing Administration should be strengthened, especially in the enforcement of their findings and recommendations. Finally, budget and expenditure oversight – internally and externally – should be promoted.
- *Private Sector.* The business community needs to be mobilized to advocate for conflict of interest and transparency laws, and to support regulations that promote the business environment and eliminate administrative barriers. Expanded support should be given to private sector associations to conduct continuous monitoring of the implementation of business laws and regulations.
- *Parliament.* Continued pressure and support needs to be applied to the Rada to promote adoption of an adequate anti-corruption legal framework. MPs need to be made more accountable to their constituents and various monitoring and transparency programs can be supported. Legislator skills training and resources need to be provided to improve legislative drafting, coalition building and negotiation/compromise skills.
- *Political Parties.* Programs are needed to build more transparency into party financing.
- *Subnational Government.* Local government institutions need to be strengthened so that they can deliver services in a transparent and accountable fashion. CSO advocacy and watchdog capacity building at the subnational level is also a requirement to control corrupt tendencies.

**Task 8. Recommendations.** The final assessment report included a wide range of recommended actions that were prioritized and integrated into a coherent anticorruption plan to be considered.

- *Cross-Sectoral Analysis.* Many activities need to be conducted to establish the basic foundation upon which continued anti-corruption programs across all sectors can be launched. These cross-sectoral program options include: supporting the design and execution of a national and coordinated anti-corruption strategy, supporting the passage of missing anti-corruption legislation and the establishment and strengthening of anti-corruption institutions in government, and improvements in public procurement procedures and institutions. In addition, the demand-side of fighting corruption needs to be enhanced: advocacy skill of citizen, business and media groups must be strengthened, citizen oversight/watchdog groups must be formed, and civic education programs related to corruption must be supported. To facilitate these activities and encourage the inclusion of anti-corruption elements into existing programs, an anti-corruption mainstreaming workshop should be conducted for USAID program officers, as well as for implementing partners.
- *Integration and Prioritization of Recommendations.* The integration of recommendations for USAID programming – across all sectors and functions -- was guided by the problem statements in the Strategic Plan. A matrix of recommendations was developed, where each programming option was ranked as either high or medium priority for USAID based on its potential impact on corruption and its potential in achieving early and visible success. In addition, each option was linked to its core strategic problem.
- *First Steps.* It is important to begin a comprehensive anti-corruption program by ensuring an adequate foundation – an acceptable legal and institutional framework that is sensitive to corruption issues – on which other reforms can be built. Such activities were proposed for USAID program officers. They include conducting mainstreaming workshops and providing one-on-one technical

assistance to current USAID implementers to help them incorporate targeted anti-corruption elements quickly into their projects. In addition, providing assistance to establish certain fundamentals – key corruption-related legislation, better implementation of existing laws, and design of a national anticorruption strategy – were recommended. As well, it was recommended that USAID support strengthening of demand-side capacity to sustain the pressure on government and for the public to believe that progress is being made. Finally, a recommendation was made to target a key government sector – health in particular -- for comprehensive anticorruption assistance because stakeholders have demonstrated a commitment to reform.

## Appendix: Links to Anticorruption Resources

This annex contains citations used throughout the handbook and additional resources users might wish to consult. Since many users of this handbook will not be experts in the anticorruption field, the resources listed may assist in familiarizing themselves with current thinking in anti-corruption practices and more specifically, in the development of recommendations for programming considerations. USAID publications are typically available through the USAID website.

### **Key Corruption Indices**

TI Corruption Perception Index, Bribe Payers Index, Corruption Barometer, and National Integrity Studies: [www.transparency.org](http://www.transparency.org)

Global Integrity Index: <http://report.globalintegrity.org>

World Bank's Control of Corruption Index: <http://info.worldbank.org/governance/wgi/index.asp>

Public Expenditure and Financial Accountability: Public Financial Management Performance Measurement: [www.pefa.org](http://www.pefa.org)

### **United Nations Convention Against Corruption**

<http://www.unodc.org/unodc/en/treaties/CAC/index.html>

### **Recent Books**

Vinay Bhargava and Emil Bolongaita, editors (2004) *Challenging Corruption in Asia*. Washington: The World Bank.

Derick Brinkerhoff and Benjamin Crosby (2002) *Managing Policy Reform*. Bloomfield, CT: Kumarian Press.

J. Edgardo Campos and Sanjay Pradhan, editors (2007) *The Many Faces of Corruption: Tracking Vulnerabilities at the Sector Level*. Washington: The World Bank.

Michael Johnston, *Syndromes of Corruption: Wealth, Power and Democracy*. New York: Cambridge University Press, 2005.

Michael Johnston, editor (2005) *Civil Society and Corruption: Mobilizing for Reform*. Lanham, MD: University Press of America.

Bertram Spector, editor (2005) *Fighting Corruption in Developing Countries: Strategies and Analysis*. Bloomfield, CT: Kumarian Press.

### **USAID Resources**

The following resources are available through **USAID's Anti-Corruption technical areas** webpage: [www.usaid.gov/our\\_work/democracy\\_and\\_governance/technical\\_areas/anti-corruption](http://www.usaid.gov/our_work/democracy_and_governance/technical_areas/anti-corruption)

- USAID Anti-Corruption Strategy (2005)
- A Handbook on Fighting Corruption
- Promoting Transparency and Accountability: USAID's Anti-Corruption Experience
- Anticorruption Program Brief Series:
  - Anticorruption Agencies (2007)
  - Combating Corruption in the Judiciary (2009)
  - Access to Information (2009)

### **USAID's Democracy and Governance Publications webpage:**

[www.usaid.gov/our\\_work/democracy\\_and\\_governance/publications/](http://www.usaid.gov/our_work/democracy_and_governance/publications/) has an extensive listing of technical publications, occasional papers, briefing booklets and other papers. Below is the listing of publications, some of which may be helpful. All are available through the USAID website.

### **The Technical Publication Series**

Technical "how to" guides, best practices, lessons learned, evaluations, and assessments of value to the development community working in the area of democracy and governance.

Guide to Rule of Law Country Analysis: The Rule of Law Strategic Framework (September 2008)

Money in Politics Handbook: A Guide to Increasing Transparency in Emerging Democracies (November, 2003)

Approaches to Civic Education: Lessons Learned (July, 2002)

Guidance for Promoting Judicial Independence and Impartiality (Revised - January 2002)

Case Tracking and Management Guide (September 2001)

Conducting a DG Assessment: A Framework for Strategy Development (November 2000)

Decentralization and Democratic Local Governance Programming Handbook (May 2000)

USAID Handbook on Legislative Strengthening (February 2000)

Managing Assistance in Support of Political & Electoral Processes (January 2000)

The Role of Media in Democracy: A Strategic Approach (June 1999)

USAID Political Party Development Assistance (April 1999)

Democracy and Governance: A Conceptual Framework (November 1998)

Handbook of Democracy and Governance Program Indicators (August 1998)

### **Occasional Paper Series**

The USAID Office of Democracy and Governance Occasional Papers Series was launched in October 2000. The series includes publications intended principally for USAID personnel; however, all persons interested in the topic may benefit from the series. The Occasional Papers Series is designed to bring together DG Office-produced or –funded publications in a coherent series that upholds the high standards and quality established by the DG Office’s Technical Publication Series. Authors of individual publications may be USAID officials and/or other individuals from the public and private sector.

- Civil Society Groups And Political Parties: Supporting Constructive Relationships
- Mitigating Abusive Labor Conditions: Contemporary Strategies and Lessons Learned
- Understanding Representation: Legislative Strengthening
- Participation, Consultation, and Economic Reform in Africa
- The Enabling Environment for Free and Independent Media
- Achievements in Building and Maintaining the Rule of Law
- Approaching Education from a Good Governance Perspective

### **DG Office Briefing Booklets**

- USAID's Experience Strengthening Legislatures
- Policy Implementation: What USAID Has Learned
- USAID's Experience in Decentralization and Democratic Local Governance

### **Implementing Policy Change Series**

This series of documents was written as part of USAID's Implementing Policy Change (IPC) program, which worked in developing countries around the world to improve policy implementation and democratic governance.

### **USAID Sectoral Perspectives on Corruption**

The basic premise of this study is the belief that governments, civil society, the business community and donor organizations can address the problem of corruption more effectively if initiatives are targeted at the root causes, vulnerabilities, and opportunities characteristic of particular development sectors. Corruption manifests itself in different ways depending on the sectoral context. Similarly, remedies must be sensitive to the distinctive nature of corruption sector-by-sector. Some anti-corruption strategies

may be universally applicable across sectors, but each sector also may require customized approaches. If this premise holds true, it would suggest a new approach to USAID programming in the anti-corruption field, one that fortuitously draws on the Agency's sectoral strengths. Along with a summary, sector papers include: Education, Energy, Environment, Health, Justice, Political Parties, Private Sector, Public Finance, and the Agricultural Sector

Additional papers include:

- Field Perspectives: A Report on the Field Mission Anti-corruption Survey
- Information and Communications Technology To Control Corruption
- Corruption and the Delivery of Health and Education Services
- Overview of Disclosure and Transparency in Political Funding in Latin America

### **CDIE Publications**

- Linking Democracy & Development (2001)
- Weighing in on the Scales of Justice: Strategic Approaches for Donor-Supported Rule of Law Programs (1994)
- Constituencies for Reform : Strategic Approaches for Donor-Supported Civic Advocacy Programs (1996)