



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.

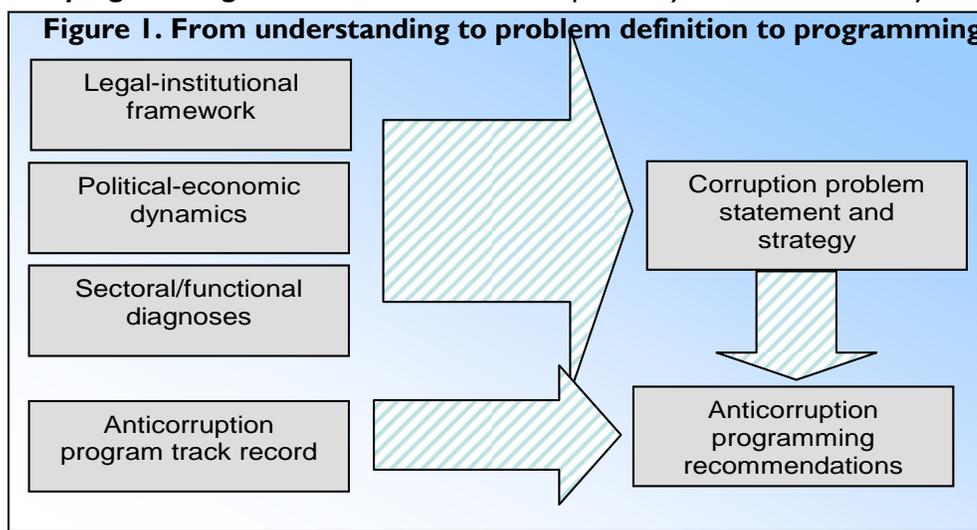
USING THIS HANDBOOK

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.¹ 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**.² 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

¹ 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.

² 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.³

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.

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

³ 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.

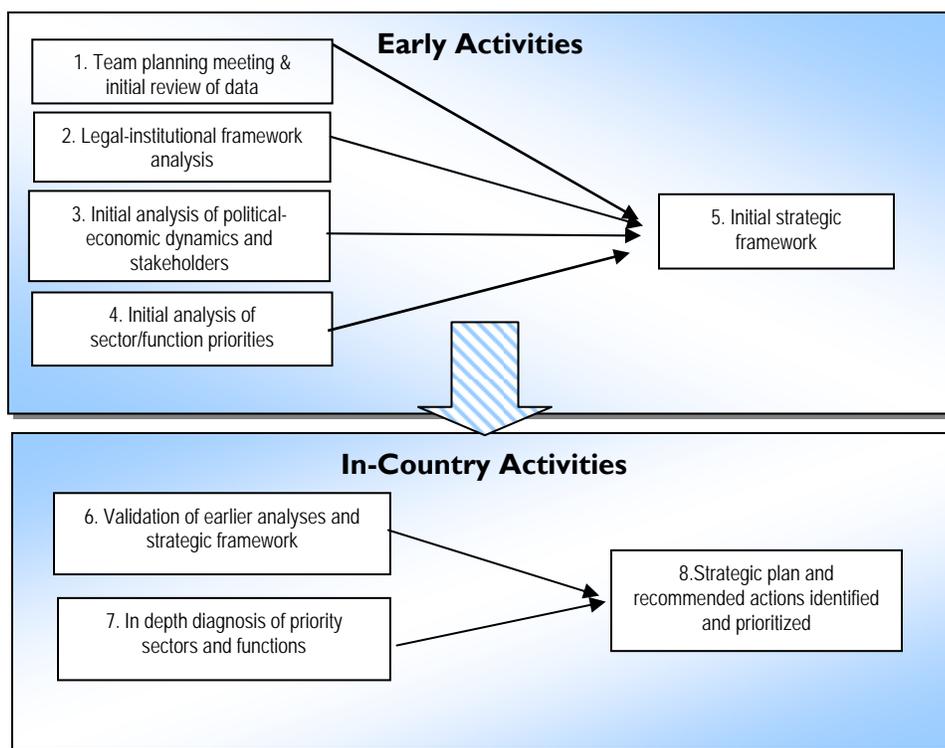
While anticorruption programs can proceed and sometimes thrive in the absence of some of these elements, fighting corruption is made more difficult if they are missing or not fully implemented. The assessment approach, through its legal-institutional analysis, will not only identify the existence of 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.⁴ 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

⁴ 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>Existing corruption indicators for the country. Several broad indicators of corruption are collected on a regular basis for most countries, including:</p> <ul style="list-style-type: none"> • Transparency International, Corruption Perceptions Index www.transparency.org • World Bank, Control of Corruption Indicator, http://info.worldbank.org/governance/wgi/index.asp • Global Integrity, Global Integrity Index, http://report.globalintegrity.org (The Global Integrity Index offers a narrative description, broken down by component area, along with their quantitative index.) <p>Existing anticorruption assessments or reports. 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"> • 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 (www.transparency.org). • 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"> ○ Council of Europe/Group of States Against Corruption (GRECO), http://www.coe.int/t/dg1/greco/ ○ OECD Anticorruption Network for Eastern Europe and Central Asia, http://www.oecd.org/pages/0,,en_36595778_36595861_1_1_1_1_1_1_1,00&&en-USS_01DBC.html ○ Organization of American States, http://www.oas.org/juridico/english/fightcur.html ○ OECD/ADB Anti-Corruption Initiative for Asia-Pacific, http://www.oecd.org/pages/0,,en_34982156_34982385_1_1_1_1_1_1_1,00&&en-USS_01DBC.html • Check with local Transparency International chapters, other anticorruption NGOs, other donors, as well as government and academic sources. <p>Anticorruption websites. Several major websites that focus on corruption issues are presented here. Others will be initiated over time.</p> <ul style="list-style-type: none"> • U4 Anticorruption Resource Centre, www.u4.no • Information Portal on Corruption in Africa, www.ipocafrika.org • Respondanet, www.respondanet.com • Transparency International, www.transparency.org • World Bank Governance and Anticorruption, http://go.worldbank.org/KUDGZ5E6P0 • OECD, http://www.oecd.org/infobycountry/0,3380,en_2649_34857_1_1_1_1_1_1_1,00.html
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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.⁵ Good practice in this area is still developing,⁶ 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.

⁵ See www.oecd.org/document/18/0,3343,en_2649_3236398_35401554_1_1_1_1,00.html

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

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.⁷ 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

⁷ 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"> • Efforts by private parties to buy influence within public institutions and official processes • Static or declining political participation and trust • Declining credibility of parliaments, parties, elections, and executives • Growing economic inequality • Corrupt influence used to short-circuit political and economic competition • Demand for access to decision makers exceeds legitimate opportunities • Civil societies stagnant or in decline <hr/> <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"> • Elite figures in several sectors share corrupt benefits, maintaining political and economic dominance in the face of rising competition • Top political and economic elites overlap and interlink • Fraudulent, indecisive or uncompetitive elections foster collusion among party leaders • Large overlap between state and business; poor transparency • Moderately weak institutions: public/private boundaries are porous, politicized, and manipulated, while bureaucracy and business are colonized by parties and political leaders • Civil society and media lack independence and are orchestrated from above • Competitors exist but face systematic disadvantages <hr/> <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"> • Powerful figures and personal followings plunder both public and private sectors in a setting of very weak institutions and widespread insecurity • Institutions, rule of law, property rights, and public-private boundaries are all weak • Little orderly competition; violence a common substitute for institutions (e.g. protection rackets in place of police and courts) • Capital flight and weak banking sector; foreign direct investment made for short-term gains only • Economic and political opportunities are plundered, making gains insecure • Little state autonomy and credibility; bureaucracy, courts, and police are hijacked • Chronic revenue shortages & poor tax collection • Very large corrupt deals involving both public and private assets; phony privatizations common <hr/> <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"> • Ruler, family or favorites make unchecked use of state power for enrichment and/or political control • Weak boundaries separate economy from top elite exploitation • <i>Personal</i> power and loyalties dominate society; <i>official</i> roles and structures are weak • Power flows top down; opportunities - corrupt or otherwise - controlled by dominant figures • Elite impunity and little or no accountability • Little or no political competition; civil society is weak, intimidated or nonexistent <hr/> <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*.⁸ 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*

⁸ 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).⁹

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

OPPOSITION	CONDITIONAL SUPPORT	CORE SUPPORT	CONDITIONAL SUPPPORT	OPPOSITION	
		APC POLITICAL PARTIES	MPQ PPS PLRA??	UNACE	
		PRES. LUGO Min Fin CC-AC ?? GOVERNMENT SECTORS	CISNI? Customs Contraloria FISCALIA	CONGRESS State Enterp. JUDGES POLICE	
		MCC USAID WORLD BANK EXTERNAL ACTORS	IIB		
Public Employees Teachers Health Workers 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 LAWYERS	Contraband Narco-traffickers Clandestine industry

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

⁹ 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), 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>MAIN GOAL: 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"> • Increase participation in, and credibility of, politics; build political trust • Link corruption control to the interests of citizens and civil society groups • Increase political competition of elections • Increase legitimate access to decision makers • Broaden base of funding election campaigns • Combat deals to gain special access to officials and corrupt demands upon contributors <p>CONSIDER:</p> <ul style="list-style-type: none"> – Strengthening civil society & 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. – Backing development of parties that represent real groups and interests rather than personal agendas and followings of top political figures. – Increasing political competition – Monitoring bureaucracy's autonomy to prevent capture by politicians or private interests. – Where institutions, civil liberties and rule of law are relatively secure, emphasize transparency in political funding and lobbying. – Use political finance systems to support competition and participation, not just to control flows of money; subsidies may be necessary. <p>AVOID:</p> <ul style="list-style-type: none"> – Starving politics of legitimate funds or inhibiting free expression & legitimate influence process – Restricting <i>bona fide</i> constituent service – Too much <i>or</i> too little bureaucratic autonomy – Very technical & onerous political finance rules – Stigmatizing self-interest or treating political parties as "civic" entities only – Excessive public expectations about reform – Forms of transparency that deter citizens; allow small anonymous contributions – Free-rider problems; build on self-interest 	<p>MAIN GOAL: Increase political and economic competition at a moderate pace; link such opening-up processes to aid and other incentives</p> <p>CONSIDER:</p> <ul style="list-style-type: none"> – Monitor treatment & protect rights of emerging businesses, parties, and civil society groups – Strengthen property rights – Promote economic opportunities, political funding and lending <i>not</i> dominated by elite – Promote economic initiatives and investment from outside the country – Promote conditionality linking aid to treatment of opposition groups & economic competitors, rewarding tolerance, transparency and fairness – Seek gradual pluralization of political system with new competing groups emerging based on open, vigorous and broad-based economy. – Build independence and professionalism in the bureaucracy, courts, and legislative institutions <p>AVOID:</p> <ul style="list-style-type: none"> – Sudden political <i>or</i> economic threats to elites that may encourage repression or frantic theft – Excessively fragmenting bureaucracy – Starving the political process of funding – Hope of quick results from strategic reforms – Information-intensive reforms until competent and independent bureaucracy is in place – Using conditionality and external resources to challenge regime directly. – Undervaluing unity and stability at top; remember that alternatives can be worse! 	<p>MAIN GOAL: Reduce insecurity and violence, build credible public and private institutions, and enable opposition to corruption to grow</p> <p>CONSIDER:</p> <ul style="list-style-type: none"> – Strengthening property rights – Promote credible policies and implementation, in a few areas (e.g. taxation, policing) – Promote stronger boundaries but easier and <i>legitimate</i> access between state and society – Reduce "informal" economy, while making institutionalized markets more credible – Promote predictable revenues for the state based on simple, effective and fair taxation – Protect citizens and small business from exploitation and abuse – Over long term, reduce risks & unpredictability in markets; strengthen banking practices, bond & equity markets, and currency – Over long term, promote stronger civil liberties, free and independent press, & honest elections <p>AVOID:</p> <ul style="list-style-type: none"> – Anticorruption initiatives and agencies that can become weapons for rival oligarchs – "Strong hand" options that create more insecurity – Weak "ownership" of reforms that waste opportunities and credibility – "Privatizations" that become licenses for theft – Elections without socially rooted parties and procedural safeguards – Massive public anticorruption campaigns that lack credibility – Civil society strategies and elections until risks subside – Sharp increases in competition that heighten elite insecurity; tolerate a degree of collusion 	<p>MAIN GOAL: <i>Gradual</i> growth of political competition and independent power centers</p> <ul style="list-style-type: none"> • Credible <i>official</i> roles and institutions; eventual growth of "civic space" • Accountability based on public, not personal, grounds • Strengthen press and civil society <i>gradually</i> <p>CONSIDER:</p> <ul style="list-style-type: none"> – Shielding private sector from official raids; create more secure property rights – Establishing basic civil liberties, rather than moving rapidly to full democracy – 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 – 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 – Enlarging the scope of economic participation and decision making and offering existing elites economic rewards for accepting change. <p>AVOID:</p> <ul style="list-style-type: none"> – Rapid or sudden change; perceived threats to elites may put reform advocates and emerging civil society at risk – Reforms and public morality campaigns that hide corruption or produce political reprisals – Reforms (e.g. public management improvements) with short-term timelines; reforms require a long-term process – Promoting civil society groups aimed solely at anticorruption and good governance agendas: their activities will be risky and collective action problems may be severe – Massive anticorruption campaigns and anticorruption agencies until it is clear they will not be personal tools of top figures

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), 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)**

Core Problems	Strategic Goals	Implications for Sectors, Functions & Institutions
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?

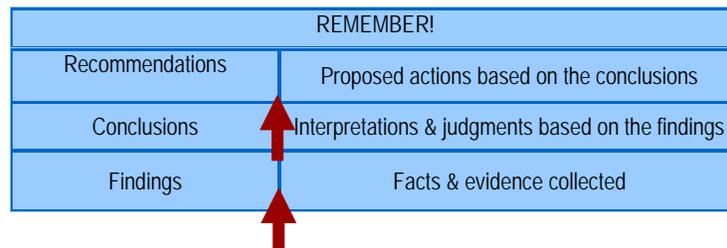
should be a well-considered integrated program for anticorruption action for USAID to consider in the context of the overall Anticorruption Assessment Report. Recommendations should be designated as short-, medium- or long-term priorities. Each recommendation should be described briefly, major stakeholders 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
STRATEGIC GOAL 1. DEPOLITICIZE GOVERNMENT INSTITUTIONS AND ENHANCE ACCOUNTABILITY					
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
STRATEGIC GOAL 2. SUPPORT CIVIL SOCIETY IN ADVOCATING FOR ANTICORRUPTION AND OVERSEEING GOVERNMENT AGENCIES					
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.¹⁰ 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,

¹⁰ 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.

- 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

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

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

- 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/ 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)

Annex 1. Guidance on Team Planning Agenda and In-Country Activities

Sample Team Planning Meeting (TPM) Agenda

Purpose of the TPM: To refine or come to an understanding of the assignment, the resources available, and the procedures to get the job done, develop a work plan, and produce key products.

Objectives and Key Outcomes:

The following are objectives and expected key outcomes of this Team Planning Meeting and preparatory days in Washington before going to the field. If the team is unable to meet in Washington beforehand, the following agenda may be adapted upon arrival in-country.

By the end of the TPM, the team will have:

1. Clarified the scope of the work and the purpose of the assignment
2. Identified roles and responsibilities of the team. Reached an understanding and agreement on how the team will work together effectively, including communication. Reached an understanding on the special role of the team leader
3. Developed a shared understanding of the focus and scope of the work
4. Agreed to and developed a preliminary work plan and schedule for the fieldwork, including dates for known events/activities
5. Developed an agenda for initial focus groups and developed a potential list of attendees
6. Developed a protocol for interviewing stakeholders; developed a methodology for conducting interviews; and discussed a process by which information from interviews will be shared across the team
7. Developed a preliminary report format for the final report
8. Identified and reviewed preliminary background documents
9. Completed logistical and administrative arrangements

Sample Agenda:

Day 1:

9:00-9:15	Arrival and coffee Welcome and brief orientation Purpose of the TPM and role of the facilitator
9:15-10:00	Objectives of the TPM Schedule for the TPM Methodology for completing assignment tasks Getting to know each other Norms and ground rules
10:00-11:00	Logistics and administrative matters
11:00-1:30 (includes a break for lunch)	Clarifying the needs of the client and the tasks Preparing for the intake USAID briefing

Reviewing and analyzing the scope of work
Reviewing background documents (USAID country strategy, prior anticorruption assessments, etc.); history of corruption in the country
What will the end product look like?
Who are the stakeholders (in addition to USAID)?

1:30-2:15 The role of the Team Leader and how leadership will function
Exploring how the team will work together and preferences for working together
Integrating the local expert(s)
Sharing experiences from positive team experiences

2:15-3:30 Dividing the work and the tasks
Establishing roles and responsibilities

3:30-5:00 Developing the work plan

Day 2:

9:00-12:00 Revisiting the work plan
Developing an interview protocol
Developing a preliminary agenda for a potential stakeholder workshop and the potential list of attendees
Preparing for the debrief with the USAID mission

Guidance on In-Country Activities for Corruption Assessments

[Note: This proposed timeline is based on past assessment experiences. While some individual items may not necessarily be feasible during the proposed assessment, this guidance can help a team plan the general layout of its work.]

Week 1

1. Conduct a brief team planning meeting, especially to integrate the local experts who will join the rest of the team only upon arrival in-country. Review the purpose of the assessment, approach, expectations for the final product, sensitivities, interview schedules, documents, periodic team reviews, briefings for USAID, work plan, preliminary strategic plan and working hypotheses, preliminary list of sectors/functions that will be analyzed in Week 2, writing responsibilities, deadlines, etc.
2. Meet with USAID Technical Officer at Mission to discuss work plan, expectations for final product, additional documents, interviews, debriefs, etc.
3. Meet with group of USAID program managers across all sectors. Present basic approach to assessment, test/validate working hypotheses about underlying causes of corruption, and test/validate list of priority sectors/functions that demonstrate high corruption vulnerability but opportunities for reform.
4. Meetings (usually for the entire team) with key anticorruption thinkers/actors, including other international donors, implementing partners, host country government (executive, legislative and judicial), civil society groups, business groups, and media outlets. Again, the purpose is to test/validate your hypotheses and sector/function priorities.
5. One of the most important decisions that needs to be made during Week 1 concerns which sectors/functions will be selected for in-depth analysis. Each member of the team should review and consider the table to help identify key sectors and functions. Hold a team meeting early in Week 1 to

discuss the sectors/functions. Please use, at a minimum, the following decision criteria from the Handbook:

- a. Are there major deficiencies and vulnerabilities, plus strong opportunities in the sector/function?
 - b. Does the sector/function fit into one or more of the core problem statements in the Strategic Plan?
 - c. Is there strong political will and readiness among stakeholders in the sector/function?
 - d. Are major programs already under way or planned by the government, donors or USAID/USG in the sector/function?
 - e. Do major obstacles to reform or internal resistance or obstacles exist in the sector/function?
 - f. Is there high USAID/USG priority for the sector/function?
6. Based on your preliminary decisions about sectors/functions, hold a meeting no later than the end of Week 1 with the USAID Technical Director to come to a mutually acceptable agreement on which ones to select. Note that within a 2-1/2 week field trip, usually no more than 7-8 sectors/functions can be dealt with reasonably.
 7. Have local support people schedule meetings for sector/function analyses.

Week 2

1. With responsibilities divided among the team members for different sectors/functions, hold your meetings. Try to meet with the range of relevant actors/stakeholders in each sector/function. Where possible, organize group meetings to save time.
2. Refer to Annex 4 for key diagnostic questions that can help focus your interviews on points of corruption vulnerability. This Annex includes detailed questions in 18 sectors/functions.
3. Seek out particular documents/studies in the sectors/functions you are analyzing.
4. Remember that the final writeup of your analysis on each sector/function can probably run no more than 3-5 pages. A basic outline for each sector/function analysis is:
 - Sector/function overview
 - Corruption vulnerabilities
 - Opportunities and obstacles for reform (including laws, institutions, actors, resources, etc.)
 - Programming recommendations
5. Continue to have team meetings in the evenings to discuss issues, problems, obstacles and early findings. Each team member should begin to sketch out their sections early in the week, rather than waiting until the end.
6. Remember to relate your conclusions and recommendations back to the Strategic Plan you started with.
7. Develop a debriefing for the Mission on your last day in country. Include strategic approach and some preliminary ideas for future programming. Many missions appreciate discussion of why you do *not* recommend certain strategic or programming approaches, particularly if these are popular or heavily discussed in the country or mission. In some cases, it can be important to identify what would be the most strategic or meaningful approaches and explain why those approaches are not recommended (e.g., lack of political commitment), but also explain the reduced likelihood of impact that goes with the less strategic or meaningful reforms. Missions may also appreciate discussion of signals of political will—either signals that have occurred and thus justify a certain approach, or important signals that have not occurred but could significantly change the calculus of opportunities and constraints if they did.

Annex 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 table is provided to assist analysis of these factors. It should be an initial step in the assessment process, and it is meant to provide a general orientation and identification of the main strengths and weaknesses of the anticorruption regime in the country. The assessment team will then gather further information as relevant. The checklist should ideally be completed a legal expert who is well-versed in the current status of laws, regulations and institutions that are typically considered to be the main components of a comprehensive anticorruption regime.

INSTRUCTIONS FOR COMPLETION: In describing the *formal provisions*, please complete this table with brief, factual summaries of the content of legal provisions and the identity and authorities of relevant institutions. When completing the second column, *how the provisions are implemented in practice*, please provide your expert perception as to the effectiveness and adequacy of the legal provisions and the capacity and effectiveness of institutions in reality. For both columns, the answers should focus on regulations and institutions that are most relevant to facilitating or preventing corruption. Please indicate compliance with [UNCAC](#) and other relevant regional legal instruments when appropriate (UNCAC article numbers are indicated in the table below). In the last column, please indicate your expert opinion about relevant weaknesses of the legal-institutional components.

	What Are the Formal Provisions?	How Are They Implemented in Practice?	Major Weaknesses/ Comments
1. NATIONAL ANTI-CORRUPTION STRATEGIES/PLANS			
1.1 Anti-Corruption Strategy and Plans: Is there a formal national anti-corruption strategy/program? (UNCAC Article 5)			
Are there governmental institutions mandated to enforce/implement this strategy/program? What are their legal authorities? (UNCAC Article 6)			
2. ANTI-CORRUPTION ENFORCEMENT LAWS AND INSTITUTIONS			
2.1 Explicit Anti-Corruption Laws: Is there legislation explicitly prohibiting or criminalizing corruption or corrupt behaviors (bribery, embezzlement, trading in influence, abuse of functions, illicit enrichment, bribery and embezzlement in the private sector, laundering of proceeds of crime, concealment, obstruction of justice, etc. per Articles 15-31 of the UNCAC)?			
Are there governmental institutions mandated to enforce/implement this anti-corruption legislation? What are their legal authorities? (UNCAC Article 36-39, 58)			
2.2 Corruption Investigations (UNCAC Chapter III): Is there legislation regulating investigation of corruption cases?			
What institutions are responsible for investigation of corruption cases? What are their legal authorities?			
2.3 Corruption Prosecution in Courts: Is there legislation regulating prosecution of corrupt offenses?			

	What Are the Formal Provisions?	How Are They Implemented in Practice?	Major Weaknesses/ Comments
What institutions are responsible for prosecuting corruption cases? What are their legal authorities?			
2.4 Money Laundering (UNCAC Articles 14, 52, 58): Is there legislation prohibiting laundering the proceeds of corrupt activities? (Money laundering is the action with property of any form which is either wholly or in part the proceeds of a crime that will disguise the fact that that property is the proceeds of a crime or obscure the beneficial ownership of said property)			
Are there governmental institutions mandated to enforce/implement this legislation?			
2.5 Asset Recovery (UNCAC Article 8): Is there legislation regulating recovery of assets from corruption cases (confiscation, forfeiture, return, international cooperation, etc.)?			
Are there governmental institutions mandated to enforce/implement this legislation?			
2.6 Witness protection (UNCAC Article 32): Is there is legislation that protects witnesses in corruption cases?			
Are there governmental institutions mandated to enforce/implement this legislation?			
3. CORRUPTION PREVENTION LAWS AND INSTITUTIONS (UNCAC, Chapter II)			
3.1 EXECUTIVE BRANCH			
3.1.1 Asset Disclosure (UNCAC Article 8): Are there laws or regulations that require disclosure of assets for senior elected officials or political candidates and their families?			
Are there governmental institutions mandated to enforce/implement/monitor such laws/ regulations?			
3.1.2 Abuse of Discretion (UNCAC Article 19): Are there laws or regulations that place limits on the discretion of senior government managers in making decisions about the use of government funds?			
Are there governmental institutions mandated to enforce/monitor such laws/regulations?			
3.1.3 Gifts/Favors/Abuse of Influence (UNCAC Articles 7, 8,12,15-22): Are there laws or regulations that place limits on accepting gifts, favors or services, that control or limit how senior government managers use their influence, or that regulate conflicts of interest			

	What Are the Formal Provisions?	How Are They Implemented in Practice?	Major Weaknesses/ Comments
for executive branch managers?			
Are there governmental institutions mandated to enforce/implement/monitor such laws/regulations?			
3.2 LEGISLATIVE BRANCH			
3.2.1 Asset Disclosure (UNCAC Article 8): Are there laws or regulations that require disclosure of assets for legislators or legislative candidates, and their families?			
Are there governmental institutions mandated to enforce/implement/monitor such laws/regulations?			
3.2.2 Gifts/Favors/Abuse of Influence/Conflicts of Interest (UNCAC Articles 7, 8,12,15-22): Are there laws or regulations that place limits on accepting gifts, favors or services, that control or limit the use of influence, or that regulate conflicts of interest for legislators?			
Are there governmental institutions mandated to enforce/implement/monitor such laws/regulations?			
3.2.3 Oversight Responsibility: Is there legislation that provides clear monitoring and oversight responsibility to the legislature to ensure executive and budgetary accountability?			
Are there governmental institutions mandated to enforce or implement such laws?			
3.3. JUDICIAL BRANCH			
3.3.1 Asset Disclosure (UNCAC Article 8): Are there laws or regulations that require disclosure of assets for judges and senior court officials, and their families?			
Are there governmental institutions mandated to enforce/implement/monitor such laws/regulations?			
3.3.2 Gifts/Favors/Abuse of Influence/Conflicts of Interest (UNCAC Articles 15-22): Are there laws or regulations that place limits on accepting gifts, favors or services, that control or limit the use of influence, or that regulate conflicts of interest for judges and senior court officials?			
Are there governmental institutions mandated to enforce/implement/monitor such laws/regulations?			

	What Are the Formal Provisions?	How Are They Implemented in Practice?	Major Weaknesses/ Comments
3.3.3 Judicial Independence (UNCAC Article 8): Are there laws or regulations that ensure judicial independence from the executive (related to judicial selection, dismissal, and budget issues)?			
Are there governmental institutions mandated to enforce or implement such laws?			
3.3.4 Accountability Mechanisms: Are there laws or regulations that ensure judicial accountability (including transparency of judicial records, process and decisions)?			
Are there governmental institutions mandated to enforce/implement/monitor such laws or regulations?			
3.4. CIVIL SERVICE			
3.4.1 Conflicts of Interest (UNCAC Articles 7, 12): Are there laws or regulations that define conflicts of interest for public officials?			
Are there governmental institutions mandated to enforce/implement conflict of interest legislation?			
3.4.2 Asset Disclosure (UNCAC Article 8): Is there legislation that requires civil servants to disclose their assets? (include whether disclosures are made public)			
Are there governmental institutions mandated to enforce/implement asset disclosure legislation?			
3.4.3 Codes of Conduct (UNCAC Article 8): Are there laws or regulations that establish ethics standards for public officials and civil servants?			
Are there governmental institutions mandated to enforce/implement code of conduct legislation?			
3.4.4 Whistleblower Protection (UNCAC Articles 8, 33): Is there legislation that provides protection for people who report cases of corruption?			
Are there governmental institutions mandated to enforce/implement whistleblower protection legislation?			
3.4.5 Lobbying: Are there laws and regulations that regulate lobbying of public officials?			
Are there governmental institutions mandated to enforce/implement lobbying legislation?			

	What Are the Formal Provisions?	How Are They Implemented in Practice?	Major Weaknesses/ Comments
3.4.6 Public Hiring and Appointments (UNCAC Article 7): Is there legislation that requires public hiring to be based on merit rather than patronage, nepotism, favoritism, personal connections, and bribery?			
Are there governmental institutions mandated to enforce/implement public hiring and selection legislation?			
3.4.7 Immunity: Is there legislation that regulates removing immunity from elected representatives or senior public officials so that investigations can be conducted into suspected corrupt offenses that they have committed?			
Are there governmental institutions mandated to enforce/implement such immunity-removal legislation?			
3.5. TRANSPARENCY AND ACCOUNTABILITY			
3.5.1 Complaint mechanism (UNCAC Article 13): Is there legislation that establishes and regulates an Ombudsman office or other mechanism for reporting acts of corruption?			
Is an Ombudsman office established or are there other governmental institutions mandated to take reports about corruption and act on them?			
3.5.2 Freedom of Information (UNCAC Articles 10, 13): Is there legislation that provides citizens with rights to access public documents related to government resources and decision making?			
Are there governmental institutions mandated to enforce/implement freedom of information legislation? (when evaluating the formal provisions and actual performance, consider whether any information is provided proactively or only upon request)			
3.5.3 Public participation (UNCAC Article 13): Are there laws or regulations that require that executive, legislative and regulatory meetings, including commissions, be open to the public?			
Are there governmental institutions mandated to enforce/implement legislation/regulations on public hearings?			

	What Are the Formal Provisions?	How Are They Implemented in Practice?	Major Weaknesses/ Comments
3.6. POLITICAL PARTIES AND ELECTIONS			
3.6.1 Political Party Financing (UNCAC Article 7): Is there legislation that requires transparency in political party funding and expenditures?			
Are there governmental institutions mandated to enforce/implement political party financing legislation?			
3.6.2 Elections (UNCAC Article 7): Is there legislation that regulates the conduct and financing of elections? (independence of election commissions, elections budgets free from political pressure, ethical standards, provisions for whistleblowing, etc.)			
Are there governmental institutions mandated to enforce/implement legislation related to elections and their financing?			
3.7. PUBLIC FINANCE			
3.7.1 Financial Management Systems (UNCAC Article 14): Are there laws or regulations that establish and regulate an integrated financial management system?			
Are there governmental institutions mandated to enforce/implement this legislation/regulation?			
3.7.2 Audits of Public Expenditures (UNCAC Article 14): Is there legislation that requires periodic auditing of public accounts, public budgets and public expenditures?			
Are there governmental institutions mandated to enforce/implement public audit legislation? (consider both the institutions mandated to carry out audits and the institutions mandated to review and follow up on audit findings)			
3.7.3 Public Procurement (UNCAC Article 9): Is there legislation that regulates and promotes transparency in public procurements?			
Are there governmental institutions mandated to enforce/implement public procurement legislation?			
3.7.4 Budgeting Process (UNCAC Article 9): Are there laws or regulations that require transparency in budget planning?			
Are there governmental institutions mandated to enforce/implement this legislation/regulation?			

	What Are the Formal Provisions?	How Are They Implemented in Practice?	Major Weaknesses/ Comments
3.7.5 Taxation (UNCAC Article 12): Is there legislation that disallows the deductibility of expenses that constitute bribes, for tax purposes? (Article 12, paragraph 4)			
Are there governmental institutions mandated to enforce/implement this provision in the law?			
3.7.6. Banking System (UNCAC Articles 14,15, 40): Are there laws or regulations that require transparency and accountability in the banking system?			
Are there governmental institutions mandated to enforce/implement this legislation/regulation?			
3.8. PRIVATE SECTOR REGULATION AND PRIVATIZATION			
3.8.1 Business regulations (UNCAC Article 12): Are there laws or regulations that establish rules for regulating business operations (including but not limited to accessibility of information on business requirements and fee structures, administrative remedies to challenge decisions and fees, etc.)?			
Are there governmental institutions mandated to enforce/implement such business-related legislation or regulation?			
3.8.2 Privatization: Is there legislation that regulates how the privatization of state enterprises should be conducted?			
Are there governmental institutions mandated to enforce/implement privatization legislation?			
3.8.3. Business Sector Anticorruption Actions (UNCAC Article 12): Are there anti-corruption actions taken by the private sector (ethics codes, anticorruption advocacy activities, etc.)?			
3.9. NON-GOVERNMENTAL ORGANIZATIONS AND THE MEDIA			
3.9.1 Civil Society Organizations (UNCAC Article 13): Are there laws or regulations that limit the ability of nongovernmental organizations to organize or advocate for reform or monitor government performance?			
Are there governmental institutions mandated to enforce/implement this legislation?			
Are there CSOs that advocate for anticorruption reforms and/or implement anticorruption activities? (Note: For column one, provide a general sense of the number of organizations or size of the NGO sector, as well as prominent organizations working on			

	What Are the Formal Provisions?	How Are They Implemented in Practice?	Major Weaknesses/Comments
anticorruption. For column two, please indicate the overall strengths and weaknesses of organizations and/or the NGO sector.)			
3.9.2 Media: Are there laws that limit the media's rights to investigate corruption cases (censorship, gag or libel laws)?			
Are there governmental institutions mandated to enforce/implement this legislation?			
Are investigations on corruption published in the media?			
4. CULTURAL DIMENSIONS			
Are there any particular features of tradition or culture (practices, institutions) that support/prevent anti-corruption efforts?			
5. INTERNATIONAL COOPERATION			
Are there laws that require international cooperation in investigations of and proceedings in civil and administrative matters relating to corruption? (UNCAC Chapter IV; Articles 54-59)			
Are there governmental institutions mandated to enforce/implement this legislation?			
6. COMPLIANCE WITH INTERNATIONAL LEGAL INSTRUMENTS (for each relevant international instrument below, please provide information in column 2 on the official level of compliance (signed, ratified in full, ratified in part, etc.); in column 3 provide your expert opinion on the effectiveness of compliance in practice. A list of many relevant international legal instruments can be found in Figure 3 and the Appendix of the Handbook)			
1. UN Convention against Corruption			
2. CoE Civil Law Convention on Corruption (<i>if applicable</i>)			
3. CoE Criminal Law Convention on Corruption (<i>if applicable</i>)			
4. Other (please indicate) _____			
5. Other (please indicate) _____			
6. Other (please indicate) _____			

Annex 3. Initial Analysis of Sectors, Functions and Institutions

For example, but not limited to: Agriculture, Anticorruption Agency, Budget, Civil Service, Civil Society, Construction and Infrastructure, Customs, Decentralization, Education, Electoral Process, Electricity, Energy, Environment, Forestry, Health, Justice, Labor and Workforce, Law Enforcement, Media, Military, Parliament, Petroleum, Pharmaceuticals, Political Parties, Private Sector, Privatization, Procurement, Public Finance, Public Service Delivery, Regional/Local Government, Supreme Audit Institution, Taxation, Transport, Water and Sanitation **Be sure to evaluate each sector/function based on both formal legal requirements and actual practice.**

Pros and Cons	Sector/Function/Institution 1: _____	Sector/Function/Institution 2: _____	Sector/Function/Institution 3: _____
Institutional Capacity (ability to operate within law and regulations; established internal rules and procedures; leadership ability; staff professionalism and meritocracy; availability of budget and resources)			
Transparency Status (public access to information; open hearings; open decision-making and procedures)			
Accountability Status (internal audits and controls; external oversight; conflict of interest rules; management reporting)			
Stakeholders (political will; champions; opponents; civil society; business)			

Annex 4: Library of Illustrative Diagnostic Guides¹

The 19 Diagnostic Guides provided in this Annex can support the Assessment Team in conducting in-depth analyses of major government sectors and functions, helping the team target major sources of corruption vulnerability and outline strategies and concrete actions that are likely to reduce opportunities for corruption. The guides for several functions or sectors/institutions may be applicable across several sectors. For example, the Diagnostic Guides for privatization, public procurement, and tax and custom administration may also support assessments of the private sector. These Guides are only illustrative and in most cases should not be used as interview scripts. Rather, they should be modified and new questions added to suit the country- or sector-specific circumstances or individuals interviewed. Teams will need to use their own judgment as to whether all of the issues in each Guide are equally important. The following Guides are included:

Governmental Sectors and Institutions	Page
• Judiciary	2
• Legislature	6
• Public Institutions/Civil Service	9
• Supreme Audit Institution	12
• Anticorruption Agencies	16
• Regional and Local Government	18
• Law Enforcement Institutions	20
• Electoral Commission and Election Process	25
• Political Parties	27
• Taxation System	30
• Customs	34
• Healthcare	38
• Education	41
• Private Sector	43
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• Media and Access to Information	49
Cross-Cutting Issues and Functions	
• Budget and Financial Management	51
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JUDICIARY¹

The judiciary is one of the key institutions in fighting corruption in any country. To be able to prosecute corruption effectively, the judiciary must be independent, free of any political influence, must have the capacity and adequate resources. But often the judiciary is vulnerable to corruption itself. Therefore effective mechanisms to prevent corruption should be embedded into the judiciary. The following guide includes both sets of questions – effectiveness of the judiciary to prosecute corruption and to prevent itself from being a corrupt institution.

DIAGNOSTIC AREA	CORRUPTION DIAGNOSTIC QUESTIONS
<p>Judicial independence</p> <p><i>Independence</i></p> <p><i>Jurisdiction</i></p> <p><i>Financial Independence</i></p> <p><i>Career development</i></p> <p><i>Court ruling</i></p>	<ul style="list-style-type: none"> • Does the law guarantee judicial independence? Is the judiciary independent and free from improper influence in practice? • Control over court organization and management is not highly concentrated in the hands of a few officials or judges. • Do courts have jurisdiction to review the actions of the executive (i.e. Presidency, the Prime Minister’s or other Ministers and their officials) and the legislature? • Is there sufficient funding to perform functions? Is funding allocated fairly throughout courts of different jurisdictions and levels? • Does the judiciary have control over its own budget? • Is funding for the judiciary independent of the political process? • Are levels of remuneration of court personnel and of judges compatible with the salary market in country (and, for judges, is remuneration compatible to the fees that private lawyers can command)? • How transparent are procedures for judicial appointments? What, if any, improper influence is exercised over appointments? • Are judges selected or appointed for life or long terms? (Typically, such terms are considered to reduce opportunities for corruption as judges feel less dependent and less concerned about their career after they serve on the bench.) • Are the recruitment and career development of judges based on merit, by law? In practice? • Is there a confirmation process for high court judges (i.e. conducted by the legislature or an independent body)? • Are personnel decisions within the court system based on publicized and transparent criteria? • Are judges protected by law or in practice from removal without relevant justification? • Is there a law that prohibits interference with judges in a course of court hearings? If there is a law, is it enforced in practice? • Are there safeguards for judicial officials who report undue pressure from political powers to their superiors, to the police, to the prosecutor, to other authorities or to the public? • Judicial decisions are not subject to significant influence from other judges, the government, or private interests.

¹ Teams may also want to refer to USAID’s Anticorruption Program Brief on Combating Corruption in the Judiciary (http://www.usaid.gov/our_work/democracy_and_governance/technical_areas/anti-corruption/)

	<ul style="list-style-type: none"> • Judicial decisions can not be reversed other than through a judicial appellate process. • Do judges have immunity for actions taken in their official capacity (by law or in practice)?
Integrity mechanisms and Internal Controls	<ul style="list-style-type: none"> • Do judicial codes of conduct — including procedures for ensuring compliance and for imposing disciplinary measures — exist? Are they well-publicized? To what degree are they implemented? • Are there rules on conflict of interest for the judiciary and are they effective? • Are judges prohibited from running their own legal practices? • Are there rules on gifts and hospitality and are they effective? • Are disclosure of assets rules applicable to judges or other senior judiciary officials and are they adhered to in practice? • Does anyone monitor conflict of interests, gifts and hospitalities, or lifestyle? If there is monitoring, is it done effectively and is information publicly available? • Are there post-employment restrictions and if so, are the restrictions adhered to? • Is there an ombudsman (or other complaint mechanism) for the judicial system? If so, is he/she protected from political interference? Does the judicial ombudsman (or equivalent agency) initiate investigations and impose penalties on offenders? • Are there provisions for whistleblowing on misconduct within the judiciary? If so, are they effectively used? • Are bar associations well organized? What role do they play in monitoring the judicial system? • Is disbarment used as a tool to punish offenders? Is it applied transparently and fairly? • Has corruption been targeted by the judiciary as an internal problem? Have anticorruption efforts been successful? • Have there been instances of successful prosecutions of corrupt judges or senior judicial officials? • Does the judiciary inappropriately protect prosecutors/judges in cases of corruption?
Court procedures	<ul style="list-style-type: none"> • Do administrative processes follow set rules and procedures, and do mechanisms exist for ensuring that standardized procedures for handling cases are followed? • Are rules of evidence and standards for evaluating arguments applied in a predictable fashion? • Are procedural steps in court processes clearly defined, available to the public, and NOT numerous and complex? • Does disposition of cases involve excessively long time periods? • Are cases heard by multi-judge panels rather than by single judges? (Multi-judge panels are considered to reduce the opportunities for corruption.) • Do performance standards (e.g., cases decided, time limits, reversals on appeal) exist and is there compliance monitoring? Is information on performance publicly available? • Are there alternative mechanisms for dispute resolution in addition to the formal court system? • Are there specialized offices or functions (e.g., computerized databases) to

	<p>conduct the mundane activities of the court?</p> <ul style="list-style-type: none"> • Are inventories of supplies and equipment carefully maintained and audited?
External Oversight and Accountability	<ul style="list-style-type: none"> • Are judges required by law to give reasons for their decisions? If there is a law, do they comply in practice? Are judicial decisions and the reasons behind them made public? • Does the judiciary have to report to anyone by law? If there is a law, is it observed in practice? Does this result in appropriate monitoring of, or inappropriate control over, the judiciary? • Is there an independent inspectorate that regularly checks on the details of court operations and is able to publish its findings freely and widely? • Are there external reviews of judicial decisions and judicial opinions? • Is the media active in reporting events within the court system? • Are public hearings and/or proceedings required by law? If there is a law, is it observed in practice? Are there exemptions in practice? • Do complaint mechanisms, which provide a safe outlet to report on possible corruption, exist? If so, are they well-publicized?
Transparency	<ul style="list-style-type: none"> • Is it required for court records to be published and made publicly accessible? Is it done in practice? Is it done regularly? • Are court procedures transparent (“transparency” in this context means well-publicized rules for how cases will be processed, easy access to information on the status of cases, public announcement of hearings, openness of hearings to the public, and the publishing of judicial decisions)? • Is information regarding court scheduling, judicial decisions, and the basis for these decisions clear? • Are courtroom proceedings open to the public and the media by law and/or in practice?
Court accessibility and public trust in court	<ul style="list-style-type: none"> • Do citizens have easy access to justice/recourse to the courts by law? • Can citizens earning the median annual income afford to bring a legal suit or secure legal counsel? • In practice, can a typical small business afford to bring a legal suit or secure legal counsel? • In practice, does the state provide legal counsel for defendants in criminal cases who cannot afford representation? • Does the public trust in the judiciary? Are people willing to turn to the courts for resolving disputes? • Is there a process by which lawyers and the public can register complaints concerning judicial conduct?
Corruption in Court Ruling	<ul style="list-style-type: none"> • Do litigants often pay (money, gifts, services, or favors) judges for: favorable judgment, delay, destruction of damaging documents, access to privileged documents, or manipulation of procedural rules? • Do judges or other court officials often threaten plaintiffs with delays or acquittals to collect bribes? (repeat for lawyer paying bribes, and/or court administrator collecting bribes)? • Do judges often threaten defendants with harsh rulings to get bribes? • Do judges often pressure private firms to hire their friends and relatives?
Effectiveness in Prosecuting Corruption	<ul style="list-style-type: none"> • Are cases of corruption prosecuted within the legal system? • How successfully has corruption been adjudicated? • Are there specialized criminal courts for corruption cases?

	<ul style="list-style-type: none"> • Do judges receive particular training for prosecuting corruption cases? • Is there an objective method (e.g., random) for assigning cases to judges? • Are there required periods within which cases need to be processed? Are measures taken to ensure that legal resolution of cases is accomplished in a prompt and timely manner? • Does the judiciary issue verdicts against members of high officials of the ruling party or current administration? • Does the judiciary issue verdicts against high-level but not primarily against low-level officials? Or vice-versa? • Are there instances of inconsistencies in the issuance of summons, the unjustifiable refusal or granting of bail, discrepancies in prosecuting high-profile corruption suspects versus petty corruption cases, unwarranted acquittals, and general disparities in sentencing?
<p>Judicial Review of Administrative Decisions</p>	<ul style="list-style-type: none"> • Is there a law providing for judicial review of administrative decisions (such as issuance of licenses or tax assessments)? • Do civic organizations have standing to appeal an administrative decision if they have an interest in the matter? • Under the law, is the burden of proof in appeals of administrative cases on the government? • Under the law, can a court annul or reverse an administrative decision made by an administrative body that lacked legal competence or based on an incorrect application of law? • Can a court impose sanctions on an administrative agency for failure to obey a court order? • Do courts have contempt and other enforcement powers to hold public officials and agencies to account? • Are monetary damages against the government available to successful plaintiffs? • In practice, are citizens treated fairly by courts hearing administrative cases on appeal?
<p>Enforcement of Judgments.</p>	<ul style="list-style-type: none"> • Do bailiffs extort payments from losing parties in order to ignore the judgment or to create difficulties during the enforcement phase due to imprecise and confusing or even contradictory judgments? • Do police who object to the judge's decision refuse to carry out the decision (e.g., release the innocent or incarcerate the guilty)? • Do financial institutions implement the decision when they are required by a judicial decision to levy the account of a powerful or wealthy individual?

LEGISLATURE

The legislature should be the most powerful oversight institution. An independent, resourceful, proactive and dedicated legislature can be a champion and a safeguard of a national anticorruption effort. On the other hand, legislators themselves can become facilitators of grand corruption by pursuing their own personal agendas or favoring powerful interests groups. Legislators can create space for petty corruption by setting policies allowing low-level bureaucrats to subjectively interpret any law and take advantage of citizens. Questions in the following guide are structured to examine the legislature from the point of view of its role in setting and following anticorruption policies, performing effective oversight of the executive branch, and its ability to prevent corruption in the legislature itself.

DIAGNOSTIC AREA	CORRUPTION DIAGNOSTIC QUESTIONS
Legislature independence and capacity	<ul style="list-style-type: none"> • Is there formal operational independence of the legislative branch? • Is the legislative branch independent in practice? • Does the ruling party have sufficient predominance of seats in the legislature to give it complete control over the legislature? • Does the legislature control its own budget? • Is the budget of key legislative committees sufficient? • Are salary and benefit levels compatible with the salary market in country? • Are there adequate training and resources available to ensure understanding of the basic functions and responsibilities of the legislative body? • Are key legislative committees, especially those tasked with oversight of other branches of government, professional and adequately staffed?
Legislative Oversight	<ul style="list-style-type: none"> • Does the legislature play an active role in the oversight of government agencies? • Has the legislature established any special committee to monitor and/or investigate allegations of misdoing within the three branches of government when necessary? • Does the legislature have investigatory and subpoena powers? • Has the legislature utilized its investigatory or subpoena powers at least a handful of times over the past 5 years? • Does the legislature have a constitutional role in approving certain political appointments? • Has the legislature rejected at least one political appointee in the past decade? • Do key legislative committees regularly hold hearings?
<i>Public funds oversight</i>	<ul style="list-style-type: none"> • Is there a legislative committee that oversees public funds? • If there is a committee, is it effective, properly staffed and funded? • Is the legislature required by law to approve the budget and amendments to the budget? If it is required by the law, does the legislature exercise this authority in practice? • Is the committee that oversees public funds protected from political interference? • Does the committee initiate independent investigations into financial irregularities when necessary? • Does the legislature oversee budget expenditure effectively? Is there a committee responsible for reviewing audit reports and assuring that remedial actions are taken? Is it effective?

	<ul style="list-style-type: none"> • In practice, has this legislative committee been effective in calling attention to financial irregularities in the government generally or in particular agencies?
<i>Rule of Law and Anticorruption oversight</i>	<ul style="list-style-type: none"> • Is there an effective committee/s that oversees rule of law and anticorruption affairs? • Are anticorruption agency reports submitted to the legislature? • Does the committee regularly or effectively conducts hearings? • Does the committee have authority (and if so, does it exercise it effectively) to call executive branch to report on the issues? • Does the committee have the right (and does it exercise it) to initiate investigations into corruption? • Has the committee initiated independent investigations into corruption by high level public officials over the past 5 years? • Are the committee investigations transparent and free from political influence?
Internal Controls <i>Financial Disclosure</i>	<ul style="list-style-type: none"> • Are there financial/asset disclosure rules for legislators? • Do legislators provide disclosure annually or at least before taking an office and after leaving office? • Are the disclosures made public? • Is there an independent register for financial disclosures that is protected from political interference? • Does the financial disclosure registrar have legal powers to enforce disclosure, have staff to investigate allegations, and ability to sanction offenders? • Has the financial disclosure registrar successfully conducted investigations in to allegations over the last 5 years?
<i>Conflict of Interest/Code of Ethics</i>	<ul style="list-style-type: none"> • Does the legislature have an effective internal integrity/ethics committee? • Are there codes of conduct/codes of ethics for legislators with effective enforcement mechanisms? • Are there conflict of interest rules that are effectively enforced? • Are there rules and registers concerning gifts and hospitality that are effectively enforced? • Are there registers of disclosed gifts and hospitality and if so, are they maintained in practice effectively? • Are there post-employment restrictions for legislators and are they effectively enforced? • Has the internal integrity/ethics committee exercised its authority to enforce code of ethics for the last 5 years? • Are legislators prevented from switching party lines mid-term and is there special oversight of this practice? • Are legislators required to (and do they in practice) record and/or disclose contact with lobbyists or similar registered interest groups?
Accountability	<ul style="list-style-type: none"> • Are there effective, and enforced in practice, laws/rules that govern oversight of the legislative branch? • Is there an active opposition in parliament that monitors the incumbent effectively? • Is there effective judicial review of the legislature's activities?

	<ul style="list-style-type: none"> • Do parliamentary members support public interests rather than the agendas of wealthy organized interests or social groups? • Are the members of parliament required to report to their constituencies? Do they do in practice and do they do it regularly? • How regularly are members of parliament voted out of office, or how often does the majority change from one party to another? • Is there a law that gives constituencies rights to remove/recall their representatives from the office? Is this law enforceable? Were there instances of successfully exercising this law for the last 5 years? • Are citizens legally and in practice able to participate in the legislative hearings and committee meetings? • Are the members of parliament prohibited from having access to off-the-books funds? • Was corruption successfully targeted by legislature as an internal problem?
Transparency	<ul style="list-style-type: none"> • Are disclosed assets made publicly accessible and is this information accessible in practice? • Is the legislative budget required to be made publicly accessible and is this information accessible in practice? • Is the accounts committee required to report publicly and do they do it in practice? • Are the legislature's sessions open to the public? • Are the legislative committees' meetings open to the public and announced in advance? • Is the legislators' voting record maintained and publicly available?
Complaints/enforcement mechanisms	<ul style="list-style-type: none"> • Are there provisions for whistleblowing on misconduct within the legislature and are these provisions implemented in practice? • Are there formal powers of sanction in place against parliamentarians and have they been invoked for last 5 years?
Immunity	<ul style="list-style-type: none"> • Are legislators immune from prosecution? • Does legislative immunity interfere with prosecution of corruption?
Demonstrated Political Will	<ul style="list-style-type: none"> • Has the legislature initiated and adopted policies or legislation to address corruption, increase transparency and accountability? • Has the legislature established milestones and measurements for effectiveness of reforms? • Were reforms effective? • Does the legislature oversee effective implementation of reforms? • Is there a consensus in legislature about policies to address corruption? • Are there champions in the legislature on addressing corruption?

PUBLIC INSTITUTIONS/CIVIL SERVICE

The following set of diagnostic questions can be used for any public institution in the executive branch of the government. It includes generic questions to examine such areas as independence of the institution, its capacity and financial viability, personnel hiring and management, internal controls, accountability, transparency mechanisms, responsiveness, and political will to address corruption.

DIAGNOSTIC AREA	CORRUPTION DIAGNOSTIC QUESTIONS
Institutional Independence	<ul style="list-style-type: none"> • Is there formal independence of the public sector? Is the public sector independent in practice? • What safeguards exist to prevent political interference in the public sector? Are they effective? • Are there rules requiring political independence of public servants? Are they followed?
Personnel Management	<ul style="list-style-type: none"> • Is there a law and detailed implementing regulations governing public employment? • Are political appointees clearly distinguished from career civil servants and public service employees (i.e. non civil servant status) as a matter of law and policy? • Is there a legislative framework for the civil service regulating recruitment, job security and independence? Is it followed? • Are there specific rules for transparent hiring and promotion to help avoid abuses of patronage, nepotism and favoritism and to foster the creation of an independent civil service? Are these ruled enforced? • Is there a system of competitive exams for prospective civil servants? • Are vacancies advertised publicly to ensure fair and open competition? • Does the civil service lay out clear job descriptions and qualification standards for all positions for hiring and promotion? • Are civil servants hired and promoted according to professional criteria, which are known to all employees? • Are periodic reviews of staff performance carried out and documented? • Are rewards and promotions (including compensation packages and pension funds) based upon these reviews, including any infractions? Is it documented? • Are the outcomes of personnel selection and promotion regularly reviewed? Is it documented? • Is special attention given to officials in positions particularly susceptible to corruption (e.g. areas interacting with the private sector: public procurement, customs or tax administration, etc.)? • Is competition among officials promoted via overlapping responsibilities and jurisdictions (e.g., passport agencies in various areas)? • Are task assignments of supervisors and employees periodically changed to reduce insularity (for example, every 1-2 years)? • Is training conducted regularly for civil servants, on rules and procedures governing recruitment, hiring, and promotion? • Are civil servants who are dismissed from employment on grounds of corruption or professional malfeasance barred from public service? • Is there an oversight body that reviews hiring and promotion decisions and ensures fairness and professionalism in recruitment?

Integrity mechanisms	<ul style="list-style-type: none"> • Are there codes of conduct for public servants or any other legislation regulating core values and ethics of public service? What is their legal status? Is there any evidence of their effectiveness? • Are core public service values communicated when someone joins the public service? Are they included in the employment contract/document? • Are these codes nation-wide, local, or sector-specific? • Are there rules (including registries) concerning acceptance of gifts and hospitality? • If so, are these registers kept up to date? By whom? Are they made public? • Are there rules on conflict of interest? Are they effective and implemented in practice? Are they applied nation-wide, locally, and across sectors? • Do restrictions on post-public service employment exist? Are they enforced? • Is bribery of civil servants/public sector officials an offence? If so, is such bribery governed by criminal or administrative law, or both? Is it enforced? Is it enforced fairly throughout all levels officials and civil servants?
Financial viability	<ul style="list-style-type: none"> • Is there a high degree of wage compression among civil servants (reasonable low ratio of median salary at the top level to median salary at the lowest level)? • Are key public sector institutions funded and staffed sufficiently? • To what extent is the budgetary process that governs the public sector transparent? Is information about it publicly available? • Civil servants generally do not have access to off-the-books funds? • There are no (or reasonably limited number) of other agencies that are engaged in public spending other than public institutions (e.g. quasi-governmental agencies or public private partnerships)? Who spends public money other than the public sector? • Is compensation (salary and benefits) in the civil service adequate to sustain an appropriate livelihood according to the level of the economy? How do civil service wages compare with private service wages? • Have the officials been paid regularly in the last five years? How long have any delays been?
Incentives	<ul style="list-style-type: none"> • Are there clear rules that govern tenure? Are tenure rules followed? • Are civil service wages linked to performance? • To what extent has the civil service/public sector organized its work based on/committed themselves in any extraordinary way to an agenda of integrity, transparency and good governance? What is the evidence for this? • Are employees satisfied with their jobs? Are they involved in making decisions? Are communication lines open? • Are rules and regulations disseminated promptly and discussed with employees? Are rules made as specific and as clear as possible? If discretion is allowed, is there a clear delineation of responsibilities and a corresponding system of punishments, which prevents employees from “going too far”?
Accountability	<ul style="list-style-type: none"> • Are there laws/rules that govern oversight of the civil service/public sector agencies? Are these laws/rules effective? Are there rules for audit oversight? Does such oversight take place? • Are there administrative checks and balances on decisions of individual public officials? Are these effective?

	<ul style="list-style-type: none"> • Are public sector agencies required to report to legislature, in law? Does this accountability take place in practice? • Is the public required to be consulted in the work of key public sector agencies? Does this consultation take place in practice?
Internal controls (departments or institutions within governmental agencies that provide performance and financial oversight)	<ul style="list-style-type: none"> • How does internal control support corruption prevention efforts (e.g., does it enable management to detect irregularities and identify procedural problems)? Does the institution analyze systemic failures and trends in criminal and disciplinary cases? Does the review of problems lead to specific recommendations to strengthen prevention strategies? Are the recommendations implemented? Are the recommendations made available to supervisory bodies or legislators? • Does the government identify corruption risks and develop appropriate safeguards and controls? • Are employees trained on how to manage corruption risks and rewarded for identifying responses to them?
Transparency	<ul style="list-style-type: none"> • What kinds of disclosure rules govern the civil service? • Do some civil servants have to disclose assets? Does this take place in practice? Is there an independent agency that monitors disclosure? • Is such disclosure required to be publicly accessible? Is it, in practice? • Must procedures, criteria and fees for administrative decisions be published (e.g. for granting permits, licenses, bank loans, building plots, tax assessments, etc)? Are they? • To what extent are there electronic provisions for public services, i.e. internet-based tax filing, license application, procurement processes? Have these demonstrably had an impact on opportunities for corruption?
Complaints/enforcement mechanisms	<ul style="list-style-type: none"> • What are the provisions for whistleblowing on misconduct in the civil service/public sector? Have these been exercised? • Who investigates allegations of corruption committed in the civil service? • What kind of oversight mechanisms are in place for such organizations? • What options exist for sanction against civil servants? Are they invoked with any regularity? • How successfully has corruption been targeted by this institution, as an internal problem? An external problem? • Have civil servants been investigated or prosecuted in the last five years? • What capacity is there for citizen complaints/redress? • Is there a particular right of redress regarding employment?
Demonstrated Political Will	<ul style="list-style-type: none"> • Did the government initiate any policies or reforms to address corruption, increase transparency and accountability? If so, what policies and reforms were implemented? Did the government establish milestones and measurements for effectiveness of the reforms? To what extent these reforms were effective? • Is there a consensus among branches of the government and governmental institutions about reforms? Who is a champion?

SUPREME AUDIT INSTITUTION/FISCAL RESPONSIBILITY

Most countries have a supreme audit institution (SAI), an auditor-general, or a comparable body mandated to oversee performance and financial activities of the governmental institutions. This institution can be very instrumental in detecting and preventing corruption if it is independent, has broad but clearly defined authority, has adequate capacity and resources, clear standards and procedures to conduct audits, and staffed with high level professionals that comply with strict ethical standards. Political influence, weak internal controls, poor capacity and other deficiencies can easily undermine the role and ability of this institution in the country's anticorruption effort.

DIAGNOSTIC AREA	CORRUPTION DIAGNOSTIC ASSESSMENT QUESTIONS
Authority and Capacity	<ul style="list-style-type: none"> • Is the supreme audit institution (SAI), auditor-general, or comparable body guaranteed constitutionally or through primary legislation? • Does the SAI's mandate extend to all government activities? If any national government accounts are not subject to audit by the SAI, are there other institutions that audit these accounts and what is the relationship of the SAI to these auditors? • Is the SAI responsible for auditing government activities, programs, operations, enterprises, which do not form part of the government accounts, but which depend on government grants, subventions and loans or other resources sanctioned by law? If the SAI does not audit such accounts, (i) what is the overall significance of the accounts? (ii) who audits such accounts? and (iii) what is the specific responsibility of the SAI with respect to those accounts, if any? • Is the SAI responsible for auditing sub-national governments, if any exist? If sub-national governments exist and the SAI is not responsible, how are their auditors appointed and what is the relationship of those auditors to the SAI? • What types of audits does the SAI conduct (financial, compliance, performance, those linked to high-risk operations, and/or others)? • Must all public expenditures be audited by the SAI annually? Is this done, in practice? • Is there evidence of the government (regularly) acting on SAI reports?
Independence	<ul style="list-style-type: none"> • Is there formal independence for the SAI? Is it independent in practice? In practice, has the SAI been protected from political interference? • Is the appointment of the head of the institution transparent and merit-based? Who appoints the head of the SAI? Are the terms of appointment of the head, including tenure and remuneration, at least commensurate with other equivalent positions such as High Court judges? • Who may dismiss the head of the SAI and under what circumstances? Is the head of the institution protected from removal without relevant justification? • Does the SAI have authority, independently of the executive, to appoint its staff and decide on their conditions of service, with due regard for the general conditions of the civil service? • Is the SAI able to allocate its budget independently in formal terms? In practice? • What is the budgetary process that governs the Supreme Audit Institution? Who approves the SAI budget, the executive or parliament? • Is the Supreme Audit Institution prohibited from having access to off-the-

	<p>books funds?</p> <ul style="list-style-type: none"> • Does the SAI have reasonable access to all information, facilities and persons without hindrance for the conduct of audits? • Other than that mandated specifically by law, does the SAI have operational independence to determine what, how and when to audit? • Does the SAI have the authority to make reports directly to the legislature and at such frequency as it deems appropriate? • Are the total resources of the SAI – funding and staffing level – adequate in comparison with the budgets of all the entities subject to audit by the SAI? • Have any SAI budget submissions been rejected and, if so, what were the reasons for such rejection?
Auditing Standards	<ul style="list-style-type: none"> • Has the SAI established any auditing standards? If such standards have been established, are they compatible with other international standards, such as the INTOSAI standards? • If the SAI has not established its own internal standards, has it adopted other international standards and does it use such standards in its operations? Do the internal policies and procedures (e.g. Audit Manuals) provide sufficient guidance for applying auditing standards and managing the audit process? If no policies or procedures have been established, how does the SAI manage itself?
Professional Competence	<ul style="list-style-type: none"> • Does the agency have a professional, full-time staff? • Has the SAI established policies and procedures to ensure that audits are planned and supervised by auditors who are competent and knowledgeable in the SAI's standards and methodologies? • Does the actual staffing profile of the SAI include the range of skills and experience required for the effective discharge of its mandate (including accountants, financial management experts, economists, technical, clerical, and others)? • Judging by its staff recruitment policies and some recent actual recruitment, is the SAI actively pursuing the goal of recruiting the type of staff that would provide it with the range of competencies that it needs? • Has the SAI established sufficient operational manuals, written guidelines and instructions concerning the conduct of audits? • If the SAI engages private sector auditors to undertake specific audit assignments or relies on the work of other auditors, have policies and procedures to review the quality and reliability of work been established, particularly to ensure that it was completed in accordance with generally accepted auditing standards?
Scope of Audit	<ul style="list-style-type: none"> • Is the policy established for types of audit and their frequency? Is this policy clear, free of political influence and strictly followed? • If the SAI does not undertake performance audits, what are the reasons for not doing so, e.g., mandate restrictions or lack of adequate trained staff? • Does the SAI evaluate the effectiveness of internal audits and internal control systems in its audits?
Planning	<ul style="list-style-type: none"> • Are appropriate strategic plans established taking into account the mandate, other statutory requirements, past performance and coverage, materiality, risk, legislative and public interest and the level of resources? • Has the SAI established adequate management information systems to

	track the use of its resources and the progress against plans, and an internal review system to address changing priorities?
Audit Execution	<ul style="list-style-type: none"> • Does the SAI ensure that each audit assignment is properly planned so that the objective and scope of the audit are clear, and the materiality and risks are properly assessed? • Is the type and quantity of relevant and competent evidential material to be obtained and evaluated clear? • Are procedures implemented to ensure that competent and relevant evidence is obtained and properly documented? • Are procedures implemented to ensure the objective evaluation of all evidence and that all findings, conclusions, opinions and recommendations are properly documented, supported and verified? • Does the audit process allow for the work of audit staff at each level and phase to be properly supervised to ensure fulfillment of the audit objectives and the maintenance of the quality of the audit work?
Reporting and Follow-Up	<ul style="list-style-type: none"> • Have policies been adopted and implemented to ensure, at the end of each audit, that the SAI prepares a written report? • Do such reports reflect the SAI's independence and are they objective, fair, constructive, and free from vagueness and ambiguity? • To whom does the SAI report? Does it submit its reports in a timely manner? • Can citizens access the reports within a reasonable time period and at a reasonable cost? • Does the government act on the findings of the agency? • Does the SAI conduct follow-up reviews to ensure that the executive is acting upon its findings and recommendations in substance and spirit, and does it report the results of such reviews to the authorities concerned? • In practice, has the government acted on the findings and recommendations of the supreme audit body/auditor general?
Quality Review and Control	<ul style="list-style-type: none"> • Is the SAI subject to periodic review through independent internal and external peer review of completed audits? • Where such review is being undertaken, are there procedures for implementing lessons learnt?
Accountability	<ul style="list-style-type: none"> • Are there laws/rules that govern oversight of the Supreme Audit Institution? Are these laws/rules effective? • Must the Supreme Audit Institution report to legislature, in law? Does this accountability take place in practice? • In practice, does the supreme audit body/auditor general make regular reports to the legislature? • Is the public required to be consulted in the work of the Supreme Audit Institution? Does this consultation take place in practice?
Integrity mechanisms	<ul style="list-style-type: none"> • Are there rules on conflict of interest within the Supreme Audit Institution? Are they followed effectively in practice? • Are there rules on gifts and hospitality? Are they followed effectively in practice? • Are there post-employment restrictions? Are these restrictions adhered to?
Transparency	<ul style="list-style-type: none"> • Must reporting on government audits be kept up to date, by law? Is this done in practice? • Must reports be submitted to a Public Accounts Committee in the

	<p>legislature and/or debated by the legislature? Is this done?</p> <ul style="list-style-type: none"> • Must all public expenditures be declared in the official budget? Are they? • Must there be public access to SAI reports? Is there? Is the form the reports are submitted easy accessed and understood by public?
Complaints/enforcement mechanisms	<ul style="list-style-type: none"> • Are there provisions for whistleblowing for misconduct within the SAI? Have these provisions ever been used, in practice? • Is the public able, in law, to redress grievances regarding budget irregularities with this body? Has this taken place?

ANTICORRUPTION AGENCIES²

Many countries tend to establish a dedicated institution to fight corruption. These institutions can be established in the form of stand-alone anticorruption commissions/committees/bureaus/agencies with functions that vary from setting national anticorruption policies only to a broader spectrum of activities that include conducting investigations and implementing preventative reforms and awareness programs. Another approach is to establish coordinating bodies to organize activities by the number of institutions that are involved in anticorruption efforts. Any approach can be successful or can easily fail if there is no real political will at the very top of the government and across institutions. A lack of resources and professionalism, a lack of public trust and support are also causes for failure. Such institutions sometimes become highly corrupt themselves when there is no accountability and transparency in its operations and political interests overshadow its mandate. The following guide contains questions that help to examine this kind of institution. Depending on the nature and the mandate, the assessment team may need to use questions from other chapters, such as:

- Public Institutions/Civil Service (Personnel Management, Integrity Mechanisms, Financial Viability, Incentives, Accountability, Internal Controls, Transparency, Complaints/Enforcement Mechanisms, Demonstrated Political Will)
- Budget and Financial Management
- Law Enforcement Institutions

DIAGNOSTIC AREA	CORRUPTION DIAGNOSTIC QUESTIONS
Mandate, Capacity, and Independence	<ul style="list-style-type: none"> • Are there dedicated, government anticorruption agencies (ACAs), or is the anticorruption task divided up among multiple agencies/organizations? • Is there formal independence of the ACA? Is it independent in practice? Are there mechanisms that prevent ACA from political interference in carrying out its mandate? • Are appointments required by law to be based on merit? Are appointments based on merit in practice? • Are the appointees protected by law from removal without relevant justification? In practice? • Does the ACA manage its own budget line in formal terms? In practice? • Is the budget/staffing of the ACA or relevant agencies sufficient to carry out their mandate effectively? • Is the budgetary process that governs the ACA transparent and free from political interference? • What are the main responsibilities of the anticorruption agency (or relevant organizations): investigation; prevention; education and awareness; prosecution, or other? • If the anticorruption task divided up among multiple agencies/organizations, is coordination among these agencies established and carried on effectively in practice? • Do they cover public and private sectors? • Do they have a national and/or local remit?
Investigating Corruption	<ul style="list-style-type: none"> • If the ACA has investigatory functions, has it conducted investigations into corruption of high ranking public officials from the ruling party/administration?

² Teams may also consult the USAID Anticorruption Program Brief on Anticorruption Agencies (ACAs) (http://www.usaid.gov/our_work/democracy_and_governance/technical_areas/anti-corruption/)

	<ul style="list-style-type: none"> • Have investigations resulted in the prosecution of high ranking government officials from ruling party/administration? From opposition? • What is the balance of proactivity (monitoring and preventative interventions) versus reactivity (responding to complaints) in the work load? • How successfully has corruption been targeted and punished by this institution? • <i>(Additional questions are in chapter LAW ENFORCEMENT INSTITUTIONS)</i>
Accountability	<ul style="list-style-type: none"> • Are there laws/rules that govern oversight of the ACA? Are these laws/rules effective? • To whom must the ACA report, in law (legislature, executive, others)? Does this accountability for its actions take place in practice? • Is the public required to be consulted in the work of ACA? Does this consultation take place in practice?
Integrity mechanisms	<ul style="list-style-type: none"> • Does the organization have an internal code of conduct? Is there any evidence of its effective enforcement in practice? • Are there rules on conflict of interest? Are they effective in practice? • Are there rules on gifts and hospitality? Are they effective in practice? • Are there post-employment restrictions? Are these restrictions adhered to?
Transparency	<ul style="list-style-type: none"> • Are anticorruption agency reports required to be published (print and/or Internet)? Are they published? • If reports are published, is the information presented clearly and at a useful level of detail? • Is the work and reports of this agency accessible to the public?

REGIONAL AND LOCAL GOVERNMENTS

“City governments are on the front lines of the delivery of critical services, and are the first level of representation and accountability in societies aspiring to democracy. They are political stepping-stones -- for better or worse -- for political and administrative officials, and are the birthplace of many social and political movements. While no one can deny the significance of "grand corruption" at the national level, for millions of citizens around the world the overall quality of local governments critically influences the services they receive -- and the corruption they experience. The provision of utilities and health care, the maintenance of order, the construction of safe housing and infrastructure, the education of children, the protection -- or repression -- of human rights and of opportunities to build and participate in social communities, are all linked to the quality of local government.

Unfortunately, these same critical responsibilities and opportunities also provide opportunities and incentives for corruption. Administrative corruption...tends to flourish in situations where officials enjoy discretion over the allocation of important goods and decisions, can create monopolies, and are not held accountable. Political corruption often takes the form of extended patron-client networks. Given the relatively close connections often found among levels of administration in local government, and between officials and business and social groups in the community, corrupt relationships and the conditions that sustain them can become deeply entrenched at the local level. Moreover, many local government activities -- law enforcement, inspections, construction, the delivery of services -- take place out in the field beyond the direct view of supervisors and the public. The result is that corrupt deals can easily be made -- and concealed. Social conditions within cities, such as competition and conflicts among social groups and neighborhoods, or the coexistence of a "consumer culture" (citation...) alongside desperate poverty, can also intensify temptations and incentives to corruption.”³

The following guide and guides from other sections will assist the assessment team to examine many aspects of sub-national and local/municipal government that either makes them instrumental in fighting corruption or on the contrary, promote corruption within the government.

Please also use questions from the following chapters:

- Public Institutions/Civil Service (Personnel Management, Integrity Mechanisms, Financial Viability, Incentives, Accountability, Internal Controls, Transparency, Complaints/enforcement mechanisms, Demonstrated Political Will)
- Electoral Commission and Election
- Legislature
- Budget and Financial Management
- Public Procurement
- Privatization

DIAGNOSTIC AREA	CORRUPTION DIAGNOSTIC QUESTIONS
Authority and Capacity	<ul style="list-style-type: none"> • Is the power and authority devolved from the central government to sub-national, local and municipal units clearly stated? • Is there fiscal policy balance between the central government and locally driven priorities? • Is a hard budget constraint between tiers of government maintained through the intergovernmental and financial systems to reduce opportunities for discretion?

³ Michael Johnston, “Controlling Corruption in Local Government: Analysis, Techniques and Action,” (Washington, DC: Management Systems International, 2000)

	<ul style="list-style-type: none"> • Is the regional/local budget sufficient to provide public services effectively? • Does decentralization (to the extent that it is taking place) contain specific anticorruption elements? • Is there evidence that decentralization has facilitated anticorruption efforts at the regional or local level? • Are there key government institutions related to corruption at regional and local level? (please provide a list) • Do national agencies with a remit to deal with corruption (anticorruption agencies, ombudsmen, supreme audit institutions, and so on) work at regional or local levels and are there specific agencies with regional and local responsibilities? • Is there formal independence (vis-à-vis national government) for regional and local government institutions working on corruption-related activities? Are such regional and local government bodies independent in practice? • Are there anticorruption responsibilities designated to regional and local government? Are there carried on effectively? • To what extent have regional/local governments organized their work based on/committed themselves in any extraordinary way to an agenda of integrity, transparency and good governance? What is the evidence for this? • If some public offices at the regional and local level are appointed by the national government, is it done on a merit basis and in transparent fashion? What mechanisms are in place to ensure it? (<i>See additional questions in the chapter PUBLIC INSTITUTIONS/CIVIL SERVICE</i>) • Are elected officials elected through fair and just election? (<i>See additional questions in the chapter ELECTORAL COMMISSION and ELECTION</i>)
	<ul style="list-style-type: none"> • Are elected officials accountable to their constituency? (<i>See additional questions in the chapter LEGISLATURE</i>)
	<ul style="list-style-type: none"> • Are there financial/asset disclosure rules for local officials, code of conduct, and conflict of interest? (<i>See additional questions in the chapter LEGISLATURE</i>)
Service Delivery	<ul style="list-style-type: none"> • Are public announcement/ publicity campaigns conducted to explain the procedures, required fees, standard processing times, and the criteria for administrative decisions (granting permits, licenses, or bank loans, enrolling students, allocating healthcare, assessing taxes, etc.)? • Are there documents that establish obligations of service providers and rights of users (such as citizen’s charters)? Are these publicized to both providers and users? • Are public officials required to wear identification badges (to help facilitate identification in case of complaints due to inefficiency or corruption)? • Are alternatives for public services offered, such as contracting out or having both public and private provision of services (i.e., mail carriers or security forces)? • Are services provided at the lowest practicable level of government? • Does regional/local government evaluate the performance of public service delivery? Is this self-evaluation or independent external evaluation? Do evaluations include client surveys? Does the government act on results? Do citizens have any recourse in cases where service delivery fails?

LAW ENFORCEMENT INSTITUTIONS

The guide below suggests questions to examine law enforcement institutions that include investigative bodies (often police) and the prosecutor's office. It helps to assess both the ability of the law enforcement to investigate and prosecute corruption but also to prevent corruption within itself. Lack of resources and professionalism in combination with a lack of commitment can undermine the ability of the law enforcement to investigate and prosecute corruption. On the other hand, law enforcement agents can easily become subjected to corruption itself. Although they have the mandate to fight corruption, the police are often under the strong political influence of the ruling administration, which can result in the selective use of entrusted power against political opponents. On the petty level, bribery, clientism and favoritism can easily determine the outcome of police investigations and the prosecution of any corruption case if there is no adequate internal control mechanisms and oversight of law enforcement.

DIAGNOSTIC AREA	CORRUPTION DIAGNOSTIC QUESTIONS
LAW ENFORCEMENT INSTITUTIONS (IN GENERAL)	
Legal and institutional framework	<ul style="list-style-type: none"> • What institutions are authorized by the law to conduct investigation into corruption cases in the country? • Are there legislative instruments that are used by the police (and other authorized institutions) and public prosecutors for the investigation and prosecution of cases of corruption/bribery? • Are there special units for investigating and prosecuting corruption crimes? • Is the budget/staffing of these key institutions sufficient? • Is the budgetary process that governs law enforcement agencies fair and effective? • Are there regulations that prohibit police or prosecutors from having access to off-the-books funds?
Leadership and Commitment	<ul style="list-style-type: none"> • Is there a high-level bipartisan support and political commitment to the fight against corruption in the law enforcement sector? • Have the law enforcement administration adopted a strong anticorruption policy? • Is promotion to managerial positions dependent on integrity performance? • Do senior managers and supervisors lead by example? • Are periodic surveys conducted to assess stakeholders' perceptions of law enforcement' commitment to integrity? • Is appropriate priority afforded to the anticorruption strategy in corporate vision, mission, values, resource allocation processes, and strategic planning documents?
Accountability	<ul style="list-style-type: none"> • How effective are the laws/rules that govern oversight of key law enforcement agencies? • Does law require law enforcement and prosecutors to report legislature or any other independent institution? Does this accountability take place in practice? • Is the public required to be consulted in the work of law enforcement agencies? Does this consultation take place in practice?
Code of Conduct	<ul style="list-style-type: none"> • Has a comprehensive code of conduct been adopted? • Are the contents of the code clear and unambiguous, and the penalties for noncompliance understood by staff?

	<ul style="list-style-type: none"> • Are all supervisors required to lead by example or is there “one rule for us and another for you?” • Are all staff required to read, understand, and endorse the code? • Is prompt and appropriate action taken to redress any breaches of the code that are identified? • Has a periodic review process been established? • Was staff consulted during the development of the code?
Integrity mechanisms	<ul style="list-style-type: none"> • Are there rules on conflict of interest for police? For prosecutors? Are they effective? • Are there rules on gifts and hospitality for police? For prosecutors? Are they effective? • Are there post employment restrictions? Are these restrictions adhered to?
Transparency	<ul style="list-style-type: none"> • Are any police officials/prosecutors required to disclose assets? Do they? Is there any lifestyle monitoring? • Who is monitored? Must any records of such assets be disclosed publicly? Are they? • What aspects of law enforcement work are required to be publicly disclosed? Does this take place?
Complaints/enforcement mechanisms	<ul style="list-style-type: none"> • Is there an independent mechanism to handle complaints of corruption against the police? • Does the public have a legal role in complaint mechanisms? To what extent is this exercised? • Is there an independent mechanism for citizen complaints about the police? Does civil society have a role in such a mechanism?
INVESTIGATIVE BODIES/POLICE	
Jurisdiction and independence	<ul style="list-style-type: none"> • Are there specialized agencies in place to investigate misconduct and corruption in the public service? • Are there different bodies for disciplinary and criminal procedures? • Does the jurisdiction of the investigative bodies cover all public institutions (e.g., the whole public service, a range of public service organizations, one public service agency or department)? • Are these bodies accountable to legislature? • Do their main responsibilities include investigation, prevention, education and awareness, and/or prosecution? • Are the investigative bodies independent? • Is the head of the investigative body protected by law from political interference? • Are appointments based on merit? • Are the appointees protected from removal without relevant justification? In practice? • In practice, is the head of the police or equivalent protected from political interference?
Institutional Capacity	<ul style="list-style-type: none"> • Are the financial and human resources of the investigative bodies adequate? • Are investigators of corruption-related cases trained to collect evidence and build a case? • Are there mechanisms in place to evaluate the effectiveness of the training?

	<ul style="list-style-type: none"> • Is the law enforcement agency (the police) effective in investigating corruption? • Are “big fish” as well as small ones investigated and prosecuted?
Remuneration and Human Resources Management	<ul style="list-style-type: none"> • Has a comprehensive and strategically focused human resources management strategy been introduced incorporating sound policies on <ul style="list-style-type: none"> • recruiting and retaining the right people • developing and improving professional competencies and skills • recognizing and supporting integrity efforts? • Is staff remuneration comparable to similar public or private sector positions and sufficient to allow a reasonable standard of living? • Have procedures been established that can identify and support staff with financial difficulties? • Are objective and merit-based selection processes employed that identify personal integrity as well as academic or technical competence? • Are procedures in place to ensure appropriate security vetting for potential staff during recruitment and for existing staff periodically? • Are selection committees impartial? • Has a staff transfer or rotation policy been implemented with clear and unambiguous rules on the regular movement of staff from high-risk positions? • Have all high-risk positions and functions been identified and systems and procedures modified to limit the exercise of official discretion? • Are appropriate informal and formal training and professional development opportunities provided to build technical competence and promote integrity? • Are the administration’s code of conduct and the individual responsibilities of officials regularly reinforced during training and professional development programs? • Has a performance appraisal system been implemented that is fair, regular, monitored, and periodically reviewed? • Are supervisors required to actively manage staff performance and performance issues? • Are supervisors held responsible for the integrity performance of officers under their control?
Accountability and Internal Controls	<ul style="list-style-type: none"> • Is there a legal mechanism for holding investigative bodies to account for complaints of police misconduct or corruption? • In practice, has this legal mechanism been used? • Are there regulation and mechanisms that ensure the officers of the investigative bodies are not immune from prosecution? • Are there mechanisms to hold law enforcement officials accountable for their actions? • Do provisions exist for whistleblowing on misconduct in law enforcement agencies? Are they used effectively in practice? • Are cases of corruption in the police identified and investigated effectively? • In the last five years, have police officers suspected of corruption been prosecuted (or seriously disciplined or dismissed)?
Transparency	<ul style="list-style-type: none"> • Are investigative reports published (other than when criminal charges are pending)? • Do investigators report publicly to the legislature on the general scope of

	their work?
PROSECUTORY	
Jurisdiction and Independence	<ul style="list-style-type: none"> • Are there institutions in place to prosecute misconduct and corruption in the public service? • Does their jurisdiction cover all public institutions (e.g., the whole public service, a range of public service organizations, one public service agency or department)? • Is the criminal system based on the principle of discretionary prosecution or the principle of mandatory prosecution or a mixed system? • Are there other possibilities (actio popularis, actions brought by victims or taxpayers) that can be used in corruption cases? • What control mechanisms have been established to ensure that prosecution is not discontinued as a result of undue pressure or undue considerations? • Are prosecuting bodies empowered to bring suspected cases of corruption directly to court? • Are public prosecutors independent? • Is the public prosecutor or equivalent protected by law from political interference? In practice? • Are they accountable to legislature? • Are appointments based on merit? • Are they protected from removal without relevant justification? In practice?
Institutional Capacity	<ul style="list-style-type: none"> • Are the financial and human resources of the prosecuting bodies adequate to carry out their mandate effectively? • Is there a special unit of the prosecutor's office dedicated to investigating and prosecuting corruption and fraud by public and private entities? • Has there been active enforcement of laws against fraud and corruption by prosecutors?
Internal Controls	<ul style="list-style-type: none"> • Is there a legal mechanism for holding prosecutorial, personnel accountable for prosecutorial misconduct or corruption? In practice, has this legal mechanism has used? • Are prosecutors immune from prosecution? (they should not be) • For the last 3 years, have there been any cases of corruption within the prosecuting agencies? Have they been prosecuted?
PROSECUTING CORRUPTION	<ul style="list-style-type: none"> • How many prosecutions for corruption have been undertaken in the past years? How many have been successful? If the number is low, why? • Are there the rules regarding confidentiality of investigations (notably, relations between investigators, defense lawyers and lawyers of parties claiming damages, regarding access to the file, disclosure or transmission of elements from the file, the need for a judicial authorization, and applicable sanctions; relations between the investigators and the public; and restrictions imposed on the press—e.g., prohibition from publishing certain procedural documents relating to a criminal case before it is read in public hearing)? • Does the system protect vulnerable targets in cases of corruption (victims, collaborators of justice, witnesses, judges and prosecutors)? Are protective measures taken before, during, and following the proceedings? Which

	<p>protective measures are used? Are individuals who are closely related or connected to the person directly concerned also protected?</p> <ul style="list-style-type: none"> • Can privileges or arrangements be proposed to suspects or to sentenced persons who agree to cooperate with the police and the judiciary in corruption cases (e.g. plea bargaining, reduced sentences, special protection)?
<i>Corruption Within the Criminal Process.</i>	<ul style="list-style-type: none"> • In the investigation of criminal conduct, do police have wide discretionary powers, much of which goes unchecked? • Do prosecutors have broad discretion in investigation and prosecution of cases, managing of caseloads and prioritizing investigations? • Can government ministries exert substantial pressure on the public prosecutor to stop prosecution?
<i>Corruption Within the Civil Process.</i>	<ul style="list-style-type: none"> • In the filing of a civil lawsuit, are citizens typically faced with a daunting array of court procedures, many of which are complex and arcane?

ELECTORAL COMMISSION and ELECTION PROCESS

Elections are highly prone to corruption. Buying votes, tampering with ballots, threatening voters, manipulating the media, illegal donations – these are just several examples of abuses that can occur in the election process. A lack of transparency in election systems is one of the most important sources of corruption. Electoral commissions can become vulnerable to corruption if they lack independence, capacity and authority and if there is no public oversight over the Commission. Sufficient and non-partisan election legislation and its effective enforcement is essential in safeguarding elections from being hijacked by corruption.

DIAGNOSTIC AREA	CORRUPTION DIAGNOSTIC QUESTIONS
Electoral Commission Independence	<ul style="list-style-type: none"> • Is there formal independence for the Electoral Commission (or equivalent body)? • Is the Electoral Commission (or equivalent body) independent in practice? • If not, what arrangements for monitoring elections are in place? Is this arrangement widely regarded as being non-partisan? • Is the appointment of the head of the Commission free from political pressure from ruling party/administration? • To what extent has the Electoral Commission (or equivalent body) organized its work based on/committed itself in any significant way to an agenda of integrity, transparency and good governance? What is the evidence for this? • When necessary, does the agency impose penalties on offenders?
Institutional Capacity	<ul style="list-style-type: none"> • Is the budget/staffing capacity of the Electoral Commission adequate to perform its functions affectively? • Is the budgetary process that governs the Electoral Commission free from political pressure from ruling party/administration? • Is the tenure of the head of the commission sufficient to impartially fulfill his/her duty? • The Electoral Commission does not have access to off-the-books funds, does it?
Accountability	<ul style="list-style-type: none"> • Are there laws/rules that govern oversight of the Electoral Commission? Are these laws/rules effective? • Is it required by law for the Electoral Commission report to Legislature? Does this accountability for its actions take place in practice? • Is the public required to be consulted in the work of the Electoral Commission? Does this consultation take place in practice?
Integrity mechanisms	<ul style="list-style-type: none"> • Are there rules for the Electoral Commission on conflict of interest? Are they effective? • Are there rules on gifts and hospitality? Are they effective? • Are there post employment restrictions? Are these restrictions adhered to?
	<ul style="list-style-type: none"> • Are there rules limiting public servants' involvement in campaigning and the use of public resources for campaigns? Are these rules adhered to?
Transparency	<ul style="list-style-type: none"> • Is information (budgets, reports, decisions, etc.) produced by the Electoral Commission required to be put into the public domain? Is

	<p>this done in practice? If yes, is it done via mass media, Commission's publications and websites, other forms (please specify)? To what extent are these forms usable?</p> <ul style="list-style-type: none"> • Is it required by law for the Electoral Commission to disclose party financial affairs? What aspects must be disclosed by the Electoral Commission? Is this carried out, in practice?
Complaints/enforcement mechanisms	<ul style="list-style-type: none"> • Are there any provisions for whistleblowing for misconduct within the Electoral Commission? Have these provisions been utilized? • Is the Electoral Commission empowered by law to start investigations on its own initiative? Does it do so in practice? • Is the Electoral Commission empowered by law to impose sanctions? Does it impose sanctions in practice? If not, how are sanctions enacted? • How successfully has corruption been targeted and punished by this institution? • To what extent is there a problem of vote-buying in elections? • What legal means do the public have for redressing concerns about electoral transparency? Have these rights been exercised? With what kinds of outcomes?
Election fairness	<ul style="list-style-type: none"> • Is universal and equal adult suffrage guaranteed to all citizens? • Do all citizens exercise their right to vote freely and fairly? • Are there precedents of pressure from the government or ruling party to influence elections (buying votes, threatening voters, etc.)? To what extent it is widespread and had an impact on election? • Are elections held according to a regular schedule? • To what extent does the government (President or legislature) have power to change the schedule? How often is this exercised? Was it done on justifiable grounds? • Is there evidence of election competitors using public resources (government vehicles, buildings, funds, other resources) in campaigns?
	<ul style="list-style-type: none"> • During the most recent election, did political parties receive media coverage roughly proportional to their popular support? Was there an unfair advantage given to ruling party candidates by government-owned media?

POLITICAL PARTIES

Political party corruption is especially problematic in developing and transitional countries where political and economic institutions are not yet stable. In the long run, party corruption can undermine public trust and threaten the viability of democracy. Political parties are known to abuse their position by extorting bribes, engaging in nepotism, diverting public resources into the pockets of party leaders, members, and supporters, and shaping political and economic institutions for the benefit of affiliated interest groups.⁴ Political party financing is one of the most acute problems. The ways that parties get access to money can influence the outcome of elections, skew policy outcomes, and undermine the representative relationship between elected leaders and constituents.

DIAGNOSTIC AREA	CORRUPTION DIAGNOSTIC QUESTIONS
Regulatory framework	<ul style="list-style-type: none"> • Is there clear and consistent legislation and rules governing political parties? Party registration? Candidates? • To what extent does the regulatory framework make it possible to form opposition parties? For opposition parties to compete fairly with established parties? • Is there formal operational independence of political parties? Are political parties independent in practice? • Are there strong, established party organizations rather than parties that are fundamentally created around personalities or clans? • To what extent have any political parties organized their work based on/committed themselves in any significant way to an agenda of integrity, transparency and good governance? What is the evidence for this? • To what extent are there ‘anticorruption’ parties? To what extent is there a state party only? • Is the political system truly competitive? • Is there an active opposition in parliament? Does it monitor the incumbent effectively? Are political parties monitored by an active opposition? Are there informed voters?
Election	<ul style="list-style-type: none"> • Have the last two election cycles reflected strong political contestation? • Have coalition governments during the last two election cycles reflected strong political contestation within the coalitions? • Does the political system allow for re-election or are most political positions limited to one term only?
Political party financing	<ul style="list-style-type: none"> • Are there rules that govern the funding of political parties? What is the nature of these rules? Are these rules exercised in practice? Are there regulations governing contributions to political parties? • Are there limits on individual donations to candidates and political parties? Are there limits on corporate donations to candidates and political parties? • What is the balance between private and public funding of parties? Is this balance adhered to in practice? • Are there significant lobby groups/think tanks affiliated with the party, subject to different funding rules? • Are there donation limits for individuals? Corporations? Are these limits adhered to, in practice?

⁴ Adapted from Bertram I. Spector, editor, *Fighting Corruption in Developing Countries: Strategies and Analysis*. (Bloomfield, CT: Kumarian Press, Inc., 2005, p. 27)

	<ul style="list-style-type: none"> • Must (substantial) donations and their sources be made public? Is this done in practice? • Are there rules on political party expenditures? Are these adhered to? Monitored? If so, by whom? Does the monitoring agency impose penalties on offenders? What sanctions exist for violation of funding regulations? Who appoints the head of this agency? • Do any of the above rules related to political finance vary significantly during election periods? • Are party leaders typically willing to accept payoffs or illegal donations to ease the financial pressures of campaigning, often in return for future favors? • Is payment often demanded from an elected official as a contribution in return for party support? • Do politicians often exceed official campaign spending limits? • Do politicians have private foundations? If so, are private businesses encouraged to contribute? • Are donations expected/demanded from individual parliamentarians and candidates for positions? Or to ensure that their names stay on the party proportional list? • Do voters expect gifts prior to elections? • Is there an agency that monitors political party finances and independently initiates investigations? Does the agency impose penalties on offenders? What sanctions exist for violation of funding regulations? Who appoints the head of the institution? • Are political party accounts published? Can citizens access the financial records of political parties within a reasonable time period and at a reasonable cost?
Accountability	<ul style="list-style-type: none"> • What kind of laws/rules govern oversight of political parties? Are these laws/rules effective? • To whom must political parties report, in law? Does this accountability for its actions take place in practice? • Is the public required to be consulted in the work of political parties? Does this consultation take place in practice? • Do party leaders often suppress criticisms of the party?
Integrity	<ul style="list-style-type: none"> • Is there regulation regarding internal party governance? Is this regulation effective? • Is the liability for financial irregularity in party affairs attached to individual officials, to the party, or both? • Do the main political parties have codes of conduct for their members? • Can ‘unethical’ candidates (ie those undergoing investigation/convicted of crimes) stand for election? • Are there rules on conflict of interest? Are they effective? • Are there rules on gifts and hospitality? Are they effective? • Are party members usually pressured by party leaders to vote/support their agendas? • Do party leaders often support the agendas of wealthy organized interests or social groups?
Transparency	<ul style="list-style-type: none"> • Are there rules on disclosure of party funding? Party expenditure? Are these rules followed in practice? How is this information published?

	<ul style="list-style-type: none"> • Can citizen access the financial records of political parties within a reasonable time period and at a reasonable cost? • Who is in charge of keeping such records, and are they adequately resourced for this task? • To what extent is information (accounts/budgets/assets) on political parties required to be put into the public domain? Is this done in practice? If yes, what form does such disclosure take? To what extent are these forms usable?
Complaints/enforcement mechanisms	<ul style="list-style-type: none"> • Are there any provisions for whistleblowing on misconduct within political parties? Are these made use of in practice? • Have powers of sanction ever been invoked? If so, with what outcome? • Are accounts audited or otherwise checked by an independent institution? Are they submitted to the legislature? • Does the public have the right to redress? • How successfully has corruption been targeted by this institution, as an internal problem? An external problem?
Party Control Over State Resources and Redistribution	<ul style="list-style-type: none"> • Do political parties have a large amount of control over state institutions and society? • Is there weak party competition? • In multiparty systems, do major parties try to politicize society and control important sectors of business and public life? • Do current or former high-ranking party members often use their connections to rig privatization bids, secure cheap government loans, and acquire resources for themselves and their associates? • Are continuing loyalties to state bureaucrats impeding the formation of new state institutions? The free market? • In former monopoly-party states, do members of the former ruling party control the available public resources? • Do organized crime syndicates typically act as business partners to party members by paying bribes to high-ranking politicians and bureaucrats to facilitate illegal activities? Do crime syndicates act as ‘substitutes’ for state and party institutions, taking over formerly party-controlled functions? • Are patronage and clientelism common?
Demonstrated Political Will	<ul style="list-style-type: none"> • Are there parties that run on anticorruption platforms or promote anticorruption reforms? To what extent is it sincere effort but not rhetoric? Please provide specific examples of this.

TAXATION SYSTEM

Corruption in the taxation system can occur when formulating tax legislation and in tax administration. Influence by improper lobbying of legislators and the tax authority can establish taxation policy that favors particular industries, regions or interest groups. Tax administration can also be subject to corruption at different stages and processes: the identification and registration of taxpayers, the assessment and collection of taxes due, the monitoring of incoming payments, the assessment of surcharges or refunds, or investigation by the tax authorities. Lack of clarity and consistency in taxation regulatory framework, poor internal controls, lack of transparency and weak oversight over tax administration opens the opportunity for corruption in the taxation system.

DIAGNOSTIC AREA	CORRUPTION DIAGNOSTIC QUESTIONS
Incentives to corrupt behavior	<ul style="list-style-type: none"> • Are tax regulations and procedures clear and consistent? • Is the tax regime easy to understand? Does it have uniform tax rates? Are there major exemptions and special regulations? If so, are they clear and easy to understand? • Does the tax system impose unrealistically high burdens on enterprises? • How large is the percentage of enterprises that operate in the informal economy (unregistered and non-tax-paying)? • Are tax liabilities negotiated between large enterprises and local (or, for the largest firms, even national) governments? Are the results of these negotiations made public? • Are there frequent barter arrangements between enterprises and local governments (the energy provider pays no taxes but provides free electricity to public housing, etc.)? Are these arrangements made public? • Are public utilities priced competitively and/or subsidized? (If the latter, the way is open to barter arrangements that lower tax liabilities for these enterprises.) • Do tax officials make impartial and fair decisions, e.g. when granting tax incentives, assessing taxes owed, selecting individuals for tax audits, initiating proceedings etc? • Do tax payers bribe officials in the tax office, in exchange for recording a lower tax liability, or for registering a legitimate tax payment made? • Are high tax rates combined with marked tax rate differentials, which normally increase willingness to engage in corrupt activities due to the greater potential benefit? • Are the tax laws and forms so difficult to understand that, in order to apply them, taxpayers require help from tax officials and are forced to deal with those officials personally? • Do a large number of seemingly arbitrary exemptions and special rules exist? • Is there the existence of certain types of tax and taxable items that are particularly susceptible to corruption? • Are taxes paid by impersonal means — checks or transfers from bank accounts — or they are paid in person at tax offices or through visits from tax authorities to businesses or other payers? (The latter arrangement is more conducive to bribery.) • Are the selection systems for tax audits clear and well monitored? • Is the system for collecting tax arrears well monitored?

	<ul style="list-style-type: none"> • Are there adequate sanctioning systems (fines and interest)? • Are enforcement procedures timely and manageable? • Is there an independent court of appeal? • Do tax officials who are recruited or paid at the local level receive subsidized housing or other payments in kind from the local government that can jeopardize their impartiality? • Is the tax system computerized? Is there a computerized national register of taxpayers (of enterprises and individuals)? Is there a computerized taxpayer register at the local tax office?
Signs of possible corruption in Administration	<ul style="list-style-type: none"> • Are corrupt actions by tax officials noticed and detected? If reported, are tax officials punished? • Is there frequent personal interaction between taxpayers and civil service officials or tax officials, especially where taxes are being assessed and collected?
Identification and Registration of Taxpayers	<ul style="list-style-type: none"> • Are there instances of deletion or removal of taxpayer records from the registers, files and accounting systems of the tax authorities? • Are tax numbers and tax cards allocated to fictitious taxpayers? • Are there a large number of cases where the taxpayers are incorrectly identified? • Is tax payer registration required? • Are there multiple registrations of taxpayers in different tax districts (or jurisdictions)?
Assessment and Collection of Taxes Due	<ul style="list-style-type: none"> • Are tax laws enforced evenly and without discrimination? Is there evidence that different taxpayers situated in similar circumstances are treated differently without adequate justification? • Are there instances of political interference or exercise of discretionary authority by revenue authorities on subjective considerations? • Are tax audits of individuals and enterprises, and audits of local tax offices, carried out on a regular basis? Is there a pattern of such audits avoiding individuals and enterprises specially favored by the local (or national) government? • Is the tax collection carried out efficiently? What is the total cost of collection compared to revenue raised? • Are tax exemptions notices issued to the proper individuals, i.e., they are entitled to the exemption? • Are tax debts written off with precise explanations? • Are deferments of taxes warranted?
Monitoring of Incoming Payments and Enforcement of Payments	<ul style="list-style-type: none"> • Is there adequate supervision and control over the collection of taxes? • Are correctly assessed taxes submitted in writing? • Are correct receipts issued? • Are taxpayers supported in their efforts to delay the payment of tax arrears, for instance by tax officials being supposedly unable to locate the taxpayers or withholding the case files and failing to pass them on to enforcement agencies? • Are taxpayers charged a fee for reimbursements that should be free of charge? • Is confidential information passed from the tax declaration to the taxpayer's business competitors?

Tax Audits	<ul style="list-style-type: none"> • Is the selection criterion for taxpayers to be audited transparent? • When tax audits are completed, are adjustments made and/or fines for tax evasion imposed? • Is the selection of cases for audit transparent? Are there patterns to who is selected? • Are taxpayers informed of their rights and duties? • Are removals of taxpayers from the list of individuals to be audited justified? • In appeal proceedings concerning audit results, are fair and just decisions made? • Are there threats of unwarranted investigation for suspected tax offences by the investigation service? • If tax evasion is detected, are the perpetrators prosecuted?
Legal Remedy Procedures	<ul style="list-style-type: none"> • Are legal remedy procedures timely and manageable? • Are competences of tax authorities clearly defined by law? • Do decision-making bodies have the necessary capacity?
Amnesties and Special Procedures to Cancel Taxes Due	<ul style="list-style-type: none"> • Are the amnesties and special procedures to cancel taxes due clearly defined and transparent? • Are taxes cancelled or waived frequently?
Tax administration decentralization	<ul style="list-style-type: none"> • Are tax bases decentralized? • How clear are the taxing responsibilities of sub-national governments? • Is all taxation power assigned to subnational governments with upward revenue sharing? Or is all taxation power assigned to the central government with downward transfers to local government? (either approach can potentially lead to vertically organized corruption)
Demonstrated Political Will	<ul style="list-style-type: none"> • Did the Tax Administration initiate any policies or reforms to address corruption, increase transparency and accountability? If so, what policies and reforms were implemented? Did these reforms reach all levels? Did the Tax Administration establish milestones and measurements for effectiveness of the reforms? To what extent these reforms were effective? • Is there a consensus within the Tax Administration about reforms? Who is a champion?

CUSTOMS

Corruption in customs occurs in legislation, in customs procedures, in the administration of freight clearance and customs enforcement. Customs legislation that is very complex, confusing and open to multiple interpretations will ultimately fertilize the ground for corruption. Lack of information on legislation and regulations make clients dependent on customs bureaucrats' rulings. In addition, formulation of the legislation itself can be influenced by bribery and other illegal incentives and as a result it can selectively favor certain interests and industries. Corruption in freight clearance can occur in a number of procedures, including: the processing of cargo manifests and customs declarations, the classification of goods, valuation and assessment, the payment of duties, the handling of goods in transit, the release of goods and the clearance of exports. Customs enforcement that includes such measures as: risk analysis, freight inspections, inspections after customs clearance, measures to control smuggling, the sale or destruction of confiscated goods, the collection of payments in arrears and the monitoring of bonded warehouses – is also often subjected to corruption. Though the scale of corruption in customs is viewed as petty and mid-level, in reality it can be worth millions of dollars in its impact.

DIAGNOSTIC AREA	CORRUPTION DIAGNOSTIC QUESTIONS
Leadership and Commitment	<ul style="list-style-type: none"> • Has high-level bipartisan support and political commitment to the fight against corruption been obtained at the customs authorities? • Has the customs administration adopted a strong anticorruption policy? • Are clear responsibilities, obligations, and accountability for all customs managers, supervisors, and staff established and understood? • Is promotion to managerial positions dependent on integrity performance? • Do senior managers and supervisors lead by example? • Are periodic surveys conducted to assess stakeholders' perceptions of customs' commitment to integrity? • Does customs lead or participate in wider all-of-government integrity initiatives? • Is appropriate priority afforded to the anticorruption strategy in corporate vision, mission, values, resource allocation processes, and strategic planning documents? • Has the use of an official amnesty been considered? (Amnesty can be a tool for getting buy-in for 'starting over' with new anticorruption standards.)
Regulatory Framework	<ul style="list-style-type: none"> • Have customs laws, regulations, administrative guidelines, and procedures been reviewed, harmonized, and simplified to reduce unnecessary duplication and red tape? • Has a process of continuous review and improvement of systems and procedures been introduced? • Have tariff rates been moderated and the number of different rates of duty rationalized? • Has a formal process for the review and rationalization of exemptions and concessions been introduced? • Has a program of consultation and cooperation with other government agencies been established to examine means of rationalizing regulatory requirements? • Have internationally agreed-upon conventions, instruments, and accepted standards, including the Revised Kyoto Convention, the WCO HS Convention, the WTO Valuation Agreement, the ATA Carnet Convention, and the WTO TRIPS Agreement, been implemented?

	<ul style="list-style-type: none"> • Do regional customs unions and economic groups adopt internationally agreed on standards and work toward regional harmonization of systems and procedures? • Does the administration actively participate in international benchmarking and information sharing initiatives?
Transparency	<ul style="list-style-type: none"> • Have customs laws, regulations, procedures, and administrative guidelines been made public and are they easily accessible? • Has the basis upon which customs officials are entitled to exercise their discretionary power been defined and are variations recorded for later review and monitoring? • Have administrative and judicial appeal mechanisms been established that allow customs decisions to be challenged? • Have advance tariff and valuation rulings systems been implemented? • Have Customs Service Charters and performance targets been established that are challenging but realistic and is the administration's performance reported to the public? • Does the administration use a range of media to publicize information, including brochures, posters, Web site, and the mass media? • Are all fees and charges publicized? • Have help desks been established to assist clients in complying with customs requirements?
Automation	<ul style="list-style-type: none"> • Have automated systems for declaration processing and cargo reporting been introduced based on the IT guidelines contained in the Revised Kyoto Convention and the WCO Data Model? • Have the systems been designed to do the following: <ul style="list-style-type: none"> ○ incorporate appropriate risk assessment and selectivity capabilities ○ minimize the need for officials to exercise discretionary authority ○ minimize face-to-face contact between customs officials and traders ○ record any variations or exercise of discretionary powers for later review and audit ○ accommodate automated payment or electronic funds transfer systems? • Is the IT infrastructure appropriately managed and has adequate provision been made for ongoing hardware and software maintenance and replacement? • Have appropriate provisions been made to secure the systems from internal or external manipulation? • Have appropriate provisions been made to ensure the effective integration of manual and automated systems?
Modernization of Customs	<ul style="list-style-type: none"> • Is customs regarded by the government and the business sector as a key national asset and tool for trade facilitation, revenue collection, community protection, and national security? • Is customs ranked high on the list of government priorities for international donor assistance? • Has a comprehensive and long-term reform and modernization program been established that is <ul style="list-style-type: none"> ○ adequately resourced, with roles and responsibilities clearly defined

	<ul style="list-style-type: none"> ○ based on an accurate diagnosis of needs ○ focused on simplifying and harmonizing systems and procedures ○ well supported by all stakeholders including staff ○ effectively coordinated and managed at the local level ○ based on sound performance data and objective performance measures?
Audit and Investigation	<ul style="list-style-type: none"> • Have effective monitoring and control mechanisms been established, including internal audit functions and internal check responsibilities? • Is the administration subject to regular and professional external audits? • Does the administration develop and maintain a strategic audit plan that identifies priorities and ensures that audit findings and recommendations are implemented? • Are staff working in audit and investigation areas appropriately qualified to undertake their tasks? • Has an internal investigation or internal affairs unit been established to promptly investigate allegations of corruption? • Has a detailed risk map of the administration been developed to identify particular vulnerabilities and devise appropriate corrective strategies? • Does the administration make use of the appropriate independent anticorruption authorities to deal with large-scale cases or allegations against senior officials?
Code of Conduct	<ul style="list-style-type: none"> • Has a comprehensive code of conduct compatible with the WCO model been adopted? • Are the contents of the code clear and unambiguous and the penalties for noncompliance understood by staff? • Are all managers and supervisors required to lead by example or is there “one rule for us and another for you?” • Are all staff required to read, understand, and endorse the code? • Is understanding of and adherence to the code reinforced through periodic training and refresher sessions? • Is prompt and appropriate action taken to redress any breaches of the code that are identified? • Has a periodic review process been established? • Were staff and clients consulted during the development of the code?
Remuneration and Human Resources Management	<ul style="list-style-type: none"> • Has a comprehensive and strategically focused human resource management strategy been introduced incorporating sound policies on <ul style="list-style-type: none"> • recruiting and retaining the right people • developing and improving professional competencies and skills • recognizing and supporting integrity efforts? • Is staff remuneration comparable to similar public or private sector positions and sufficient to allow a reasonable standard of living? • Have procedures been established that can identify and support staff with financial difficulties? • Are objective and merit-based selection processes employed that identify personal integrity as well as academic or technical competence? • Are procedures in place to ensure appropriate security vetting for potential staff during recruitment, and for existing staff periodically? • Are selection committees impartial and made up of officials from different work areas? • Has a staff transfer or rotation policy been implemented with clear and

	<p>unambiguous rules on the regular movement of staff from high-risk positions?</p> <ul style="list-style-type: none"> • Have all high-risk positions and functions been identified and systems and procedures modified to limit the exercise of official discretion? • Is staff remuneration comparable to similar public or private sector positions and sufficient to allow a reasonable standard of living? • Have procedures been established that can identify and support staff with financial difficulties? • Are appropriate informal and formal training and professional development opportunities provided to build technical competence and promote integrity? • Are individual responsibilities of officials regularly reinforced during training and professional development programs? • Has a performance appraisal system been implemented that is fair, regular, monitored, and periodically reviewed? • Are managers and supervisors required to actively manage staff performance and performance issues? • Are managers and supervisors held responsible for the integrity performance of officers under their control?
<p>Morale and Organizational Culture</p>	<ul style="list-style-type: none"> • Are staff encouraged to participate in project teams to identify high-risk areas and suggest changes to existing systems and work practices? • Are staff satisfaction surveys conducted? Are the results analyzed and acted upon? • Are all breaches of integrity dealt with promptly and investigation results made available to staff and the public? • Is the administration willing to undertake a process of self-assessment and participate in international integrity activities and initiatives? • Is customs regarded as a good employer? • Do customs officials take pride in working for customs? • Has effective whistle blower legislation been introduced to protect officials who report corrupt behavior?
<p>Relationship with the Private Sector</p>	<ul style="list-style-type: none"> • Has a client service charter incorporating objective performance standards been established? • Have formal cooperative agreements and practical consultative mechanisms been established to foster open, transparent, productive relationships with the private sector? • Has a joint customs–business task force been established to address integrity issues and identify practical solutions? • Has a communication strategy been developed that supports the prompt provision of information and promotes the achievements of customs? • Are private sector operators encouraged to report incidences of corruption? If allegations are made, are the sources protected?

HEALTH CARE

The health sector is particularly vulnerable to grand and petty corruption in many developing and transition countries and occurs in variety of processes. Procurement of drugs and expensive equipment may include bribery, kickbacks and fraud. Budget allocation to medical facilities can be influenced by favoritism and bribery, resulting in embezzlement and misapplication. Extortion, bribery and fraud are often widespread within the provider-patient relationship. Another area where corruption occurs is between healthcare providers, on one hand and insurance or government entities, on the other. Problems in this arena include: falsification of insurance documents, illegal billing of insurance companies or the government, and falsification of invoice records. In pharmaceutical supply chains, “products can be diverted or stolen at various points in the distribution system; officials may demand ‘fees’ for approving products or facilities for clearing customs procedures or for setting prices; violations of industry marketing code practices may distort medical professionals’ prescribing practices; demands for favours may be placed on suppliers as a condition for prescribing medicines; and counterfeit or other forms of sub-standard medicines may be allowed to circulate.”⁵ The following guide examines various dimensions of the health care system. The assessment team should also use questions from other chapters if necessary: PUBLIC PROCUREMENT, EDUCATION, and PUBLIC INSTITUTIONS/CIVIL SERVICE.

DIAGNOSTIC AREA	CORRUPTION DIAGNOSTIC QUESTIONS
Provision of Services by Front-Line Health Workers	<ul style="list-style-type: none"> • Are healthcare providers paid wages that are linked to number of patients served and quality of service provided? • Is exceptional performance of healthcare staff rewarded? Is poor performance penalized? • Are wages in the healthcare sector comparable with wages in other sectors? • Is there legislation that regulates separation of public and private practices for healthcare providers? Is it effectively enforced? • Do financial ties to pharmaceutical companies influence doctors to serve the commercial objectives of these companies, thereby compromising the ethical obligations of doctors to their patients? • Do patients have (or have limited) rights to choose their healthcare provider? • Do doctors provide patients with options for treatment/services to choose from? • Is complete and uninterrupted treatment common? (treatment that requires multiple steps can lead to more instances of corruption). • Are health clinics and hospitals properly staffed (no shortage of doctors and other medical staff)? • Are health clinics and hospitals well equipped with medical supplies, equipment, medicine, etc? • Is the theft/diversion of drugs/supplies common at storage and distribution points? • Do health care workers often sell public stock of drugs for private gain? • Are there clear, standardized procedures for signing up for doctor appointments at clinics? Do patients often pay the nurse/administrator to get an appointment? • Is there a clear and transparent distinction between services provided for free and services provided for a fee? • Are the fees for services clearly established and made available for patients?

⁵ See Global Corruption Report 2006 (special focus on Corruption and Health), Transparency International, 2006. p. xviii

	<ul style="list-style-type: none"> • Are patients charged for drugs or medical supplies that should be free under government provided health care systems or health insurance policy? • Do doctors or clinics perform services that are not necessary in order to make a profit? • Are patients often forced to pay the doctor to get prescriptions or referrals? • Are there instances when doctors and other medical personnel insist on informal payments before providing treatments/drugs/surgery to deal with life-threatening medical emergencies? • Are public health care facilities often used to see private patients? • Do patients often receive unnecessary referrals to private practice or privately owned ancillary services? • Are there frequent instances when healthcare workers do not show up to work? • Are patients provided with effective complaint mechanisms?
Healthcare fraud	<ul style="list-style-type: none"> • Are patients billed only for services rendered? • Are patients billed for more expensive services than were rendered? (A doctor performs one service on the patient, but bills for a similar more expensive treatment). • Are patients billed for the supplies or drugs that were actually provided? (For example, a doctor may collude with pharmacist, by prescribing a brand name drug, but having the pharmacist supply the patient with a generic. The insurance is then billed for the brand name drug). • Do drug companies often pay doctors to prescribe their medicines?
Procurement and Management of Equipment and Supplies, Including Drugs.	<ul style="list-style-type: none"> • Does the government often buy high-cost, inappropriate drugs and equipment? • Does the government have adequate capacity for managing procurement processes for health commodities? • Do bribes, kickbacks, and political considerations often influence the contracting process? • Does the country have an essential drug list (EDL) and is this list justified? (having an EDL reduces discretion in drug prescriptions) • Is true need considered in equipment procurement and distribution? • Is the quality of drugs and equipment standard? • Are there adequate funds allocated to provide for all needs? • Do bribes, kickbacks, and political considerations often influence specifications and winners of bids? • Is the procurement process transparent? Is collusion or bid rigging typical? • Are there incentives to choose low cost and high quality suppliers? • Is there an unethical drug promotion by suppliers or government? • Are suppliers typically held accountable if they fail to deliver? • Are counterfeit drugs readily available? • Is the regulatory process for approval and licensing of drugs transparent? • Are drug inspectors well paid? Are inspections clearly regulated? Are findings made public? • Are there mechanisms in place to ensure drugs and supplies are delivered? • <i>(for additional questions see Chapter on PUBLIC PROCUREMENT)</i>
Regulation of Quality in Products, Services, Facilities, and Professionals.	<ul style="list-style-type: none"> • Are fake drugs often sold on the market? • Is the process for drug approval or registration transparent? • Are there sanitary regulations and are they enforced for restaurants or food production?

Education of Health Professionals	<ul style="list-style-type: none"> • Is the application process to medical schools transparent and standardized? • Is the process for selecting candidates for medical training opportunities transparent? • Do medical students often bribe doctors/professors to get qualified? • Are health care professionals competent? • <i>For additional questions see Chapter on EDUCATION</i>
Hiring and Promotion	<ul style="list-style-type: none"> • <i>For additional questions see Chapter on PUBLIC INSTITUTIONS/CIVIL SERVICE</i>

EDUCATION

Corruption in the education sector happens at every level from the ministry down to the classroom. “At the central ministry levels, much of the corruption involves the diversion of funds associated with procurement, construction, and of the funds intended for allocation to lower levels of the system. At intermediate levels of the education bureaucracy, the corruption tends to center on procurement, diversion of money and supplies on their way to the schools, and bribes from educators lower in the system seeking to secure opportunity or avoid punishment. At the school level, corruption tends to center on bribes from parents to ensure student access, good grades, grade progression, and graduation. However, it also takes the form of teacher absenteeism—teachers collect salaries but the intended instruction does not occur. Educators at the school level also can divert funds, school supplies, and sometimes food that the schools received from community or government sources. Headmasters and teachers are also in a position to assess unauthorized fees for real or imaginary services (e.g., paper fees in order to take an exam), create the need for private tutoring, or take salaries for work not actually done.”⁶ The guide below discusses most of these issues though additional questions related to procurement and personnel management can be found in the sections: PUBLIC PROCUREMENT and PUBLIC INSTITUTIONS/CIVIL SERVICE.

DIAGNOSTIC AREA	CORRUPTION DIAGNOSTIC QUESTIONS
School Level	
<i>Quality and Quantity of Education and Certification of Examination Results</i>	<ul style="list-style-type: none"> • To what extent is the grading system standardized? Is it subject to wide interpretation and discretion? • Does the teaching staff often sell examination questions, marks, report cards/certificates? • Do teachers often change grades for fees? • Does the teaching staff sell front-row seat in large classes, or accord privileges, such as preferential access to technical equipment, the school library, etc., to students in return for payments or other favors? • Are students forced to buy standard materials or additional materials? Are they forced to take private lessons or to provide special payments or services? • Does the teaching staff teach only part of the curriculum during regular classes, and the rest in the form of private lessons, which must be paid for by students? • Are teachers’ salaries unreasonably low? • Are salaries linked to performance? • Are teachers paid on time? • Is absenteeism common among teachers? • Are teachers often absent because of other income-producing work?
<i>Budget and Financial Management</i>	<ul style="list-style-type: none"> • Do budget funds reach the intended school or are they often diverted? • Are schools provided with enough budget funds to support its functions? • Are administrative procedures easy to understand and transparent? Are budgets and financial transactions easily manipulated? • Are clear records kept of school finances? • Does the administration have adequate reporting and documentation requirements? Do auditing facilities exist? Are local community

⁶ See Bertram I. Spector, editor, *Fighting Corruption in Developing Countries: Strategies and Analysis*. (Bloomfield, CT: Kumarian Press, 2005, pp. 69-70)

	<p>parliaments and the general public able to exercise control over the financial management of the schools?</p> <ul style="list-style-type: none"> • Who is involved in the process of financial planning and fund allocation? Is the teaching staff involved? Are students and parents, as well as other representatives of communities and civil society? Is enough comprehensible information about the budget and fund allocation given to such parties? • Are external financial watchdogs independent? • Are school enrollment numbers inflated? • Are school fees used for their intended purpose or often diverted? • Is there a diversion of monies in revolving textbook funds? • Are school supplies and textbooks siphoned off to the local market?
<i>Extra-budgetary funds</i>	<ul style="list-style-type: none"> • Do schools collect funds from parents for school needs in a transparent manner, i.e., providing parents with information on needs and expenditures? Do parents participate in managing extra-budgetary funds? • Are contributions to schools through fundraising transparent? Are contributions open for parents' oversight? Are contributions often diverted? • Are unauthorized fees imposed on students?
School/University Admission	<ul style="list-style-type: none"> • Is the admission and selection process at the schools/universities/colleges transparent and subject to systematic (internal/external) control? Are the decision makers accountable to the public or other reviewers? • Are there adequate information and documentation requirements with regard to selection criteria and concrete decision-making processes? • What is the decision on admission to a school or university, or on whether a student is admitted to the next grade or year of studies, based on? If it is based on examinations, how many examinations are required? If it is one, the importance of this examination disproportionately raises the power of those who can influence the outcome. This includes all those who have access to the questions set (administrative staff, invigilators, messengers, printers, etc. in addition to those responsible for setting the questions and marking papers). • Is there a way of contesting decisions or having them reviewed?
Region/District level School Administration	<ul style="list-style-type: none"> • Do inspectors typically overlook school violations for a fee/favor? • Do school supplies or other resources reach their intended destination or they are diverted? • Can recommendations for higher education entrance be bought? Do teachers often sell recommendations?
Public Procurement	<ul style="list-style-type: none"> • Is the construction of new school/services in areas of need or does it often benefit someone in the ministry? • Are the rules and regulations on construction and supply contracts transparent? • Are schools required to purchase materials in order to create a market for certain items? • Are the textbooks and supplies procured for schools of sufficient quality to meet education criteria? • <i>For additional questions see Chapter on PUBLIC PROCUREMENT</i>
Personnel Hiring and Promotion	<ul style="list-style-type: none"> • <i>For additional questions see Chapter on PUBLIC INSTITUTIONS/CIVIL SERVICE</i>

PRIVATE SECTOR

A complex, confusing, contradicting, outdated and unreasonably strict regulatory environment for businesses in combination with broad authority and lack of accountability for bureaucrats interpreting the law makes it almost impossible for businesses to operate without being subjected to corruption. When it takes months just to open a business after visiting dozens of government agencies, it seems easier to slip envelopes with small bribes to speed up the process. It is often easier and cheaper to deal the same way with dozens of inspectors that are happy to supplement their low salary with rent collected from businesses. Though it is just petty corruption, it is often widespread, placing thousands of businesses in the shadow economy and millions of dollars in private pockets. Grand corruption in the private sector occurs through buying legislation that favors particular businesses or industries, creates monopolies, and establishes a procurement, tax, customs or privatization regime to please powerful business moguls. The following guide will assist the assessment team in identifying vulnerabilities for corruption in the private sector and to assess corruption prevention measures taken by the business sector itself. Please also use questions from chapters: TAX ADMINISTRATION, PUBLIC PROCUREMENT, CUSTOMS, and PRIVATIZATION

DIAGNOSTIC AREA	CORRUPTION DIAGNOSTIC QUESTIONS
Sector Overview	<ul style="list-style-type: none"> • To what extent is the economy dominated by one industry or a very limited number of major companies? What are these sectors/companies? • What is the percentage of private sector v. state-owned enterprise in the economy? • Is there state ownership of key industries? • What is the ownership structure of the business sector? How widely spread is it, to what extent is it controlled by the state, oligarchs, etc.? • What kind of relationship is there between business leaders and politicians? • Do business people typically pay bribes to influence policy and the legal environment? • Do businesses typically buy decisions from politicians? • Do public officials often sell their influence to the highest bidder? • Do business owners often pay fees to public officials to keep their businesses running? • To what extent is the business sector organized into (sectoral or professional) lobbies? Is there a chamber of commerce and/or industry associations? • Are businesses focused on day-to-day survival due to weak institutions, an uncertain rule of law, and insecure property rights? • Is there formal independence for business to operate in the country? Is the business sector independent in practice? • How well does the government respond to legitimate business concerns?

	<ul style="list-style-type: none"> • How well do tax authorities and customs cooperate/coordinate with the legitimate business sector? • How well do other governmental and inspecting agencies cooperate/coordinate with the legitimate business sector?
Private Sector Regulations	<ul style="list-style-type: none"> • Is there a rational set of laws governing the operations of private business (formation, continuing operations, insolvency, winding up), the protection of property rights, and the enforcement of contracts? Are these laws effective? • Are business rules and regulations clear, reasonable, and not ambiguous? • Are there anti-monopoly policies and procedures to enforce them? • What kind of competition and anti-trust laws govern the business sector? Is it effective in practice? • What kind of banking regulations are in place? Are there anti-money laundering rules? Is money laundering effectively contained in practice? • Is there a reasonable rate of taxation on private businesses? • Is there an efficient system of patents and protection for intellectual property? • What is the extent of privatization activities? (See the section on PRIVATIZATION) • To what extent are newly privatized businesses free from government control in law? In practice? • To what extent is the general public vested in the stock market? How active are shareholders in the country's companies? Other stakeholders? • Is there an efficient and stable set of regulations governing licensing, inspections and audits on business? • Is there an efficient judiciary (and alternative dispute resolution mechanisms) for sorting out contract disputes? • Which aspects of the law cover private sector corruption? Are these regulations applicable under the civil and/or penal code? Are they effective in practice? • Have facilitation payments (payments made to "grease the skids" often made via third parties) been eliminated from business practice? Are facilitation payments illegal? Is this enforced? • Are there any (new) draft laws being considered to address the issues raised by high-profile corporate failings or similar scandals? • Are there laws and enforcement mechanisms that ensure accountability of private firms to their shareholders and capital markets? • Are there disclosure laws that compel those in public office to disclose private financial interests? • Are there any significant voluntary anticorruption initiatives related to the business sector?
Economic Policy and Regulations	<ul style="list-style-type: none"> • Are property rights protected? Does the government expropriate property without appropriate compensation? Are legal contracts honored? • Are business licenses available to all citizens? Is there a complaint mechanism if a business license request is denied? Can citizens obtain any necessary business license (i.e. for a small import business) within a reasonable time period and at a reasonable cost? • Do tariffs, quotas, and exchange rate restrictions comply with World

	<p>Trade Organization guidelines or do they restrict competition and create opportunities for corruption? Are there price controls? Do they create opportunities for corruption?</p> <ul style="list-style-type: none"> • Are there overlapping, ambiguous or excessive regulations that burden business? Are there efforts to simplify regulations? Does the government consult with business to identify and reduce administrative barriers to business development? • Are transparent methods used to sell government assets? Can citizens access the terms and conditions of privatization bids within a reasonable time period and at a reasonable cost? Are all businesses eligible to compete for privatized state assets? Are there conflict of interest regulations for government officials involved in privatization? Are these regulations enforced?
Accountability	<ul style="list-style-type: none"> • What kind of laws/rules govern oversight of the business sector? Are these laws/rules effective? • Is there a registrar of all companies? Who oversees/audits such a registrar? • To whom must the business sector report, in law? Does this accountability for its actions take place in practice? Is the public required to be consulted in the work of business in any way? Does this consultation take place in practice? • What role does the media play in keeping the business sector transparent and clean? • Does the chamber of commerce ever serve as arbiter? Is there another type of special ombudsman for the business sector?
Transparency	<ul style="list-style-type: none"> • Is general data on registered companies available to the public? • What kinds of disclosure rules pertain to corporate boards? • Are there particular transparency requirements related to stock exchange listing? • How transparent is the ownership of business? Investments? • What is the standard of Corporate Social Responsibility reporting among the business sector? • What about disclosure of company financial records more generally? • What do companies disclose/report relating to countering corruption? • Is there any third party/external verification of such reporting? • Are such reports made available to the public? • To what extent are bribery and corruption cases reported publicly? Who does such reporting?
Complaints/enforcement mechanisms	<ul style="list-style-type: none"> • What kind of whistleblower protection exists in the business sector? • Does whistleblowing occur in practice? To what extent do companies provide advice or hotlines or other channels for whistleblowing, in practice? Does the law succeed in protecting those who blow the whistle? • What significant accusations of corruption have been made against companies in recent years, whether local companies or international companies operating in the country? • Is there a stock market oversight body (e.g., SEC, FSA) responsible for publicly listed companies? Is it independent? Does it explicitly address

	<p>bribery and corruption? Can it investigate or sanction those who infringe the rules?</p> <ul style="list-style-type: none"> • To what extent have regulators successfully targeted and punished business sector corruption? • Are business lobbies in any way accessible to the general public? • To what extent are the public as stakeholders regularly consulted in developing/improving companies' anticorruption policies and practice? Is the subject of business sector corruption part of public debate? Is the public engaged in any way in reform of the sector? • What is the ability of the business sector to redress concerns in courts of law, regarding decisions by public agencies or for non-fulfillment of contract? Overall, to what extent does law enforcement assist in keeping the business sector transparent and clean?
Corporate Governance	
<i>Corporate Ethics</i>	<ul style="list-style-type: none"> • Do business and professional associations promote ethical standards of conduct? Do they impose sanctions on their members for breach of ethical standards? • Have companies adopted codes of conduct or signed integrity pacts? Have companies vowed not to use secret bank accounts? Is there a register of corrupt firms? • How widely are codes of conduct used? Is there evidence that they are effective? • To what extent do companies have anti-bribery and/or anticorruption provisions in their codes of conduct? • To what extent is the business sector free from conflicts of interest? cronyism? • Do these provisions generally extend to Boards (or the owner, in the case of family-owned companies)? • Do these provisions generally extend to subcontractors all the way down the supply chain? Are these provisions actively communicated to such subcontractors? • How actively are companies training their employees to take a no-bribery stance, including training in the above codes? • To what extent is there concern with integrity of the private sector? From within the sector? From outside the sector? • Does anticorruption figure in the corporate social responsibility agenda? In the corporate governance agenda? • Are any companies identified/verified as having (adequate/strong) anticorruption policies? • Do any sectors or business associations have mandatory anticorruption rules? • Are there any sectoral anticorruption initiatives? • To what extent is there compliance in the sector with corporate governance recommendations, such as the OECD standards (on corporate governance and MNEs)? • Have any companies subscribed to the UN Global Compact? If so, how many/which ones?
<i>Oversight of Public Companies</i>	<ul style="list-style-type: none"> • Is there a financial regulatory agency overseeing publicly listed companies? Is the financial regulatory agency protected from political

	<p>interference? Does the agency have a professional, full-time staff and receive regular funding? When necessary, does the financial regulatory agency independently initiate investigations and impose penalties on offenders?</p> <ul style="list-style-type: none"> • Can citizens access the financial records of publicly listed companies? Are the financial records of publicly listed companies regularly updated and audited according to international accounting standards? Can citizens access the records of disciplinary decisions involving publicly listed companies within a reasonable time period and at a reasonable cost? • What measures are in place to ensure financial transparency (e.g., restrictions on corporate entities to hold interests in another corporate entity, restrictions on the number of accounts a company can hold, etc)?
<p><i>Accounting/Auditing Profession</i></p>	<ul style="list-style-type: none"> • Are there statutory rules or codes of conduct that accountants and auditors must observe? Are accountants and auditors obliged to report suspicions of offences to law enforcement authorities? How are allegations against members of the profession investigated? • Does the government involve accountants and auditors in the development of policies aimed at detecting/reporting corruption? • What associations of accountants/auditors exist in the country and what legal status and government recognition do they have? Is there a preminent association or institute of accountants? If so, how and when was it established? • What is the association membership, distinguishing between members with different types of accreditation (trainees, technician-level members, full professional members, members authorized to undertake audits), residence (in the country, abroad) and occupation (in public practice, working in the public sector, working in industry/commerce, working in the education sector, self-employed, retired, etc)? • Is the association authorized to self-regulate the profession? Does the association conduct its own examination system? If so, at what levels? Is it authorized to grant certificates of accreditation? What accountancy qualifications are necessary for membership? Is the right to audit limited to members of the association? • Does the association of accountants have an Executive Committee? What are its terms of reference, frequency of meetings, and number of members? How are members of the Executive Committee selected? Is the government represented on the Executive Committee? How frequently are elections held or nominations made? • Does the association publish a journal/newsletter? If so, how frequently is it published? • Does the association produce a Members' Handbook? If so, what is included in it? How frequently is it updated? • How is its income derived (subscriptions, government, students, donors etc)? How many full-time/part-time staff, analyzed by functional activity, does the association employ?
<p><i>Accounting and Auditing Standards</i></p>	<ul style="list-style-type: none"> • Who or what institution is responsible for setting national accounting and auditing standards in commercial organizations? • What is the composition of the standard-setting body? What are the expected qualifications of its members? Is the government represented

on the standard-setting body (e.g., by the finance secretary or Accountant General)?

- How is the independence of the standard-setting body guaranteed? To whom is the standard setting body responsible? Who evaluates its effectiveness?
- What accounting and auditing standards has the standard-setting body promulgated or does the accountancy profession recommend? Are the standards compatible with international standards (such as generally accepted accounting principles, IASC pronouncements, IFAC pronouncements, standards set by the INTOSAI)? Are the standards modified to suit the local environment? Are there any inconsistencies or omissions? In what form are the standards available (e.g. handbook, regulations, government gazette etc)? Is there any legislative backing for standards promulgated?
- If accounting and auditing standards are being used, to what entities do they apply? Do exemptions or separate standards apply for some entities, such as small firms or foundations? Are accounting and reporting standards mandatory or voluntary? Is compliance with accounting standards enforced? If so, by whom?
- Is it criminal to falsify or provide incomplete information on accounting documents? Is the destruction or hiding of accounting records subject to sanctions?

CIVIL SOCIETY

Civil society organizations can play an important role in anticorruption efforts by serving as watchdogs of executive, legislative and judicial institutions, advocating for anticorruption reforms, educating the public about the impacts of corruption, and mobilizing citizens to stand up for their rights. The following guide will assist the team in assessing vulnerabilities to corruption within civil society organizations *and* the capacity and readiness of civil society organizations to contribute to anticorruption efforts.

DIAGNOSTIC AREA	CORRUPTION DIAGNOSTIC QUESTIONS
Legal Environment	<ul style="list-style-type: none"> • What rules/laws govern the formation of civil society organizations (CSOs)? • Are there any rule/laws that prohibit or preclude CSOs from working in anticorruption or good governance areas? • In practice, does the government impose any barriers on organizations working in the anticorruption/good governance area?
Sector Overview	<ul style="list-style-type: none"> • Are CSOs independent of government influence under law? Are civil society organizations independent in practice? • How extensive and active are CSOs? • What is the budget/staffing of the key governance/anticorruption CSOs? Who funds these CSOs? • Do public authorities generally cooperate with civil society groups? • Do CSOs have public support? • Do CSOs represent the interests of the people and/or segments of society? • Do CSOs have the support of the mass media?
Sector Involvement	<ul style="list-style-type: none"> • To what extent are CSOs concerned with governance, accountability, transparency or anticorruption issues? • Are there trade unions engaged in anticorruption activities? • Are there business and professional associations engaged in anticorruption activities? • To what extent are CSOs united around anticorruption campaigns? • Are anticorruption/good governance CSOs actively engaged in the policymaking process? Do citizen groups regularly make submissions to the legislature on proposed legislation? • How effective are CSOs in anticorruption advocacy activities? • Are there civil society actors monitoring the government's performance in areas of service delivery, budget formulation, public procurement, etc.?
Accountability	<ul style="list-style-type: none"> • Are there laws or rules that oversee the operation of CSOs themselves? Are these laws/rules effective? • To what extent are CSOs, trade unions or business groups accountable to their constituencies? How are they required to demonstrate this? • Do most CSOs have memberships? • Are CSOs required to disclose their sources of funding?
Transparency and Integrity	<ul style="list-style-type: none"> • Are there rules on conflicts of interest for CSOs? Are they effective? Are there rules on gifts and hospitality for CSOs? Are they effective? • How transparent are CSOs? What are they required to publish? Do they do this? • Do CSOs promote ethical standards of conduct for their members and/or

	<p>others? Do they impose sanctions on their members for breach of ethical standards?</p> <ul style="list-style-type: none"> • Have CSOs adopted codes of conduct or signed integrity pacts? How widely are codes of conduct used? Is there evidence that they are effective?
Complaints/enforcement mechanisms	<ul style="list-style-type: none"> • Have there been prosecutions of any CSOs on corruption charges for the last two years? • Have members of CSOs been threatened or harmed for advocating against corruption for the last two years? Are they protected by the government?

MEDIA AND ACCESS TO INFORMATION

A free and independent media is one of the principal vehicles to inform the public about corrupt activity. By investigating and reporting on corruption, the media provides the knowledge necessary to enable citizens to hold both public and private institutions to account. A functioning, independent media can also promote effective civil society action against corruption. The impact of civil society is dependent not only on reliable information, but also on the existence of the means to disseminate its opinions and raise issues of public concern. Thus, the media plays a dual role in countering corruption: it can put the spotlight directly on corrupt practices through reporting and investigation, and it can disseminate information about the anticorruption efforts of other actors. The following guide will assist the team to identify corruption vulnerabilities with the media and assess the capacity and readiness of the media to conduct anticorruption efforts.

The guide also includes questions about broader access to information, which is essential for effective media efforts to publicize and combat corruption, but is also the foundation for transparency, a fundamental requirement for all anticorruption efforts.⁷

DIAGNOSTIC AREA	CORRUPTION DIAGNOSTIC QUESTIONS
<p>Legal Environment</p>	<ul style="list-style-type: none"> • Is there a law guaranteeing freedom of speech and freedom of the press? • Is there a freedom of information law and access to information law? • Does the access to information law require proactive action by government to make certain types of information public, or does it only require government to respond to requests? • Are these laws used by the news media or others? • To what extent are media freedom/access to information laws impacted by other laws, such as those relating to national security? • Do media licensing authorities use transparent, independent and competitive criteria and procedures? • What rules cover political advertising in the news media? Are the rules followed?
<p>Access to Information</p>	<ul style="list-style-type: none"> • Are there government agencies or offices mandated to implement access to information laws? Are they effective? • Does government provide any information (e.g., budget allocations, expenditures, procurement information) proactively? Is the information provided in a format that is comprehensible and useable? • Are the procedures for requesting government information publicly known? Are they simple and clear enough for journalists, civil society groups, and/or average citizens to make use of them without undue burden? • Are the costs associated with freedom of information requests reasonable and conducive to promoting public access to information?

⁷ Teams may want to consult the USAID Anticorruption Program Brief on Access to Information (http://www.usaid.gov/our_work/democracy_and_governance/technical_areas/anti-corruption/)

Sector Overview	<ul style="list-style-type: none"> • What are the key media and media oversight bodies in the country (please provide a list)? • What is the size of the media sector (percentage of GDP)? Are journalist salaries competitive with other similar professions? • Is there a spread/diversity of media ownership? How much media ownership is public/private? • Is there political control/ownership of the media? Is censorship common? • Is the practice of self-censorship common in the media? If so, what are the incentives for self-censorship?
Sector Involvement	<ul style="list-style-type: none"> • Is there formal independence of the media? Is the media independent in practice? To what extent is there censorship of the media? • Do the media carry articles on corruption? How is scandal covered? Are both political and corporate scandal covered? • To what extent have news media organizations or journalist associations committed themselves in any extraordinary way to an agenda of integrity, transparency and good governance? What is the evidence for this? • To what extent is there a tradition of investigative journalism in the media? • Do any publicly-owned media outlets regularly cover the views of government critics? • Do all parties/candidates receive a minimum of free coverage or an amount proportional to their size in the legislature? Is this the case in practice? • To what extent is the media a key part of this country's anticorruption effort?
Accountability	<ul style="list-style-type: none"> • What kind of laws/rules govern oversight of the media? Are these laws/rules effective? • What kind of accountability exists for the media?
Transparency and Integrity	<ul style="list-style-type: none"> • Are in-kind donations/reduced rates by media organizations to political interests required to be disclosed? Are they disclosed? • Do journalists and editors adhere to strict, professional practices in their reporting? • Is there a law that requires media companies to publicly disclose their ownership? • Are there codes of conduct for journalists? Are they effective? • Are there professional organizations governing media ethics? • Are there rules on conflict of interest for journalists? Are they effective?
Complaints/enforcement mechanisms	<ul style="list-style-type: none"> • Have journalists investigating cases of corruption been physically harmed in the last five years? • Are libel laws or other sanctions (e.g. withdrawing of state advertising) used to restrict reporting of corruption? Who has used them recently? • Is the media able to withhold disclosure of sources by law? Does this take place in practice? • Are there cases of the government prosecuting the media for withholding sources?

BUDGET AND FINANCIAL MANAGEMENT

Public finance and in particular the public budget is an essential area that should be safeguarded from corruption. At all stages of the budgeting process - starting from setting budgeting policies to formulation, approving, amending, and implementing - opportunities for corruption can arise if mechanisms to prevent it are not embedded and strictly followed. At the budget preparation phase, favoritism, nepotism and bribery can divert public funds from public priority areas to lucrative interests of wealthy and influential groups and individuals. Poor control over spending can lead to large scale embezzlement, funds misappropriation, and fraud. The guide below will take the assessment team through analysis of corruption vulnerabilities at different phases of the budgeting process and assessment of the existing corruption prevention measures.⁸

DIAGNOSTIC AREA	CORRUPTION DIAGNOSTIC QUESTIONS
Budget Clarity	<ul style="list-style-type: none"> • Is the budget system clear and straightforward (not very complex)? Is it transparent? • Is there a clear and comprehensive definition of public money? • Are there budgetary principles, financial regulations and administrative regulations? • Are budget accounting classifications coherent and common to all levels of government? • Is appropriation and spending authority clearly defined? • If secondary budgets exist, are they regulated effectively? • Does the government's official budget cover all of the government's fiscal operations? • Is earmarking used reasonably and not excessively? • Are there a reasonable and not excessive number, scope and allocation of subsidies? • Are the main summary indicators of the government's financial position in the annual budget presentation clear? • Are assumptions underlying budget forecasts included in budget documentation justifiable? • Are estimates for budget expenditure and revenue clear and accurate? • Are explanations for variances between estimates and actual expenditures and revenues published? • Does the budgeting process give preference to maintenance projects and projects in the social sectors rather than to inappropriate and extensive investment projects? • Is there a systematic preference for certain ministries in the allocation of budget funds? Is it explainable by economic need and the public interest? • Are extra-budgetary activities included in the budget documentation but they are not extensive? • Are unallocated funds, i.e. funds retained at the center for possible contingencies or for allocation in the event that projected revenues are realized, used for national priorities and with top-level approval? • Are fiscal transfers to sub-national governments for general and special

⁸ The Open Budget Index is another useful tool for evaluating budget and financial management performance. (www.openbudgetindex.org)

	<p>purposes clearly defined?</p> <ul style="list-style-type: none"> • Have basic principles of supervision, intervention and audit responsibilities of intergovernmental fiscal relations been established? • Are the authorities and responsibilities for issuing and reporting on government guarantees clearly defined? • Is the consultation process and decision-making procedures for funds allocated to individual ministries transparent? • Is the budget preparation and monitoring process computerized?
Use of Funds	<ul style="list-style-type: none"> • Is there a limit and are there defined authorities at each level of the administration for transferring funds within the approved budget? • Are there measures that prevent transfers between personnel costs and other subheads of the budget? • Are there rules that specify how unspent budget funds at the end of the fiscal year should be treated? • Are sanctions for overspending established, clear, and enforced universally? • Are persons responsible for spending money legally required to implement management control practices? • Are the dates of outgoing payments for the purchase of goods and services and transfers (e.g. Pension payments) manipulated? Does the issue of payment instructions reflect an unofficial schedule for the payment of arrears? • Are payments made through the banking system? • Are all goods and services ordered approved in the budget? Is there a process for reviewing expenditures against budget allocations before expenditure is approved? • There are no instances of payments to be made to fictitious staff members, goods and services? • Does the government reconcile and justify to the legislature deviations between budget allocations and actual spending?
Accountability - Reporting	<ul style="list-style-type: none"> • Are financial reports (including extra-budgetary funds) required by law from all agencies/funds? • Is the creation and spending of extra-budgetary funds included in the overall fiscal position reported by government? • Are external financial reports required by law to be made available to the legislature, major creditors and the general public? • If external financial reports are required by law to be made available (to the legislature, major creditors and the general public) is the law enforced and are reports submitted on a timely basis, e.g. annual reports within six months of year-end, and within-year reports within one month of period-end? • Do external reports show in sufficient detail whether resources were obtained and used in accordance with the authorized budget, and in accordance with legal and contractual requirements, including financial limits established by appropriate legislative authorities? • Do external reports provide comprehensive information about the sources, allocation and uses of financial resources? • There are no instances that significant categories of public expenditure fall outside the state budget?

	<ul style="list-style-type: none"> • Are internal financial reports made on a regular basis (at least monthly) by all spending agencies/funds to the finance ministry? • Do budget managers receive regular periodic reports on their expenditure and their unexpended balances within a reasonable time after the end of each period? • Are performance reports (on physical progress, outputs or outcomes) required for all agencies/funds? • Are performance reports made available to managers on a timely basis, e.g. annual reports within 6 months of year-end, and within-year reports within 1 month of period-end? • Are performance reports integrated with financial reports?
Accountability – Financial Management	<ul style="list-style-type: none"> • Are the principal accounts of the government (such as cash books, investment records, public debt) maintained with computerized system rather than with manual or mechanized systems? • Is there a sufficient integrated national financial management system to provide reliable information for public decision-making? • Do government entities follow clear procedures for accounts receivable, accounts payable, and for the payment of grants, subsidies, reimbursements, and loans to other government entities, quasi-government enterprises and sub-national governments? • Is there a comprehensive register listing all locations where cash handling occurs? • Are the final accounts produced, audited and tabled in parliament shortly after the end of the fiscal year? • Does the system provide for recording commitments (obligations) as well as cash transactions? • Are the accounting staffing levels, both quantitatively and qualitatively, adequate and are salary levels sufficient? • Is there adequate skills training for middle and senior management? • Are the reviews of accountants and auditors in public practice sufficient?
Financial Control and Oversight	<ul style="list-style-type: none"> • Is the legal basis for management (internal) control and internal audit well established? <p style="text-align: center;"><i>Internal Audit</i></p> <ul style="list-style-type: none"> • Is there a clear division of competences and coordination between existing internal and external monitoring bodies? • Is there an internal audit or inspection unit in line ministries and/or agency? • Do ministries regularly perform audits of their own budgets? • Is the mandate for internal audit or inspection units complete (financial audit, system audit, procurement audit process, or review of management internal control arrangements)? <p style="text-align: center;"><i>External Audit</i></p> <ul style="list-style-type: none"> • Is there a sufficient number of politically and operationally independent external monitoring bodies? • Is there a strong mandate and adequate competencies of the monitoring bodies to detect corruption (especially rights of inspection and information), to identify systemic weak points for corruption, to put forward and monitor recommendations on how to eliminate those weak points, to introduce sanctions, and with respect to cooperation with judicial authorities, possibly local parliaments/parliamentary commissions, and access to the public?

	<ul style="list-style-type: none"> • Does the external auditor have authority to audit/clear all public and statutory funds and resources? • Does the audit competence of the monitoring bodies extend to all activities of the state (including parastatal enterprises and recipients of public subsidies)? • Is the capacity and expertise of monitoring bodies sufficient in the development and application of monitoring techniques and procedures to detect corruption, including the monitoring of actual expenditure and results (ex post evaluations) and systemic monitoring? • Are there sufficient reporting duties, and/or complete, systematic, and timely provisions of financial data by administrations to monitoring bodies, Parliaments and the public? • Are there precautions against corruption within the monitoring bodies themselves? • Are off-budget costs of government programs accounted for and reported by the Ministry of Finance or equivalent? • Is there regular, complete accounting of the existence and ownership of the value of all assets and liabilities of particular agencies?
<p><i>Accounting and Auditing Standards</i></p>	<ul style="list-style-type: none"> • Is there an institution responsible for setting national accounting and auditing standards in government? • Are the composition and qualification of the staff of the standard-setting body sufficient? Is the government represented on the standard-setting body (e.g., by the finance secretary or Accountant General)? • Is the independence of the standard-setting body guaranteed? Is the standard setting body responsible to the legislature? Is there an independent body that evaluates its effectiveness? • Are the standards compatible with international standards (such as generally accepted accounting principles, IASC pronouncements, IFAC pronouncements, standards set by the INTOSAI)? Are the standards modified to suit the local environment? How consistent and comprehensive these standards? Are the standards publicly available in convenient format (e.g. handbook, regulations, government gazette etc)? Is there any legislative backing for standards promulgated? • If accounting and auditing standards are being used, are they applied to all (or majority) entities evenly? If there are exemptions or separate standards that are applied for some entities, such as small firms or foundations, are their defined clearly and applied fairly? Is compliance with accounting standards enforced? If so, by whom? • Is it criminal to falsify or provide incomplete information on accounting documents? Is the destruction or hiding of accounting records subject to sanctions? • Are there sufficient educational and professional standards required for entry into the accountancy profession?
<p>Public Transparency of the Budgeting Process</p>	<ul style="list-style-type: none"> • In practice, is the national budgetary process conducted in a transparent manner allowing for public debate by the legislature as well as input at budget hearings? • Are budget assumptions and drafts publicly available? Are they easy to access? • Is the budget publicly available and in a format that is understandable by

the public? Is the level of detail clear enough to see fund allocation? Can citizens access information about specific budget allocations?

- Are there pre-budget consultations about budgetary priorities between government and the civil society (the business community, public interest groups, NGOs, labor unions, and farmers' associations)?
- At the start of budget preparation, is there a review of budget priorities by the legislature or a legislative committee?
- Does the legislature undertake independent analyses of the budget?
- Does the legislature hold public hearings on budget priorities?
- Are citizens or civic groups able to participate in budget hearings and present their views and information?
- Does civil society undertake independent analyses of the budget?
- Does the government regularly publish periodic budget execution reports?

PUBLIC PROCUREMENT

Public procurement, like the public budget, presents numerous opportunities for corruption. Large and small amounts of public funds can end up in private pockets through kickbacks, bribery, favoritism, nepotism, and other forms of corruption. Procurement regulations can be created under the strong influence of powerful forces to favor a particular segment of the private sector or industry. Requirements and criteria for selecting bidders can be tailored to a specific vendor. Poor implementation of the contracts can be overlooked by a bureaucrat in exchange for a favor or bribe. The following guide suggests a set of questions to examine major aspects of procurement policies and practices that can be prone to corruption.

DIAGNOSTIC AREA	CORRUPTION DIAGNOSTIC QUESTIONS
<p>Procurement regulatory framework</p>	<ul style="list-style-type: none"> • Is there one prevalent law that governs procurement? If yes, are they based on any international model such as the UNCITRAL Model Law? If not, what are the key regulations that govern procurement in the country? • Do the above rules for public procurement require open bidding as a general rule? What proportion of total procurement is subject to open competitive bidding? Do strict formal requirements limit the extent of sole sourcing? • If open bidding is the general rule, are the exceptions regulated in the law? In practice, are the exceptions abused? If it is not, what rules apply in what cases? • Does the law provide rules (weighting evaluation criteria, use of price lists, certified quality standards, awards set by committees, etc.) to ensure objectivity in the contractor selection process? How well do these rules operate in practice? • Does the law provide criteria regarding when contracts can be awarded, such as would govern a competition being closed without awarding a contract? Are such criteria followed in practice? • If there is a local industry protection policy explicit in the contracting rules is it used reasonably and fairly? • Does the law provide for the use of standard bidding documents? Are these used in practice? • Does the law require clarifications and amendments during the bidding process to be shared among all bidders? Does this take place in practice? • Does the law require criteria concerning the modification of awarded/ongoing contracts? Are these criteria followed in practice? • Is there formal operational independence of the public contracting system? • Is the public contracting system independent in practice? • What kind of tender board is in place? Are the tender board members selected on a merit basis? • Is it mandatory to subject contracting processes to the budget and plans of government? Is this done? • Does the law on public contracting include oversight mechanisms (via congress/parliament) to monitor public contracting?
<p>Procurement Practices/Structure</p>	<ul style="list-style-type: none"> • To what degree are procurement regulations properly followed in practice? • To what extent is procurement centralized/decentralized? Is this arrangement consistent with the administrative design of the country? • Is there a central procurement agency? Are its main functions, such as

	<p>regulation, supervision, etc. defined clearly?</p> <ul style="list-style-type: none"> • If there is a central procurement agency, is it funded sufficiently? • If there is no central procurement agency, do agencies that have their own procurement regulations comply with nationally established standards and procedures? • Is there an e-procurement system operating in the country? If yes, what areas does it cover? • Are procurement responsibilities distributed differently in the cases of privatization processes? • Is parliamentary lobbying for the inclusion/exclusion of projects in plans, programs and budgets legally regulated? Is it regulated in practice? • Are technical specifications clear and non-discriminatory between suppliers? • Do instructions to bidders include all the information necessary to prepare responsive bids, such as eligibility requirements, basis of bid, language and currency of bid, the source and date of the exchange rate to be used? • Do invitations to bid state the deadline and place for the receipt of bids and the opening of bids? • Do instructions to bidders clearly explain evaluation criteria? • Is sufficient time allowed to obtain documents and prepare and submit bids? Are requests for clarification answered promptly in writing and sent to all prospective bidders? Are bidders allowed sufficient time to revise their bids following any revision of the documents? • Are evaluations done by committees of appropriately qualified persons? Are bids evaluated solely on the basis of the criteria stated in the documents? Are contracts awarded to the responsive and qualified bidder that meets established criteria? Are contracts awarded without further negotiation? Are procurement decisions made public?
Accountability	<ul style="list-style-type: none"> • If there is a central procurement agency, does it report to legislature? • Is there a periodical contracting plan made publicly available? Or are there other ways that the government informs the public in advance about its procurement plans? • Is the use of public hearings mandatory (or a practice) in contracting process? Do they actually take place in practice? If yes, at what stage of the process do they take place? Is there any evidence of their impact? • Are there laws requiring the creation and maintenance of records of procurement? Are change and variation orders, invoices and payments, progress reports, certificates of inspection, acceptance and completion, and records of claims and disputes and their outcome properly maintained? • Is there an institution that is responsible for supervising adherence to procurement regulations? What powers does it have and how effective is it in practice? • Are there appropriate procedures to monitor delivery of goods and services and verify quantity, quality and timeliness? Are contracts generally completed on schedule and within the originally approved contract price, or are time and cost overruns frequent? How often are contracts extended or amended? Are contract changes and variations handled promptly in writing and in accordance with contract conditions? Is there an early warning system for over-expenditures?
Integrity mechanisms	<ul style="list-style-type: none"> • Does the law require staff involved in (different stages of) contracting to

	<p>have special qualifications, related to their tasks? Are these requirements followed in practice?</p> <ul style="list-style-type: none"> • Does the law provide for procurement staff rotation? How does this operate in practice? • Does the procurement law regulate that the staff in charge of offer evaluations must be different from the staff responsible for elaboration of the terms of reference/bidding documents? Does the law regulate that both of the above staffs must also differ from those undertaking any control activities? Are these rules followed in practice? • Do the bidding/contracting documents contain special anticorruption clauses? If yes, how do these operate in practice? • Does the law/regulation require bidders to have codes of conduct in place and the corresponding compliance mechanisms? Are these requirements followed in practice? • How is integrity upheld in the tender board? • Does the procurement law regulate conflict of interest situations with regard to preparation of the terms of reference and bidding documents, and that apply to bid/offer evaluators? If yes, are these rules followed in practice? • Are there any formal restrictions or criteria for acceptance of gifts by public officials? Are these restrictions/criteria followed in practice? • Are public employees who participate in procurement processes prevented from privately contracting or being employed afterwards with the individuals/companies that participate in such processes? If yes, is this rule followed? • Are there regulations and mechanisms in place that prevent high-level public officials from having influence over the scope and magnitude of public investment projects?
Transparency	<ul style="list-style-type: none"> • Are public officials in charge of procurement obliged to make periodical affidavits on their assets and income before and after being in office? Are assets, incomes and lifestyles of public procurement officers monitored in practice? • Is there an agency that is in charge of keeping such records, and is it adequately resourced for this task and independent? • Are procurement rules laid down in documents publicly accessible? • Does the procurement law establish unrestricted dissemination of invitations to tender and terms of reference in all public contracting processes? Are they disseminated without restriction in practice? • Are procurement award decisions made public? Are the justifications included? • Does the procurement law require the maintenance of registers and statistics on contracts (irrespective of the contracting method)? Are these registers kept? Are they accessible? • Are all relevant contracting process documents accessible to the public? • Does the procurement law require the publication of decisions on changes and adjustments of contracts in execution? Are these decisions published? • Does the procurement law require the publication of the contract implementation monitoring results? Are these results published?

	<ul style="list-style-type: none"> • Are all bids kept unopened until the official opening? Where are bids kept and who has access? Do opening or evaluation procedures differ for goods, works and consultancy services? Are bid openings conducted immediately after the deadline for submission? Can bidders (or their representatives) attend? Are bids read aloud, and are they recorded at the time? Are late bids rejected?
<p>Complaints/enforcement mechanisms</p>	<ul style="list-style-type: none"> • Are there provisions for whistleblowing on misconduct in contracting procedures? Have these provisions proved effective? • Does the law establish which control bodies are responsible for the supervision of activities related to public contracting? Are these bodies an internal or external control? Are these bodies professional and independent in practice? • Do special control mechanisms govern contracts awarded under exceptional procedures? • Is there a procedure to request review of procurement decisions? Is the entity or office in charge of the review independent? Has this procedure been used in practice? • Can an unfavorable decision be reviewed in a court of law? Is this done in practice? • Are companies proved to have bribed in a procurement process excluded from future procurement processes? Is a list of such companies made publicly available? Are there administrative sanctions (e.g. prohibition to hold public office) for criminal offences against the public administration in connection with contracting? Have these sanctions been enforced? • Are actions detrimental to public resources in public contracting qualified as criminal offences? Are there actual cases of prosecution? • Does the law consider civil or social control mechanisms to monitor the control processes of public contracting? What happens in practice? • How successfully has corruption been targeted by the contracting system, as an internal problem? An external problem? • Are there regulations and procedures to settle contractual disputes? Can unsuccessful bidders instigate an official review of procurement decisions and challenge procurement decisions in the courts? Do appeal procedures work in practice? Are companies guilty of major violations of procurement regulations (e.g., bribery) blacklisted and prohibited from participating in future procurement bids?

PRIVATIZATION

The vulnerability of the privatization process to corruption is a product of the legal environment and implementation practices. In most developing and transition countries that undergo privatization - whether it is privatization of a multimillion oil production enterprise or lucrative piece of public property or just a tiny apartment – the process is vulnerable to corruption ranging from grand to petty levels. Bribery, favoritism, nepotism, and kickbacks are the most common forms of corruption in privatization processes. Like in public procurement, corruption can occur in any phase of privatization, starting from setting overall policies to earmarking objects for privatization, selecting privatization methods, establishing criteria and requirements for bidders, and selecting bidders. The following Guide will take assessment team through examining different stages and aspects of privatization process helping to pinpoint the most vulnerable to corruption processes.

DIAGNOSTIC AREA	CORRUPTION DIAGNOSTIC QUESTIONS
Privatization Policies and Institutions	
General	<ul style="list-style-type: none"> • Are there laws and effective mechanisms to prevent the legislature or executive branch from being influenced by private interests during privatization processes? Does it work in practice? • Is there transparency in public administration in general? Does the government usually make public and transparent decisions? • Does the public at large (including in particular the civil society) have adequate information about government programs, processes and decisions? Are there opportunities for public discussion of government programs and decision making? Are there opportunities for the public and the civil society to participate in the development of privatization strategy and policy, and of the privatization law, institutions and program? • Is there an effective control system (by the parliament, the administration and/or external, independent institutions) for the privatization program? • Are there accountability systems and controls for the politicians and officials involved in the privatization program? • Are there opportunities for the public or for officials to register suspicion of corruption in privatization confidentially or anonymously? • Are there criminal, civil and disciplinary processes against politicians and officials who have become implicated in previous cases or have become otherwise suspect of corrupt behavior during privatization? • Are there effective criminal sanctions instruments and institutions as well as effective enforcement of existing sanctions instruments to investigate and prosecute corruption in privatization? • Are there national rules for the public disclosure of assets, income and potential conflict of interest by politicians and public officials involved in privatization decisions AND are these rules properly enforced? • Is there continued service of politicians and officials in critical positions despite obvious conflict of interest (possibly even despite accusations and/or convictions under previous corruption offences)?
Privatization Policy	<ul style="list-style-type: none"> • Is there a general privatization strategy and policy? • Was the determination of the privatization policy public and transparent (e.g. adopted or approved by the parliament/legislature)? • Does the privatization policy have the common good as its principal objective rather than a favor to certain domestic or foreign interested parties?

	<ul style="list-style-type: none"> • Is the privatization policy publicly supported, as indicated by the media, polling, or other measures? • Are the goals and criteria for the privatization program clear, precise and not easily manipulated?
Privatization Law	<ul style="list-style-type: none"> • Is the preparation of the privatization law public and transparent? • Is the privatization law clear, consistent, and not open to discretion of the officials administering it? • Does the privatization law appear to have the common good as its principal objective? Or does it appear to favor certain domestic or foreign interested parties?
Privatization Institutions	<ul style="list-style-type: none"> • Is the Privatization Agency set up and staffed in a public manner? • Is the leadership and senior staff of the Privatization Agency professionally competent and experienced experts in their field? • Are the tasks, powers and authority of the Privatization Agency clear and independent of government? Are the privatization decisions free from politicians influence or pressure? • Is there an adequate internal and external audit? Is there adequate political accountability and control of the Privatization Agency and/or of their officials?
Individual Enterprise Privatization	
	<ul style="list-style-type: none"> • Are necessary planning and feasibility studies conducted that address regional, sectoral and macro-economic conditions for individual enterprise privatization as well as adequately researched conditions surrounding the placement of the enterprise, which do not allow for subsequent manipulated “modifications”? • Are objective strategic decisions sufficiently supported/justified, including adequately explained (documented) selection of the privatization method? • Are advantages/privileges for national or international bidders (except for those based on legal provisions) adequately explained? • Are the legitimate concerns of employees and managers of the enterprise to be privatized handled responsibly and transparently? • Are there opportunities for the public/civil society to monitor/control the decision to privatize a specific enterprise?
Preparation for Privatization	
	<ul style="list-style-type: none"> • Can procedures and decision making be monitored and controlled by the public? Are decisions on privatizing a specific enterprise made with the necessary planning and feasibility studies on macro-economic, sectoral and regional aspects? Are decisions on privatizing a specific enterprise made at the political level with adequate transparency and accountability? Are the decisions in compliance with laws and privatization rules and regulations? • Is there an adequate justification of proposed investments or physical changes prior to the privatization (which are appropriate): <ul style="list-style-type: none"> ○ any financial strengthening of the enterprise before privatization (by new credit or write-off of old debt) ○ proposed changes in management structure or personnel reduction • Is there inadequate or missing justification for the decision to relieve the enterprise of any old environmental obligations (“old environmental debt”) at the expense of the public?

	<ul style="list-style-type: none"> • Are demands on the buyer explained and justified regarding: <ul style="list-style-type: none"> ○ Financial investments, ○ Labor protection measures, ○ Social protection programs, ○ The handling/removal of environmental burdens, ○ Continued production and quality of product, ○ Limitation (minimum time) on the subsequent sale or closure of the enterprise • Are decisions about personnel reduction made with the appropriate involvement and protection of the labor force (the degree of affordable protection for the labor force depends of course on the general economic situation in the country)? • Are there adequately explained and justified decisions for one of the several privatization methods or selection of one privatization method even though another one appears superior or more appropriate? • Is there a clear, transparent formulation of the tendering and negotiating conditions? Or does it allow too much room for subsequent interpretation as well as making compliance uncontrollable? • Is the value of the enterprise transparent, explained and market-based? Is there a detailed time plan with interim deadlines and a realistic, enforceable time plan? • In case of Employee or Management Buy-Out: Is there adequate provisioning for the protection against financial, operational and/or management-problems? • Does a conflict of interest exist among one or several of the politicians and officials involved in the process? • Is there sufficient responsiveness to indications of suspicion and violations and to complaints or warnings from the relevant control and audit institutions? • Is the process for selecting Consultants and/or Investment Banks to assist with privatization based on an open, objective and competitive process? Are contracts ‘sole-sourced’? • Do financial institutions selected to offer assistance to the privatization process or the newly private enterprise try to influence substantive decisions in an undue manner, such as trying to steer the selection decision to a bidder favored by it?
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Marketing Phase	
	<ul style="list-style-type: none"> • Are decisions and justification clear, fully documented and transparent for selection of: <ul style="list-style-type: none"> • the “Strategic Investor” (the corporate or individual investors that add value to investments they make through industry and personal ties that can assist companies in raising additional capital as well as provide assistance in the marketing and sales process). • the choice of “controlled” rather than the “open” method of tendering, • bidders who are invited to the “controlled” tendering procedure • enterprises to be addressed during the roadshow (where, when, how publicized etc) • Is there adequate publication of the invitation to tender? Is the invitation to tender in more than publication? Is the text of the invitation to tender clear and informative?

	<ul style="list-style-type: none"> • Does the consultant/investment bank managing the privatization make major efforts to maximize the number of companies participating in the tendering? • Are there realistic deadlines for the participation in the tendering or the auction? Are there conditionalities attached (large cash down-payments, unusual security requirements for the remainder)? • Is there a transparent, clear system for the distribution or sale of vouchers, including clear rules about the rights of the voucher holders – on how to exercise the voucher and how to sell it – as well as a market for the trading in of vouchers? • Is there a clear, unequivocal statement about the financial, operational, economic, and management risks of the Employee-Management Buy-Out method? (This is a restructuring initiative that involves both managerial and non-managerial employees buying out a firm in order to concentrate ownership into a small group from a widely dispersed group of shareholders.)
Evaluation of Tenders, Negotiations and Concluding the Contract	
<i>General</i>	<ul style="list-style-type: none"> • Are bidders successful because of their financial and technical competence? • Are officials/politicians who have previously been suspected of corruption or with a conflict of interest in the transaction, involved in the privatization process? • Are there convincing parliamentary or judicial reactions and corrections to previous accusations of corruption and other abuses of power? • Are apparent violations of the laws and other rules and regulations adequately sanctioned by the judiciary, the government and/or public? • Are time limits and deadlines realistic and easily complied with by the interested parties? Are delays in the process explained and documented? • Do officials comply with the rules of the process, or do they allow delayed bids or waive security requirements that favor some but not all of the bidders? • Is there a regulatory institution (regarding the privatization of public services enterprises with monopoly character such as water and sewerage, power supply, telecommunications or transport services)?
Strategic Investor (this is the corporate or individual investor that adds value to investments they make through industry and personal ties that can assist companies in raising additional capital as well as provide assistance in the marketing and sales process).	<ul style="list-style-type: none"> • Is the selection process for the Strategic Investor adequately justified and documented? Are the negotiations for the final contract transparent? • Is the selected Strategic Investor competent, financially, technically and operationally strong, and the most advantageous buyer that the interests of the state would call for? • Are there appropriate financial, operational and social demands upon the Strategic Investor which the value of the enterprise, and its significance for the country's development, would suggest? • Are there adequately dated commitments, security, insurance etc, protecting the compliance by the Strategic Investor with his obligations? • Are there adequate, effective sanctions that enforce timely compliance by the Strategic Investor with his commitments (fulfillment of obligations, contract penalties, liability for damages etc)?
Open or Controlled Tendering	<ul style="list-style-type: none"> • Is the selection/evaluation done in a transparent, adequately justifiable and documented fashion for: <ul style="list-style-type: none"> ○ the “controlled” over the “open” tendering method; ○ bidders which are invited to the “controlled” tendering;

	<ul style="list-style-type: none"> ○ the competing bids (separately for the quantitative and qualitative elements); and selection of the “most advantageous” or “best” offer? ● Are evaluations of bidders’ offers unfounded-positive or superficial? ● Is the financing plan of the bidder for his acquisition transparent, adequately documented and secure? ● Is non-transparent, unjustified favoring of one of the bidders a common/frequent outcome of the evaluation?
Auction	<ul style="list-style-type: none"> ● Is the assessment of compliance with pre-qualification requirements before the auction transparent, adequately justified and documented? ● Is the auction process transparent and adequately documented? Does the system assure equal and fair treatment for all bidders?
Voucher System	<ul style="list-style-type: none"> ● Is the voucher system transparent, clear and easy to understand? ● Are there control and sanction opportunities to assure the desired broad distribution of vouchers and preclude manipulated/corrupt assignment of vouchers? ● Is block-building (and thus potential control over the enterprise by mafia-type powers and networks) allowed?
Monitoring of Privatization Process	
	<ul style="list-style-type: none"> ● Is there an adequate and reliable control system in place? ● Is there parliamentary control and oversight? Is it enforced? ● Is there follow-up to suspicion or accusations of corruption? ● Is the state or public interested in identifiable or anonymous accusations of corruption? ● Does the public and/or civil society have access to documents and information held by the control and audit institutions, and to their proceedings? ● Are whistleblowers encouraged and protection systems and procedures in place for whistleblowers? ● Are there audit requirements? Is an audit system in place? Are audits performed on a timely basis and are there consequences for poor performance? ● Is the audit report adequate and published in a timely manner? ● Does a critical audit report make an impact (i.e. reaction by the legislature, the country’s Court of Audit, the judicial authorities and/or the administration)?

NOTES

¹ The following sources were used to develop Diagnostic Probe Guides:

1. Corruption in the healthcare sector, CORIS Website at <http://www.corisweb.org/article/articlestatic/41/1/283/>
2. Customs Modernization Handbook, Luc De Wulf and Jose B. Sokol, eds., The World Bank, 2005.
3. Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ). – Avoiding Corruption in Privatization: A Practical Guide, Eschborn 2005.
4. Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ). - Preventing Corruption in Public Finance Management: A Practical Guide, Eschborn 2005.
5. Global Corruption Report 2006 (special focus on Corruption and Health), Transparency International, 2006. http://www.transparency.org/publications/gcr/download_gcr

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6. Bertram I. Spector, editor, *Fighting Corruption in Developing Countries: Strategies and Analysis*. (Bloomfield, CT: Kumarian Press, 2005)
 7. Judicial Transparency Checklist: Key Transparency Issues and Indicators to Promote Judicial Independence and Accountability Reforms, Keith Henderson, Violaine Autheman, Sandra Elena, Luis Ramirez-Daza and Carlos Hinojosa, IFES, 2003.
 8. Managing Government Expenditure, Salvatore Schiavo-Campo and Daniel Tommasi, 1999
 9. National Integrity System Country Studies: Questionnaire Guidelines, Robin Hodess and Marie Wolkers, Transparency International, 2005.
 10. Tools for Assessing Corruption & Integrity Institutions: A Handbook, Dr. Anthony Lanyi and Dr. Omar Azfar, The IRIS Center (under contract with USAID), 2005.
 11. Transparency International Global Priorities. - http://www.transparency.org/global_priorities
 12. U4 Anticorruption Resource Center at <http://www.u4.no/themes/health/main.cfm>

Annex 5. “Track Record” Reports on Anticorruption Program Experience

The following is a compilation of recent integrative reviews of anticorruption program track records in a variety of sectors and functions. They have been collected from many sources and are available on this website by clicking the title. The team should also explore new thematic reviews that often appear on the website of the U4 Anticorruption Resource Centre (www.u4.no).

Agriculture	<i>Agriculture</i> Rodney J. Fink in Bertram I. Spector, Editor, <i>Fighting Corruption In Developing Countries</i> . Bloomfield, CT: Kumarian Press, 2005.
Audit	<i>Corruption and Fraud Detection by Supreme Audit Institutions</i> Kenneth M. Dye World Bank, 2007
Budget	<i>The Budget Process and Corruption</i> Jan Isaksen U4 Anticorruption Resource Centre, U4 Issue 3:2005
Customs	<i>Corruption at the Customs: Combating Corruption at the Customs Administration</i> Boris Begovia and Bo.Ko Mijatovia, Editors Center For Liberal-Democratic Studies, Belgrade, Serbia, 2002
Customs	<i>Compendium of Integrity Best Practices</i> World Customs Organization, Belgium, 2005
Customs	<i>Customs Modernization Handbook</i> Luc De Wulf and José B. Sokol, Editors World Bank, 2005
Customs	<i>The Challenge of Combating Corruption in Customs Administrations</i> Carlos Ferreira, Michael Engelschalk and William Mayville in J. Edgardo Campos and Sanjay Pradhan, Editors, <i>The Many Faces Of Corruption</i> . Washington, DC: The World Bank, 2007.
Decentralization	<i>Decentralisation and Corruption: A Review of the Literature</i> Odd-Helge Fjeldstad U4 Anticorruption Resource Centre, 10 July 2003
Decentralization	<i>Fiscal Decentralisation and Corruption: A Brief Overview of the Issues</i> Ivar Kolstad And Odd-Helge Fjeldstad U4 Anticorruption Resource Centre, U4 Issue: 3:2006
Education	<i>Governance in Education: Transparency and Accountability</i> Jacques Hallak and Muriel Poisson, Editors, UNESCO and International Institute For Educational Programming, 2006
Education	<i>Corrupt Schools, Corrupt Universities. What Can Be Done?</i> Jacques Hallak and Muriel Poisson, Editors UNESCO and International Institute For Educational Programming, 2006

Education	<i>Education</i> David W. Chapman in Bertram I. Spector, Editor, <i>Fighting Corruption In Developing Countries</i> . Bloomfield, CT: Kumarian Press, 2005.
Education	<i>Maximizing the Performance of Education Systems: The Case of Teacher Absenteeism</i> Harry Patrinos and Ruth Kagia in J. Edgardo Campos and Sanjay Pradhan, Editors, <i>The Many Faces Of Corruption</i> . Washington, DC: The World Bank, 2007.
Electricity	<i>Corruption in the Electricity Sector: A Pervasive Scourge</i> Mohinder Gulati and M.Y. Rao in J. Edgardo Campos and Sanjay Pradhan, Editors, <i>The Many Faces Of Corruption</i> . Washington, DC: The World Bank, 2007.
Energy	<i>Energy</i> Matthias Ruth in Bertram I. Spector, Editor, <i>Fighting Corruption In Developing Countries</i> . Bloomfield, CT: Kumarian Press, 2005.
Energy	<i>The Costs of Corruption for the Poor-The Energy Sector</i> Laszlo Lovei and Alastair McKechnie in <i>Public Policy for the Private Sector 207</i> , The World Bank, 2000
Environment	<i>Environment and Natural Resources</i> Svetlana Winbourne in Bertram I. Spector, Editor, <i>Fighting Corruption In Developing Countries</i> . Bloomfield, CT: Kumarian Press, 2005.
Forestry	<i>Combating Illegal Logging and Corruption in the Forestry Sector</i> World Bank Annual Review, July 2005–June 2006
Forestry	<i>Crime and Justice in The Garden Of Eden: Improving Governance and Reducing Corruption in the Forestry Sector</i> Nalin Kishor and Richard Damania in J. Edgardo Campos and Sanjay Pradhan, Editors, <i>The Many Faces Of Corruption</i> . Washington, DC: The World Bank, 2007.
Forestry	<i>Law Compliance in the Forestry Sector: An Overview</i> Arnoldo Contreras-Hermosilla World Bank Institute Working Papers, 2002
Health	<i>Governance and Corruption in Public Health Care Systems</i> Maureen Lewis Center For Global Development, Working Paper Number 78, January 2006
Health	<i>Corruption in the Health Sector</i> U4 Anticorruption Resource Center, U4 Issue 1:2006
Health	<i>Heath Care</i> Taryn Vian in Bertram I. Spector, Editor, <i>Fighting Corruption In Developing Countries</i> . Bloomfield, CT: Kumarian Press, 2005.

Health	<i>Dual practice in the health sector: review of the evidence</i> Paulo Ferrinho, Wim Van Lerberghe, Inês Fronteira, Fátima Hipólito and André Biscaia In <i>Human Resources for Health</i> 2004, 2:14
Infrastructure	<i>Measuring and Reducing the Impact of Corruption in Infrastructure</i> Charles Kenny World Bank Policy Research Working Paper 4099, December 2006
Justice	<i>Justice System</i> Mary Noel Pepys in Bertram I. Spector, Editor, <i>Fighting Corruption In Developing Countries</i> . Bloomfield, CT: Kumarian Press, 2005.
Justice	<i>Lessons Learned About Fighting Judicial Corruption</i> <i>Global Corruption Report</i> Transparency International 2007
Media	<i>The Media's Role in Curbing Corruption</i> Rick Stapenhurst World Bank, 2000
Mining	<i>A Survey of Corruption Issues in the Mining and Mineral Sector</i> I. E. Marshall, Mining, Minerals and Sustainable Development Project, International Institute for Environment and Development, 2001
Money Laundering	<i>Money Laundering and Corruption</i> Michael Levi, Maria Dakolias and Theodore Greenberg in J. Edgardo Campos and Sanjay Pradhan, Editors, <i>The Many Faces Of Corruption</i> . Washington, DC: The World Bank, 2007.
Parliament	<i>Controlling Corruption: A Parliamentarian's Handbook, Second Edition</i> The Parliamentary Centre, Canada, 2000
Parliament	<i>Parliamentary Accountability and Good Governance: A Parliamentarian's Handbook</i> The Parliamentary Centre, Canada, 2002
Parliament	<i>The Role of Parliament in Budgetary Oversight</i> The Parliamentary Centre, Canada, 2007
Petroleum	<i>Corruption in the Petroleum Sector</i> Charles Mcpherson and Stephen Macsearraigh in J. Edgardo Campos and Sanjay Pradhan, Editors, <i>The Many Faces Of Corruption</i> . Washington, DC: The World Bank, 2007.
Pharmaceuticals	<i>Tackling Corruption in the Pharmaceutical Systems Worldwide With Courage and Conviction</i> J. Cohen, M. Mrazek And L. Hawkins <i>Clinical Pharmacology & Therapeutics</i> , Volume 81, Number 3, March 2007
Pharmaceuticals	<i>Corruption and Pharmaceuticals: Strengthening Good Governance to Improve Access</i> Jillian Cohen, Monique Mrazek And Loraine Hawkins in J. Edgardo Campos and Sanjay Pradhan, Editors, <i>The Many Faces Of Corruption</i> . Washington, Dc: The World Bank, 2007.

Political Parties	<i>Political Parties</i> Verena Blechinger in Bertram I. Spector, Editor, <i>Fighting Corruption In Developing Countries</i> . Bloomfield, CT: Kumarian Press, 2005.
Post-Conflict Situations	<i>Overcoming Corruption in the Wake of Conflict</i> Philippe Le Billon <i>Global Corruption Report</i> Transparency International 2005
Post-Conflict Situations	<i>Fighting Corruption in Countries Rebuilding After Conflict: A Democracy and Governance Program Brief</i> Bertram I. Spector USAID, November 2008
Private Sector	<i>Business Against Corruption: Case Stories and Examples</i> . UN Global Compact Office, 2006
Private Sector	<i>The Private Sector</i> Russ Webster in Bertram I. Spector, Editor, <i>Fighting Corruption In Developing Countries</i> . Bloomfield, CT: Kumarian Press, 2005.
Private Sector	<i>Combating Corruption: Private Sector Perspectives and Solutions</i> John D. Sullivan and Aleksandr Shkolnikov Economic Reform Issue Paper, Center for International Private Enterprise, No. 0409 September 22, 2004
Procurement	<i>Handbook for Curbing Corruption in Public Procurement</i> Transparency International, 2006
Procurement	<i>Integrity in Public Procurement: Good Practice From A To Z</i> Paris, OECD, 2007
Procurement	<i>Corruption in Public Procurement: A Perennial Challenge</i> Glenn Ware, Shaun Moss, J. Edgardo Campos, and Gregory Noone in J. Edgardo Campos and Sanjay Pradhan, Editors, <i>The Many Faces Of Corruption</i> . Washington, DC: The World Bank, 2007.
Public Finance	<i>Revenue Administration and Corruption</i> Odd-Helge Fjeldstad U4 Anticorruption Resource Centre, U4 Issue 2:2005
Public Finance	<i>Public Finance</i> Michael Schaeffer in Bertram I. Spector, Editor, <i>Fighting Corruption In Developing Countries</i> . Bloomfield, CT: Kumarian Press, 2005.
Public Finance	<i>Exploring Corruption in Public Financial Management</i> William Dorotinsky and Shilpa Pradhan in J. Edgardo Campos and Sanjay Pradhan, Editors, <i>The Many Faces Of Corruption</i> . Washington, DC: The World Bank, 2007.
Public Finance	<i>Combating Corruption in Revenue Administration: An Overview</i> Tuan Minh Le in J. Edgardo Campos and Sanjay Pradhan, Editors, <i>The Many Faces Of Corruption</i> . Washington, DC: The World Bank, 2007.

Public Finance	<p><i>Corruption in Tax Administration</i> Mahesh C. Purohit World Bank, 2007</p>
Transport	<p><i>Making Inroads on Corruption in The Transport Sector Through Control and Prevention</i> William D. O. Paterson and Pinki Chaudhuri in J. Edgardo Campos and Sanjay Pradhan, Editors, <i>The Many Faces Of Corruption</i>. Washington, DC: The World Bank, 2007.</p>
Water	<p><i>Tackling Corruption in the Water and Sanitation Sector in Africa: Starting The Dialogue</i> Janelle Plummer and Piers Cross in J. Edgardo Campos and Sanjay Pradhan, Editors, <i>The Many Faces Of Corruption</i>. Washington, Dc: The World Bank, 2007.</p>

Annex 6. Corruption Assessment Report: Annotated Outline

Page length target: 40 pages, plus additional appendices

Table of Contents

Table of Figures and/or Tables

Acknowledgements

List of Acronyms

Executive Summary

- a. Short description summarizing the current status of corruption and anticorruption efforts in the country, including a forward-looking perspective of likely trends.
- b. Summary description of the primary causes of corruption and core problems in the country and a discussion of opportunities and obstacles for change. (reference to syndrome should be provided if the syndrome tool was used).
- c. Description of the anticorruption strategic plan, identifying the strategic goals and associated implementing plans, and how they relate to the problem description (item b).
- d. Summary of priority program recommendations to fight corruption described sector-by-sector, including cross-sectoral options.
- e. Suggested starting points for USAID anticorruption programming, including near-term program recommendations that can be accomplished quickly and are likely to yield effective results.

1. Introduction

- a. Discussion that puts the state of corruption and anticorruption programs into historical context and in the perspective of political-economic and developmental dynamics.
- b. Brief description of the report's structure and methodology
- c. Identify assessment team members, including any auxiliary team members such as USAID staff and/or implementing partners.

2. Overview of Corruption in Country X

- a. Overview of corruption in the country which outlines scope, nature and key actors, including any relevant conclusions drawn from the political-economic analysis
- b. Factors that contribute to the spread of corruption in the country.
- c. Factors that help control corruption in the country.
- d. Corruption trends as measured by corruption indicators, surveys and past assessments.

3. Policy and Legal-Institutional Framework to Fight Corruption

- a. The status of national anticorruption policy and recommendations for improvement.
- b. The status of anticorruption enforcement (laws and actions) and recommendations for improvement.
- c. The status of corruption prevention laws and institutions, including, at a minimum, reviews of laws and practice on internal controls, external oversight, conflicts of interest, codes of conduct, public hiring and appointments, assets disclosure, access to information, citizen complaint mechanisms, whistleblower protection, sunshine laws and citizen oversight and participation. Recommendations for improvement should explain why certain laws and institutions are targeted and not others.

4. Anticorruption Stakeholders in Country X

- a. Overview of actors/institutions that fight corruption, including, at a minimum, cross-sectoral, oversight, and law enforcement institutions; civil society organizations; business organizations; and mass media outlets. Consider stakeholder mapping and discussion of political will. Recommendations for improvement should explain why some stakeholders are targeted and not others.

5. Initial Strategic Framework for Country X

- a. Based on analysis of preceding data and trends, identify core problems, proposed strategic goals for anticorruption programs, and working hypotheses about the underlying causes of corruption and what can be done to reduce the problem.

6. Corruption in Government Sectors, Functions and Institutions

- a. Explanation of why certain sectors, functions or institutions were chosen for further exploration, and not others.
- b. Sector/Function/Institution X....
 - i. Overview of corruption in the sector/function/institution
 - ii. Major corruption vulnerabilities in the sector/function/institution
 - iii. Opportunities and obstacles for anticorruption programs
 - iv. Practical recommendations for program options
 - v. *Optional*: Summary table of anticorruption options that summarizes each option, major counterparts that would be involved in program implementation, potential obstacles, nature and level of impact on corruption (high, moderate, low), likelihood of short-term success (high, moderate, low), and likelihood that option can be implemented quickly (high, moderate, low), and priority for the short-, medium- or long-term
- c. Sector/Function/Institution Y....

7. Strategic Plan and Priority Recommendations for Anticorruption Programming

- a. Present a Strategic Plan for an integrated anticorruption program by updating the earlier framework and using the sector/function/institution diagnoses.
- b. Describe key recommendations – those that can be implemented quickly, deal with a prominent corruption vulnerabilities and priority USG areas, and have a high likelihood of success. Point out the linkages of each recommendation to the core problems and strategic goals in the Strategic Plan.
- c. Integrated summary table of priority recommendations from across sectors/functions/institutions that lists high and moderate priority program options, linking each to core strategic goals and ongoing or planned USAID/USG programs, if appropriate.

Bibliography

Annex:

- List of Interviewees
- Legal-Institutional Analysis

ANNEX 7. Illustrative Statement of Work for a Corruption Assessment

Introduction

This scope of work calls for the completion of two interrelated tasks: (1) an assessment of the corruption problem and anticorruption initiatives in _____ [country]; and (2) the development of an anticorruption strategy and prioritized programmatic recommendations for USAID. The assessment team will use the USAID Corruption Assessment Framework handbook attached to this scope of work as guidance in conducting the assessment and developing the strategy and recommendations. This scope of work does *not* call for a full and detailed program design.

Background [to be completed by Mission]

This section should provide a brief description of:

- Corruption trends in the country and the political, economic, legal and institutional factors in _____ [country] that have produced them.
- The challenges of corruption, where it hurts governance and growth, and where there are opportunities to control corruption.
- Ongoing USG, other donor, and host government initiatives to fight corruption and their performance to date.

Note: In keeping with USAID's Paris Declaration commitments to reduce duplication of assessments, improve coordination with local government and non-government stakeholders, and do more to follow host government priorities, a number of steps should be considered. At minimum, Missions should provide other donor assessment documents to the team. In addition, Missions should determine in advance and include in this scope of work: 1) whether there are opportunities to coordinate assessments with other donors or conduct joint assessments; 2) the degree to which the assessment team will work directly with host-government counterparts and/or incorporate host-government anticorruption strategies and plans in their recommendations; 3) whether the team will provide briefings for host-government counterparts (or other host-country stakeholders) at the beginning, middle and/or end of the assessment. Experience shows that the groundwork for better coordination with government counterparts must be laid by Mission staff well before the assessment team arrives in the country.

- Specific issues of concern for the assessment (if any).

Objectives of Assessment

The goals of the assessment are to provide a clear and detailed understanding of the nature and causes of corruption in _____ [country], a strategic vision of the problem, and a set of strategically-justified recommendations as to how USAID can develop programmatic initiatives to control the problem.

Assessment Methodology and Scope of Work

The team will apply the Corruption Assessment Framework attached to this scope of work as guidance in conducting the assessment. The purpose of this Framework is to provide USAID Missions and their implementing partners with an integrated approach and set of practical tools to conduct tailored corruption assessments efficiently, but at a level detailed enough to produce targeted and prioritized recommendations for programming. It provides a framework that facilitates both a broad view of the factors influencing corruption and a way to drill down to understand the detailed dynamics of the problem in specific sectors, institutions and government processes. Most importantly, the framework guides the assessment team to identify and prioritize appropriate and practical program options to deal with strategically selected corruption problems.

The main objective of the assessment approach 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*. The handbook provides step-by-step assistance in both implementing the methodology and producing the assessment report. The guidance is based on international best practices and pilot assessments that tested earlier versions of the methodology. The tools and framework are meant to provide useful guidance and direction to the assessment team, not necessarily “the” answers. Given this guidance, the assessment team will have to analyze what it has learned from a variety of sources and integrate that understanding into the assessment and program recommendations that result from the activity. Each assessment team may find that it will want to adapt, expand or otherwise alter these approaches based on the needs of the final users and/or the specifics of the country being assessed.

The assessment methodology is divided into eight tasks. While some of the tasks lend themselves to being completed in a certain order, others may be completed throughout the course of the assessment. Below are the tasks recommended by the framework.

Early Activities

The team should spend a substantial amount of effort preparing for the field work.

1. **Team Planning Meeting (TPM) and initial review of literature.** The proposed assessment team shall begin their tasks by preparing a detailed work plan which can be refined as the team begins its work. While it is optimal if the team members are co-located, TPMs can be conducted with members in different locations through the use of teleconferencing tools. If a TPM during the pre-trip phase with all team members is not possible, it may be necessary to conduct two TPMs -- before departure and upon arrival in-country. In addition, during this task, the team should collect and review reports, documents, previous assessments, indicators, and other existing materials that will help to inform the assessment.
 - Product: Draft work plan
2. **Analysis of the legal-institutional framework** related to fighting corruption. This work can be done by a local legal expert(s) 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 results of the analysis should be summarized in the Assessment Report by highlighting the weaknesses and gaps in the formal legal-institutional framework, as well as in ways the provisions are implemented. The complete text of the analysis can be used in its entirety as an appendix to the report.

- Product: Completion of the legal-institutional framework chart.
3. **Political-economic analysis.** Throughout the assessment, the team will conduct a political-economic analysis of corruption so that proposed programs are properly targeted at the underlying causes of the problems, not just their symptoms. The handbook provides a methodology for applying the “corruption syndrome” tool that can start this process even before arrival in country, though preliminary hypotheses based on this analysis will need to be tested during the in-country stage. The assessment team should draft a short narrative for the assessment report that elaborates on the political-economic drivers of corruption in the country based on the syndrome analysis or other research.
 - Product: Narrative of the political-economic analysis of corruption in the country, identifying root causes and dynamics.
 4. **Initial stakeholder analysis.** The broad range of stakeholders that can facilitate or inhibit implementation of anticorruption reforms needs to be examined. The political will, capacity and resources, and readiness of government sectors, political parties, NGOs, and external actors should be evaluated to provide an understanding of opportunities and problems, and champions and opposition. The “stakeholder mapping” approach is a potential tool to conduct this analysis. This analysis should be validated once the team is in country.
 - Product: Narrative of the stakeholder analysis.
 5. **Initial assessment of government sector and function priorities and “readiness” for anticorruption reforms.** In this task, the team reviews key government sectors and functions to understand *where* corruption hurts the most and *where* opportunities exist to address the problem. The team will use several inputs: the legal-institutional analysis conducted in Task 2 as well as the hypotheses about political-economic dynamics and core causes of corruption derived from syndrome profiles and available research reports, analyses, assessments and opinion surveys; and US Government, other donor, and host government priorities. To the degree possible, begin collecting data on these targeted sectors and functions, find appropriate local consultants, and start scheduling meetings and interviews prior to arriving in the country. The decision about the key sectors and functions can be revisited once the team is in-country.
 - Product: Initial list of priority sectors and functions that ought to be diagnosed in greater depth while in-country.
 6. **Initial strategic approach.** Based on the previous tasks, the assessment team should have sufficient insight into the country’s corruption problems and anticorruption opportunities to develop preliminary strategic hypotheses 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 corruption causes and dynamics, not to specific tools or controls aimed at particular practices. The strategic framework should elaborate on the core

problems that drive corruption in the targeted country, strategic goals, and working hypotheses about the underlying causes of corruption and what can be done to reduce the problem. In addition, initial ideas on the priority sectors, functions and institutions that should be diagnosed in more detail will be identified.

- Product: Initial strategic framework. Finalized work plan.

In-Country Activities

Having accomplished the above, the team will be able to undertake more in-depth analyses in-country.

- a. **Validation of earlier analyses and hypotheses** through meetings with experts, USAID and Embassy staff, and local specialists. Based on these meetings, the team should assess the extent that the political-economic analysis, the sector and functional priorities, and the strategic approach need to be adjusted.
 - Product: Revised list of priority sectors and functions, and strategic plan
7. **In depth diagnosis of priority sectors, functions and institutions.** In this task, detailed diagnoses of the most problematic or priority sectors, functions and institutions are conducted based on document reviews, interviews and focus groups with major stakeholders. The team should refer to the library of *Diagnostic Guides* in the Annex for key questions to ask in order to understand critical sector/function/institution-specific corruption weaknesses. The diagnostic results need to be analyzed within the context of the strategic plan, considering the key problem statements and priorities.
 - Product: Program recommendations at a sectoral, functional and institutional level.
8. **Finalizing the strategic plan and prioritizing recommendations.** In this last task, the team will present a Strategic Plan for an integrated anticorruption program by updating the earlier framework and using the sector/function/institution diagnoses. In addition, the team will produce an integrated set of recommendations for programmatic options to fight corruption in the targeted country that addresses the goals set forth in the Strategic Plan. The ultimate product of this step is a well-considered integrated plan for anticorruption action for USAID to consider in the context of the overall Corruption Assessment Report. Recommendations should be designated as high, medium or low priority. Importantly, each recommendation should be linked back to the Strategic Plan and described briefly, major implementers and counterparts listed, potential obstacles to success recognized, and anticipated impacts on corruption identified.
 - Product: Corruption Assessment Report

Deliverables

1. Work plan and timeline for the assessment (within two weeks of receipt of CTO approval to begin work) including:
 - List of document sources, a list of standard corruption indicators, and names of targeted participants/institutions for interviews and focus groups. (This initial list will be enlarged as research progresses.)

- Tools for data collection (questionnaires, facilitation guides, etc.)
 - Brief explanation of how team will plan and organize itself so that the assessment and its conduct will be informed by the local cultural, political and social context.
2. Initial strategic framework (prior to or upon arrival in country) with delimited core problem definitions, strategic goals, working hypotheses around the strategic approach, and a preliminary list of key sectors, functions and institutions for in-depth analysis.
 3. Entrance and exit briefing with USAID.
 4. End of assessment documents:
 - One draft and one final report (approximately 40 pages plus additional appendices). The draft report shall be submitted one week after departure from the country. The final report will be due two weeks after receipt of comments on draft from USAID. *The report should cover the following topics, though each does not necessarily require a separate section; other sections and discussions may also be included:*
 - a. **Executive summary**
 - b. **Introduction** - Discussion that puts the state of corruption and anticorruption programs into historical context and in the perspective of political-economic and developmental dynamics; brief description of the report's structure and methodology
 - c. **Overview of corruption in the country** - Overview of corruption in the country which outlines scope, nature and actors, including any relevant conclusions drawn from the political-economic analysis. Major corruption vulnerabilities, factors that contribute to or reduce the spread of corruption in the country; corruption trends as measured by corruption indicators, surveys and past assessments.
 - d. **Policy and legal-institutional framework to fight corruption** - Outline of anticorruption legislation and status of implementation/enforcement. The status of corruption prevention legislation and institutions, including, at a minimum, reviews of laws on internal controls, external oversight, conflicts of interest, codes of conduct, public hiring and appointments, assets disclosure, access to information, citizen complaint mechanisms, whistleblower protection, sunshine laws and citizen participation. Recommendations for improvement.
 - e. **Anticorruption stakeholders** - Overview of actors and institutions that fight corruption, including, at a minimum, government oversight and law enforcement institutions; civil society organizations; business organizations; and mass media outlets. Discuss political will and readiness to fight corruption. Recommendations for improvement.
 - f. **Initial Strategic Framework for Country X** - Based on analysis of preceding data and trends, identify core problems, proposed strategic goals for anticorruption programs, and working hypotheses about the underlying causes of corruption and what can be done to reduce the problem. Identify key sectors and functions for in depth anticorruption assessment and provide rationale for selection.
 - g. **Corruption and anticorruption options in priority government sectors, functions or institutions** - For each key sector, function or institution identified for the assessment provide the following: overview of corruption in the sector or function,

major corruption vulnerabilities, opportunities and obstacles for future anticorruption programs, and practical recommendations for program options. As a potential option, provide summary table of anticorruption options that summarizes each option, major counterparts that would be involved in program implementation, potential obstacles, nature and level of impact on corruption (high, moderate, low), likelihood of short-term success (high, moderate, low), likelihood that option can be implemented quickly (high, moderate, low), and priority for the short-, medium- or long-term.

h. Strategic plan and priority recommendations for anticorruption programming

- Present a Strategic Plan for an integrated anticorruption program by updating the earlier framework and using the sector/function/institution diagnoses.
- Describe key recommendations – those that can be implemented quickly, deal with a prominent corruption vulnerabilities and priority USG areas, and have a high likelihood of success. Point out the linkages of each recommendation to the core problems and strategic goals in the Strategic Plan.
- Integrated summary table of priority recommendations from across sectors/ functions/institutions that lists high and moderate priority program options, linking each to core strategic goals and ongoing or planned USAID/USG programs, if appropriate.

All deliverables are subject to USAID approval by USAID/_____ (See “Technical Direction” below.)

Team Composition and Proposed Level of Effort

Implementation of this assessment calls for a team of two international specialists, one or two local specialists and a local logistician/scheduler. The contractor shall propose the technical specialties that it thinks is needed for the team based on its initial assessment of the types of issues, sectors or functions that will require targeted analysis. Typically, the international team members should be country or regional experts with specialties in corruption and sectoral issues (especially, but not limited to, the judicial and public finance sectors). As to the local experts to be included on the team, typically they should include (a) a legal/regulatory specialist who can elaborate in detail on the current legal, regulatory and institutional framework related to anticorruption issues; (b) an economist who specializes in public finance issues; and/or (c) sector specialists in country-specific vulnerable or priority areas, such as health or education. In addition, one local logistician/scheduler should be identified.

Familiarity with programmatic approaches as well as theoretical concepts in relevant subject areas is critical. All team members must be fluent in English; at least one team member must have a good command in _____.

Team Leader (international) shall be a senior social scientist, public administration expert or individual with a similar profile with an advanced degree in a relevant discipline. S/he must have at least five years experience in anticorruption research and/or programming. Experience in assessing corruption, evaluating anticorruption efforts and strategy development is critical. Knowledge of the anticorruption literature and measurement approaches is necessary. Knowledge of DG issues is required. Regional

experience and/or country knowledge is required. Ability to conduct interviews and discussions and to write in English is required. Knowledge of host country language is a plus but not required as long as another team member is fluent (written and spoken). Knowledge of USAID is preferable.

Team Member (international) shall be a social scientist, public administration expert or individual with a similar profile, with graduate level training. At least three years experience in anticorruption research and programming is required. Experience in conducting assessments and developing strategies is also required. Regional experience and/or country knowledge is expected. Ability to write in English is required. Knowledge of host country language is a plus but not required as long as another team member is fluent (written and spoken). Knowledge of USAID is preferable.

Team Member (local consultant/expert) will be an attorney, social scientist, public sector management specialist, economist or legal researcher. Minimum degree BA/BS (advanced degree preferred). Good understanding of political dynamics and political actors in the host country is essential. At least three years of work experience in a relevant field is required. Knowledge of USAID and other donors in host country is preferable. Ability to read, write, and speak in host country language/s is required; ability to converse and write in English is required.

Proposed Level of Effort and Period of Performance

Note: The following levels of effort are based on a 2-3 week in-country assessment. Experience with previous assessments highlighted the importance of providing sufficient preparation time to allow teams to make the best use of existing reports and documentation. Missions should adjust the balance of pre-trip preparation and in-country time based on factors including the amount of existing information and reports that need to be reviewed, whether the Mission will require an initial briefing with initial plans and hypotheses based on existing information, and the complexity of the country and local logistics, as well as budget.

Team Leader (expat) –
18-24 days work in country
2-4 days travel
5-8 days U.S. preparation
5 days report finalization
5 days report revision
35-46 days total

Team Member (expat) –
18-24 days work in country
2-4 days travel
5-8 days U.S. preparation
5 days report finalization
3 days report revision
33-44 days total

Local consultant/s (in country only)

10 days preparation

18-24 working days with the team

2 days follow-up after the team leaves the country

30-36 days total

The team leader will have responsibility for drafting the report, but team members will also be expected to contribute written material as decided by the team under the leadership of the team leader.

The local team member/s will be responsible for the initial analysis of the legal-institutional framework, will facilitate contacts with key officials and other sources, and will provide expert input to the report as directed by the Team Leader. Local team members should be considered carefully and chosen early in order to assist with pre-trip analysis and contribute to assessment process planning. Local consultants should have broad credibility in-country.

Logistical support: While USAID will assist in arranging selected meetings, the contractor team will make most of its own contacts and appointments and will provide all of its own transportation, work space and communications.

Work week: A 6-day work week is authorized in the field with no premium pay.

The work will begin o/a _____ and will be completed by o/a _____. Field work should begin o/a _____.

Technical Direction

Technical Direction during the performance of this delivery task will be provided by _____.

USAID/XXXX will provide, to the extent possible, assistance in setting up appointments with government officials, civil society and other community leaders. The Mission will help to compile the document resource list and provide as many documents on that list as possible.

USAID/XXXXXX will not participate in all of the contractor's meetings with various stakeholders; however, on a case by case basis, USAID may want to attend meetings with high level governmental officials or community leaders. USAID requires prior notification for, and will join any meetings with, government officials at the Ministerial level. USAID/XXXXXX expects the contractor to provide weekly oral briefings on the assessment's progress and provide a heads-up on any sensitive issues.

Gender Considerations

Within the course of conducting corruption assessments, especially during the detailed diagnostic phase, the team should inquire about gender-related issues within sectors and government functions where corruption risks are deemed to be high. For example,

1. What is the variable impact of corruption on men and women?
 - a. In each sector or function, are there significant differences in the extent to which men and women interact with potentially rent-seeking government officials?
 - b. In each sector or function, are there significant differences between men and women in terms of degraded public services received due to corrupt practices?
2. What are reasonable responses to corruption among men and women?
 - a. In each sector or function, are there significant differences in gender participation in citizen advocacy aimed at controlling corrupt practices?
 - b. Can recommended program options be developed that promote realistic gender participation in combating corruption?

ATTACHMENTS:

1. USAID Corruption Assessment Handbook
2. Background Materials (*provide the following documents if available*):
 - USAID country strategy.
 - Corruption studies and reports including, but not limited to:
 - National Integrity System Country Study by Transparency International (TI);
 - TI Corruption Perception Index:
www.transparency.org/policy_research/surveys_indices/cpi
 - Global Integrity Index: <http://report.globalintegrity.org>
 - World Bank's Control of Corruption Index:
http://info.worldbank.org/governance/wgi/mc_countries.asp
 - USAID resources available through USAID's Anti-Corruption technical areas webpage:
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

Annex 8. Background Note on Corruption Syndromes¹

This methodological note offers a discussion of what the idea of “syndromes of corruption” means in practical terms. The conceptual discussion draws upon, and is presented in greater detail, in Michael Johnston’s book, *Syndromes of Corruption: Wealth, Power, and Democracy*.²

What are Syndromes of Corruption?

The basic notion behind the syndromes scheme is that corruption in varying societies does not vary only in terms of there being more or less of it—a judgment that in fact is extremely difficult to make—but also reflects deeper and long-term political-economic and development processes and problems. Differing syndromes in turn have contrasting implications for development and democratization, and require reform responses that address those deeper causes. Identifying the kind of corruption problems a country has, therefore, helps us diagnose basic difficulties and devise countermeasures that are appropriate to the setting and not just band-aids for symptoms.

The key contrasts here are qualitative, not quantitative. Defining and testing for syndromes is a matter of asking what underlying factors might influence the ways people pursue, use, and exchange wealth and power. Once we have concluded that a set of syndromes make sense—a case I make in the book, using statistical and case-study approaches—we can look at other countries, identify their particular syndromes of corruption, and make informed guesses as to the underlying problems that we must attack. The syndromes scheme does not generate “toolkits” for reform, in the sense of a neat list of corruption controls producing quick results. Instead, the recommendations it generates are strategies for attacking deeper problems of participation and institutions in the middle to long term. In no way does the syndromes approach replace or invalidate specific control measures; they will always be necessary, but we need to choose the right ones for a given setting and have a clear sense of the basic problems we are trying to remedy.

The goal is threefold:

- By defining syndromes in terms of deeper development problems, to help us understand the anticorruption potential and risks inherent in longer-term development strategies we already pursue (such as, but not limited to, economic liberalization, developing civil society, encouraging political will, building administrative and political capacity, encouraging electoral competition, and the like)
- By directing a portion of reform energy to those deeper problems, to bring about a situation in which more specific anticorruption measures and controls have a better chance of success over the middle to long run
- By emphasizing the broader goals, risks, and implications of specific countermeasures, the syndromes approach can provide useful guidance on measures to avoid (a good idea in one context might be irrelevant or harmful in another), and on measures to be deferred until later stages of an anticorruption effort.

Applying the syndromes scheme not only allows for detailed local knowledge, but in fact *depends* upon that sort of contribution. No country will have one unique form of corruption extending across its whole system; there are some practices (e.g. police corruption) found to varying extents everywhere. Two or more

¹ Authored by Michael Johnston

² Michael Johnston, *Syndromes of Corruption: Wealth, Power, and Democracy*. Cambridge and New York: Cambridge University Press, 2005. Sections of this report incorporate material from Chapter 3 of that book. Further information at <http://www.cambridge.org/uk/catalogue/catalogue.asp?isbn=0521618592>

syndromes might be found in differing regions or sectors, or at various levels, of a system. Further, while any characterization of corruption syndromes is a kind of freeze-frame view, corruption and societies change and evolve. Thus, local knowledge will be useful in determining which cases and what changes are most representative, and most important, within a country; pairing that sort of knowledge with the syndromes used as diagnostic tools can define anticorruption targets and are important within their setting and basic in their significance. Even where the syndromes classification appears, on the basis of local knowledge, to be wrong or to apply only in some respects, making that determination requires us to look afresh at what we know about a corruption situation and to assess that knowledge in a broader and deeper context.

Deeper Influences

What are the underlying forces that shape syndromes of corruption? I divide them into two categories:

- **participation** in a country's political and economic arenas (who seeks, uses, and exchanges wealth and/or power, in what ways, using what strategies, tactics, and resources?) and
- the **institutions** (what rules and boundaries define acceptable and unacceptable uses of, and connections between, wealth and power, what institutions protect rights and equity within the economy and political processes, who if anyone upholds them, and how effective are they in practice?) defining and linking those two realms.

Both are defined in deliberately broad terms: participation includes a wide range of activities, formal and informal, legitimate and illicit; institutions may be legal, political, or social. Both may be found within or outside of the formally established structure of the system. It is entirely possible for weak institutions to coexist with a coercive state and/or durable individual interactions and community organizations. Conversely, strong official institutions are not guarantees that all is well at other levels: the United States, for example, scores well on institutional indicators yet, as some suggest, has a civil society in decline.³ Contrasts among countries' corruption problems and the nature of the corruption syndromes they experience grow out of the ways those influences facilitate and reward the pursuit, use, and exchange of wealth and power while discouraging others. Not all such activities are corrupt by any means; indeed, the ideal we seek is the freedom to participate in politics and the economy on a fair and competitive basis. Those interests and opportunities are what energize free political and economic arenas, and are the surest basis for building sustained support for corruption control.

Four basic syndromes are defined conceptually, and identified in real cases, by the interplay of political-economic dynamics (the state and trends of political and economic opportunities) within a given setting of state, political, and social institutions. Problems with participation and weaknesses in institutions foster distinctive ways of using, pursuing, and exchanging wealth and power that set each syndrome apart. The value of the syndromes approach lies not only in distinguishing various kinds of corruption problems from each other, but also in diagnosing the long-term causes of corruption and, therefore, strategic priorities for reform.

Since the syndromes are multidimensional, it is difficult – and also, perhaps, misleading or counterproductive in some circumstances – to give them proper names. In the Handbook, the four basic syndromes are referred to as:

- Type 1 – Wealth pursues influence in public institutions
- Type 2 – High-level figures collude to weaken political/economic competitors
- Type 3 – Oligarchs contend in a setting of pervasive insecurity
- Type 4 – A dominant inner circle acts with impunity

³ Robert Putnam (2000) *Bowling Alone: The Collapse and Revival of American Community*. New York: Simon and Schuster.

In the Johnston book, the syndromes are given broad labels, which are used in the rest of this Annex: Influence Markets (Type I), Elite Cartels (Type II), Oligarchs and Clans (Type III), Official Moguls (Type IV). It is important to remember that these syndromes are not “system types” as such, but rather *patterns of corrupt activity*. They are not the whole governance story in any country, but rather are intended to be a useful simplification.

Searching for patterns

To search for syndromes of corruption is to ask, *what are the underlying developmental processes and problems of which a society’s corruption is symptomatic?* Huntington, for example, suggested that where economic opportunities are more plentiful than political ones, ambitious people use wealth to seek power.⁴ Where political opportunities abound and economic ones are scarce, by contrast, he expected power to pursue wealth. Where institutions are weak, other contrasts may emerge: a weak state may be vulnerable to illicit private pressures, unable to restrain the conduct of officials or business interests, or both. Civil society may not exist, or be strong enough to sustain social trust or check elites’ power. Some states protect property rights effectively and intervene in the economy in judicious ways; in others, legalities mean little, regulatory functions are little more than shakedown schemes, and state policy enriches those at the top. Indeed, weak institutions create incentives for more corruption as people seek protection in an uncertain environment.

Four basic categories

The challenge is to identify country categories broad enough to preserve important commonalities, to avoid creating categories too numerous to be useful, and yet to bring out important contrasts. We need to compare societies in terms of (a) the range and openness of political and economic opportunities they offer, and (b) the extent to which official and unofficial institutions protect economic, political, and property rights, guarantee fair play, and restrain abuses by the powerful. The categories that result will not exhaust all possible combinations of participation and institutions—far from it. Still, types of political and economic systems, and levels of institutional strength, do tend to fall into identifiable, if far from perfect, patterns—patterns that are identified and validated in the book by a statistical technique called Cluster Analysis. Established democracies, for example, tend to have mature market economies; where open and competitive politics and markets have been in place for a long time, economic and political institutions are likely to be moderately to very strong. But there are also consolidating or reforming market democracies in which political competition is still emerging or undergoing significant change; in many cases their economies are becoming more competitive too. Institutional frameworks in such societies are moderately strong, but weaker than those in the first group. Chile, South Korea, and the more consolidated post-communist democracies of Central Europe are examples. Countries in a third group are undergoing major political *and* economic transitions. Many kinds of change are happening at once, institutions are very weak, and relationships between wealth and power form and change rapidly. Turkey, India (with its economic transition), the Philippines, and Ghana are possible examples of this sort. Finally, undemocratic regimes, by definition, are marked by political opportunities that are few in number and tightly controlled—often becoming the stakes of corrupt deals. While such regimes are strong, their institutions, other than those created de facto by personal power, are often quite weak. But many such countries have opened up their economies, to varying degrees, over the past generation, in part because of international pressures and global economic incentives. Even if they are nowhere near being fully competitive, growing economic opportunities result; but where the system is dominated by a powerful few, there is little to prevent top figures from exploiting or handing out such opportunities as they please. In this last group, we might find

⁴ Samuel Huntington (1968) *Political Order in Changing Societies*. New Haven: Yale University Press.

countries such as China, Indonesia, many but by no means all sub-Saharan African states, and Middle Eastern countries such as Jordan and the Emirates.

What are these syndromes of corruption like in practice? Here are short descriptions for each.⁵

1. Influence Markets (or Type I) are familiar in relatively settled democracies where wealthy interests buy or rent access to political figures and strategically placed bureaucrats—at times, legally and openly. Wealth is used not in pursuit of political domination but rather to influence specific decisions such as the details and implementation of particular policies. Thus, a business or its representatives might deliver significant funds to an elected official or party leader 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. Influence Markets may lead to agency or regulatory “capture” in specific areas, but the process is generally too competitive, and officials have too much autonomy, to make full-blown state capture likely. The relatively strong institutions and competitive economies of Influence Market countries make access to decision makers a valuable commodity: major benefits are at stake and those officials make decisions that have major consequences. Officials may take the initiative in demanding payments, again with limited, specific stakes on the table, as exemplified by “pay-to-play” systems of public procurement and contracting. Over time, Influence Market corruption can reduce political and economic competition and make for inflexible policy.

Influence Market corruption is most likely found in established market democracies, but it is worth including here for several reasons. First, even the countries perceived as “cleanest” still have some corruption, and it is worth worrying about. Further, many anticorruption strategies for developing societies—often, formed and backed by affluent market democracies—tend to follow Influence Market logic even when it is inappropriate. In its own setting, Influence Market corruption can have serious implications: while it is unlikely to cripple economic development it can impede political competition (enhancing the often formidable advantages of incumbent parties and elected officials), skew public policy in directions that favor established interests over adaptation, and undermine public trust in politics and regimes.

2. Elite Cartels (or Type II) are extended networks linking diverse but colluding elites who share a strong stake in protecting the *status quo* against political and economic competitors. Such competition, in most cases, is intensifying at least gradually. Elites in the cartel may include politicians, party leaders, bureaucrats, media owners, military officers and business people—in both private and, often, parastatal sectors—in various combinations. Corruption will be moderate to extensive, but tightly controlled from above, with the spoils shared among (and binding together) members of the elite network. Leaders of nominally competing political parties may share corrupt benefits and power among themselves, again as a way of protecting themselves and their parties against democratic pressures and electoral losses. Elite cartel systems are often marked by ineffective legislatures, extensive state power (legal or otherwise) in the economy, politicization of development policy and banking, and a process of mutual “colonization” among business, political parties, and the bureaucracy. Elite cartel corruption underwrites a kind of *de facto* political stability and policy predictability, partially compensating for moderately weak official institutions; international investors may find the situation tolerable or even attractive. For that reason Elite Cartel corruption may be a useful “halfway” alternative to more disruptive kinds of corruption in the short to middle term, but it still delays the growth of genuine political competition, while the shared interests of interlinked elites may make for inflexible policy and reduced economic adaptation. Elite cartel corruption often features large and complex corrupt deals, marked more by collusion than outright theft or violence, orchestrated from above, and closed to outsider elites.

Elite Cartels draw diverse elites together into complex extended networks that dominate but are not limited to the domain of the state. State institutions are only moderately strong to begin with; moreover the

⁵ More extensive accounts and case studies appear in *Syndromes of Corruption*, Chapters 4-7.

dominant elite often face rising competition in both the political and economic arenas. Sharing corrupt benefits while denying them to competitors is an effective and enriching way to maintain dominance and to stave off competition. While corruption as influence will hardly be absent in these situations, key relationships are collusive rather than hierarchical.

Several political parties and elite factions may share in elite cartel corruption; in cases such as Italy's pre-1993 party system or South Korea's *chaebol* economy in the pre-democratic era, superficial competition masked extensive collusive relationships not far beneath the surface. Italy's non-communist parties ran against each other at election time but divided up public contracts and colonized the bureaucracy between elections; Korean *chaebols* that kept current with their political payments were given access to credit at preferential rates, and were allowed to guarantee each others' loans without requirements to show sufficient assets for doing so. Elite cartel networks can extend into the news media and private business while maintaining what might otherwise become civil society as elite clienteles. Competing elites will have networks of their own, but without control over state power, funds, and the cash flow of the parastatal sector, those networks will be far weaker.

3. Oligarchs and Clans (or Type III) embody a complex and highly disruptive variety of corruption found where both politics and the economy are rapidly opening up institutions are very weak, and insecurity is pervasive. Power and wealth, the latter in sometimes massive amounts, are up for grabs, and there are few real rules as to how they are sought and won. Winners may make major gains but find them difficult to keep, creating incentives to violence, protection markets, and capital flight on a large scale. This syndrome is dominated by a few very powerful figures with personal followings extending across several sectors of government and the economy; influence within law enforcement and the courts will be of particular value in grabbing power and assets. Organized crime may be part of the Clan as well. The Clans may well be unstable, however, as loyalty to an Oligarch is only as valuable as the rewards he can provide; the Oligarch may have to pay again and again for support (that, too, making violence attractive as a method of control) and followers may well have several options.

This syndrome of corruption will be particularly unpredictable, intensifying its developmental costs and making opposition to corruption risky. Conventional anti-corruption measures may have little success for lack of an institutional foundation and any real political or social "ownership". Further economic liberalization, decentralization, or even transparency drives may only pour gasoline on the fire; so too may too-rapid transitions to competitive politics, to the extent that it lacks an institutional footing and increases elites' sense of insecurity. Attacking the climate of insecurity in the short to middle term will be essential before most conventional reforms will be able to succeed, and before civil society can play a meaningful role in opposing corruption.

4. Official Moguls (or Type IV) are corrupt figures whose influence depends upon their ability to put state power to personal use, or upon the personal favor of top figures in a regime. Unlike Influence Markets, where wealth intrudes into state functions, Official Moguls use state power to intrude into the economy, including incoming aid and investment. The exact extent of Official Mogul corruption 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 in Official Mogul countries. Where Official Mogul corruption is extensive, top political figures may form alliances with favored business interests or may colonize those interests on behalf of themselves and their friends. In smaller societies, Official Mogul networks may be dominated by a top figure, family members, and personal favorites. In more complex countries, however, such networks may be more decentralized along sectoral or geographic lines, particularly where economies are changing, and creating new opportunities, at a faster pace than state institutions can manage. While some political liberalization may be in progress, countervailing political forces remain weak, both facilitating this syndrome of corruption and making opposition to corruption, and

to the regime, potentially risky. Serious Official Mogul corruption can be extremely unpredictable, and can exact major costs in terms of democratization and open, orderly economic development.

In the Official Moguls syndrome the Regime Leader or leadership clique is the hub of a wheel of corruption. The leader monopolizes key rewards and resources in both the public and the private sector (a distinction that in some cases may make little real difference), exploits them directly for wealth, allocates some such opportunities or resources to favorites and family members while withholding them from others, and extracts loyalty and possibly further payments in return. The economies may well be liberalizing to some extent in these regimes—oddly enough, a change that may make the Leader’s control or favor all the more lucrative—but politics remains centralized and personal.

Remedies in such cases will, once again, be undercut by political realities: if the central leadership does not want a transparency building project to work, or sees it as a threat, it will fail. Outwardly promising anti-corruption activities may be *pro forma* efforts only, or even become smokescreens for further abuses. Directly attacking the leadership’s political hegemony may well accomplish little or, if it is successful in the short run, may splinter the society into an Oligarchs and Clans situation. Moves toward competitive politics may only encourage leaders to shore up their political positions and reward loyalists; such a situation in Kenya during the Moi years produced a surge of large-scale corruption as a more or less direct result of democratization efforts. Careful assessment of the current regime and its intentions, and a gradual approach to any strategy of opening up the system, will be essential preconditions to any set of specific anti-corruption measures.

Sometimes, observable cases of corruption in a country can provide strong suggestions as to the corruption syndrome that best classifies the country. Figure 1 provides some examples. These illustrate some of the key contrasts distinguishing the four basic corruption syndromes, as well as exemplifying, at least to a degree, the thicket of details out of which syndrome classifications are made.

Overall, a few *caveats* are in order. While the corruption problems of many countries will fit squarely within one syndrome or another, in other instances we may see contrasting syndromes in various regions or sectors. Still other countries may be in transition from one syndrome to another: Mexico is a case in which Elite Cartel corruption under the old PRI regime was eroded by economic and policy changes—including reforms—during the 1980s and 1990s and has more recently given way to a less organized, more dangerous pattern of Oligarchs and Clans.⁶ Further, syndrome descriptions are simplifications of what may in practice be densely-woven systems of corruption; as such, they will not perfectly summarize any one situation. The hope, however, is that they will highlight both key contrasts of each syndrome and important contrasts among them, and thus prove useful as a guide to classification and selection of countermeasures.

Johnston conducted a quantitative clustering analysis in 2006 that placed 108 countries into the four syndromes (see Figure 2). This list can be used as a first approximation when seeking to designate a country into a syndrome. However, it is essential to understand that countries change over time and the syndrome that provided the best description in 2006 might not be accurate five or ten years later. As well, it is important to understand that the clustering analysis places some countries squarely at the center of each syndrome, while others can be considered as close variants of the syndrome type. That is, some countries are described very well by their syndrome description, while others will exhibit major features of the syndrome but will also diverge from the pure type.

⁶ Johnston, *Syndromes of Corruption*, Ch. 6.

Figure 1. Corruption Syndromes in Action

It is often possible to work backwards from actual events and cases to categorize the deeper corruption problems that a country faces. Consider the following cases and how they imply that certain corruption syndromes are at play.

EXAMPLES	SYNDROME IMPLICATIONS
<p>A construction contractor who seeks highway contracts from the government contributes to a major political party. Part of the money goes to legitimate campaign expenditures, but some is used to “sweeten” bureaucrats and some of it vanishes.</p>	<p>This case suggests Type 1: Private interests buy influence within well-institutionalized public agencies (where political parties and politicians are often intermediaries marketing their own access). The contractor in this case is seeking to influence relatively specific outcomes within well-institutionalized government agencies. Political figures in this country are willing to rent out their influence in exchange for cash.</p> <ul style="list-style-type: none"> • Typically occurs in countries with strong institutions, mature markets and democracy.
<p>A Prime Minister routinely skims five percent off the top of military procurement contracts, sharing some of the take with friendly politicians in several political parties, well-placed bureaucrats, a handful of top generals, and key media owners. In times of political upheaval, these figures fall into line behind the PM.</p>	<p>This case suggests Type 2: Networks of political, economic, media, military, bureaucratic, and other elites act in collusion, staving off rising political/economic competition. In this case, the stolen military procurement funds serve to cement a durable network of elites, creating a political framework (based on shared corruption) that is strong enough to fend off competitors in a setting where official institutions are weak.</p> <ul style="list-style-type: none"> • Typically occurs in countries with moderate-to-weak institutions, and gradually liberalizing markets and politics.
<p>An entrepreneur “persuades” a friendly judge to issue a writ, based on fictitious legal technicalities, against a competitor who is conveniently never informed of the judgment. The entrepreneur then seizes the competitor’s factory on grounds of non-compliance, assisted by police and mafia who receive significant payoffs for their help.</p>	<p>This case suggests Type 3: In a setting of insecurity and weak institutions, oligarchs and their personal networks feed on both the public and private sectors, using violence as needed to protect their gains. In this case, the state is so weak and fragmented, due process is so poorly maintained, and property rights in the economy are so uncertain, that entire enterprises can be seized on flimsy legal pretexts. Oligarchs generate a following in both the state and the economy, but must deliver “the goods” and provide payoffs to keep supporters in line.</p> <ul style="list-style-type: none"> • Typically occurs in countries with very weak institutions, and rapidly liberalizing markets and politics.
<p>Bureaucrats in a government-owned bank operate an import-export business using bank resources protected by the nation’s dictator who receives a quarter of all profits. Two of the dictator’s allies, along with his oldest son, control major manufacturing industries, again with the “Big Man’s” permission and protection.</p>	<p>This case suggests Type 4: Top figures, their power both personal and official, engage in corruption with impunity, channeling corrupt benefits to personal, family and political favorites. In this case, the dictator is able to protect corrupt operators in a setting of weak official institutions and little political competition or accountability. Unlike Type 1, where business figures intervene in government, here political figures plunder the economy.</p> <ul style="list-style-type: none"> • Typically occurs in countries with very weak institutions, personalized political power, and liberalizing markets.

Figure 2. Empirical Designation of Countries into Corruption Syndromes
 (Analysis conducted by M. Johnston in May 2006 based on 1995-2006 data sources)

Type 1: Influence Markets

Australia	Netherlands
Austria	New Zealand
Canada	Norway
Denmark	Spain
Finland	Sweden
France	Switzerland
Germany	UK
Iceland	USA
Japan	

Type 2: Elite Cartels

Argentina	Israel
Belgium	Italy
Brazil	Korea South
Chile	Latvia
Colombia	Lithuania
Costa Rica	Poland
Czech Rep	Portugal
Estonia	Slovak Rep
Greece	Slovenia
Hungary	Taiwan
Ireland	Uruguay

Type 3: Oligarchs and Clans

Albania	Malawi
Benin	Malaysia
Bolivia	Mali
Botswana	Mexico
Bulgaria	Namibia
Croatia	Nicaragua
Dominican Rep	Paraguay
Ecuador	Peru
El Salvador	Philippines
Ghana	Romania
Guatemala	South Africa
Guyana	Sri Lanka
Honduras	Tanzania
India	Thailand
Jamaica	Tunisia
Jordan	Turkey
Kenya	Uganda
Madagascar	Zambia

Type 4: Official Moguls

Algeria	Nepal
Bangladesh	Niger
Cameroon	Nigeria
Central African Rep	Oman
Chad	Pakistan
China	Panama
Congo Rep of	Russia
Egypt	Rwanda
Gabon	Senegal
Guinea-Bissau	Sierra Leone
Haiti	Syria
Indonesia	Togo
Iran	Trinidad Tobago
Ivory Coast	Ukraine
Kuwait	Venezuela
Morocco	Zimbabwe
Myanmar	

Implications of the Syndromes: Choosing Reforms

While far from exact fits for every case, the four syndromes—because they link types of corruption problems to underlying difficulties in economic and political development, and in institutions—can be a useful guide to both *strategic* and *tactical* choices with respect to reforms. The former are fundamental, long-term changes in the society, while the latter are specific anti-corruption measures. As we have often learned, tactical measures will amount to little if they lack political and institutional foundations. Calls for “political will” in support of those measures are likely to be futile unless strategic measures are in place, and are sustained in credible ways over the middle to long term.

Strategic reforms attack underlying problems of participation and institutions that shape the corruption syndromes. Some of them do not take the form of corruption controls as such, but will help build participation within a viable framework of institutions. Because they may entail rebalancing relationships between wealth and power and/or developing institutions that can restrain those possessing either or both, they can at times be contentious changes. Examples on the participation side might include gradual economic liberalization and the strengthening of civil society. Institutional initiatives include, for example, revised electoral systems, stronger political parties and news media, strengthened checks and balances among segments of government, improved banking and currency systems, and protecting civil liberties. None of those reforms is a major surprise in its own right: there are no undiscovered “magic bullets” against corruption. Many, indeed, will already be part of the aid and assistance repertoire in a given country. But they are important in two ways: first, because over the middle to long term they can ease some of the basic problems and contradictions underlying corruption and, second, because they build institutional foundations and open up new choices and opportunities for those who stand to benefit from them.

Tactical reforms are aimed more directly at corruption itself. Again, they are familiar: transparency, improved public management, and political finance reforms would be examples. Such measures can detect, deter, and penalize corrupt dealings, while (at their best) encouraging and rewarding legitimate uses of, and connections between, wealth and power. But if they are implemented too early or too quickly—in the absence, or too far out in front of, political support and institutional backup—they may not only fail but may make matters worse. Anti-corruption laws and investigative powers may be abused by various factions seeking weapons against others, civil society initiatives may put citizens and small business firms at considerable risk, journalistic investigations and evidence may become a marketable commodity or tool for blackmail rather than a check on officials, and more aggressive prosecutions may increase leaders’ sense of insecurity, encouraging them to steal or hand out as much as they can in the shortest possible time. Equally unfortunate, unsuccessful or hijacked reforms will waste scarce resources and reform opportunities, deepening citizen cynicism and reluctance to get involved when the next round of reforms are rolled out.

For both strategic and tactical reform, then, the key is to choose appropriate measures—in effect, using the syndrome to diagnose fundamental difficulties—and to avoid the wrong changes at a given time, even though they may seem good ideas in and of themselves. Strategic measures may seem “too theoretical” and too far removed from program choices, and will not produce major improvements on a six-month timeline, but they can tell us much about the sorts of tactical measures that should receive top priority and those steps we should avoid. Essentially, thinking strategically is a matter of remembering that corruption is an embedded problem, reflecting long-term influences and producing many reciprocal effects; of understanding how it fits into that more basic level of a society and its development; and only then of selecting specific programs and controls. Understanding a particular syndrome of corruption strategically can provide useful guidance for the general sequencing of both kinds of reforms, as we will see below.

Most of the corruption problems USAID encounters will fall into the Elite Cartels, Oligarchs and Clans, and Official Moguls categories. Strategic and tactical reforms for each of these syndrome types are discussed below.

Elite Cartels (Type II)

In this syndrome, elites of several types collude, sharing corrupt and legitimate power, influence and rewards in an effort to stave off increasing political and economic competition in a setting of only moderately strong state institutions. Looked at one way, this is a serious corruption problem. In other ways, however, elite collusion is a kind of institutionalization that can gather strength more quickly than many sorts of official institutions—precisely because it serves rather than restrains the interests of top figures and interests—and one that might be an attractive *temporary* state of affairs for societies involved in the longer process of building an effective and legitimate state. Italy’s economic growth, Korea’s growth and successful democratization, and Botswana’s steady progress over nearly four decades are examples of what might be accomplished in an Elite Cartels situation. But such benefits should not be overstated: the rigidity that elite cartels may create might help us understand Italy’s political collapse in 1993 and the shadowy business-and-political practices that contributed to Korea’s economic crisis in 1997. The point here is not that Elite Cartels are some previously-unknown form of “good corruption,” but rather that in the real world serious attention should be given to halfway states en route to full and lasting reform. After all, today’s low-corruption societies, in many cases, passed through such phases during their development.

Whether we are taking on Elite Cartel corruption as a problem in itself, or looking for ways for a reforming country to move beyond such a situation, the key strategic goals involve more credibility and autonomy for state institutions, less collusion among elites in the political, administrative and economic realms, and combating the tendency for political leaders and parties to colonize the state and economy. Enhanced electoral competition, as in the case of Italy’s post-1993 shift toward electoral rules encouraging more decisive results, genuine as opposed to phony privatization, checks and balances within government (particularly those enhancing bureaucratic professionalization and autonomy), and an independent judiciary and press are ways to weaken Elite Cartels. So too is the *gradual* increase of competition and ease of entry in both the economy and politics. But that growth of competition should not be so rapid as to sharply increase threats to elites—who might then just steal as fast as possible, and/or turn to repression—or to shatter key political alliances. The end of the PRI monopoly in Mexico, for example, meant that in a time of economic and political transition the strongest single political institution in the country was taken off the board, helping produce a worrisome shift toward Oligarchs and Clans. Too much change too soon in a society where state institutions are only moderately strong, and where political alliances have been the core of the system, can backfire.

Another mistake to avoid is the temptation of driving money out of the political process. Elites who see significant competitors to their positions, and yet cannot legally raise and spend political money, will do so illegally; they will steal in other ways too in order to reward their backers and shore up their elite alliances. Over time, increasing political competition can make the bribery option too expensive and bullying tactics impossible; when that happens politics becomes accessible as an anti-corruption tool for many groups. Tactical measures that should be encouraged—improved bidding and budgeting; strengthening political parties; enhanced bureaucratic autonomy, status, and pay, for example—are familiar ones, but in this setting their purpose is not only to check specific abuses but also to weaken the collusion and political colonization of institutions that enables those abuses. Barring an Italian-style political earthquake, it may be difficult to assess progress against corruption as such, since much will have been hidden behind a veil of elite and press collusion; but signs of growing political pluralism, bureaucratic independence, and self-organized activity in society (as opposed to that which is steered from above) will all be welcome news.

Oligarchs and Clans (Type III)

Here the basic problem is a rapid opening up of economic and political opportunities in a setting of very weak institutions and pervasive insecurity. The key to reform, initially at least, is to ease the sense of insecurity and unpredictability, and to establish or re-establish state credibility in the area of very basic functions such as law enforcement, taxation, and the courts. Further liberalization is likely to make matters worse and, by raising the stakes of contention among oligarchs and their followings, may encourage violence and capital flight.

Rather than confronting the oligarchs and their abuses directly from the position of a weak and porous state, reformers should emphasize basic improvements in *the functions that make a state a state*: enforcing laws and contracts, protecting property rights, collecting revenues, and the like. While anti-corruption administrative improvements will be valuable, they should be backed up by reliable revenues and public sector pay, an improved banking system and more stable currency, and a strengthened judiciary, and thus may have to be delayed until enough of an institutional foundation has been built to make them credible. Efforts at this point to mobilize society against corruption will likely only increase risk and insecurity; citizens and businesses will be reluctant to get involved in such risky business, and understandably so. High-profile reforms, and elections, that do not enjoy such popular and institutional backing may well be turned into weapons in the struggle among Oligarchs, and will only deepen the sense of insecurity and problems of state credibility.

The inevitable temptation to launch reforms by going after “big fish” will likely be ill-advised, for it may only play into rivalries among oligarchs; far better would be a series of modest initiatives that are seen to succeed in ways that affect daily life (basic law enforcement and tax collection would be examples) and that can be made sustainable. Indeed, rather than trying to drive oligarchs out of the arena it might be wise to reduce their insecurity: more secure oligarchs will never be model citizens but may find violence, building private followings in law enforcement and the bureaucracy, and the wholesale export of capital to be less necessary, and needlessly expensive, if their domestic gains are under less threat. Creative amnesty schemes with respect to corrupt gains, back taxes and debts, and the like may eventually become possible, returning some revenues to the state and further easing the sense of insecurity.

There is no easy and quick way out of an Oligarchs-and-Clans corruption problem, and indeed progress may not look much like the markets-and-democracy ideal, at least for a long time. But reductions in violence, more regular flows of public revenues and salaries, a less intimidated civil society, improvements in basic indicators of public-sector performance (e.g. the time and number of steps involved in routine processes, as noted above), reduction of capital flight, and a string of credible anti-corruption successes *on a modest but sustainable scale* will be steps forward. The best way to think about reform—at least for a time—may be, not less corruption (how can we measure that?) or improved perception-index scores (they will be slow to respond), but rather a shift toward less disruptive types of corruption.

Official Moguls (Type IV)

Our final syndrome involves the use of personal power and loyalties to monopolize state functions, possibly by one top figure and personal favorites (think of Indonesia under Suharto), or possibly by more numerous operators using more fragmented pieces of state power as decentralized monopolies (contemporary China). Resources and power are abused with impunity; often, power and key relationships among elites are more personal than official, and the state and its procedures may be little more than a shell for what amounts to a family, party, or patron-client operation. Boundaries between

politics and the economy, and in some cases between state and society itself, are very weak, as are basic state institutions, and there are few if any countervailing forces to check abuses.

In that setting rapid liberalization of the economy may well only open up more sectors to exploitation (many such societies have liberalized significantly in any event, but on a very weak institutional foundation), and major increases in political competition will encourage repression or accelerated abuses as top figures steal more for themselves and for key allies. Strategic objectives, then, are twofold: *gradually* opening up the political arena, press, and civil society, while avoiding change so rapid as to cause a collapse into an Oligarchs-and-Clans situation. Encouraging more secure civil liberties, perhaps, rather than full-blown democratization efforts—*gradually* growing countervailing forces for the long term, and creating some degree of “civic space” beyond the immediate personal control of top leaders or their cronies are, critical strategic goals. So too is institutionalizing economic liberalization and development—for example, privatizations—on a public and official, rather than a personal, basis. That requires more secure property rights, for example, more bureaucratic professionalism and autonomy, and the development of effective courts and financial institutions—all *on a gradual basis*, and if possible through positive incentives: carrots rather than sticks, if conditionality of aid and lending is on the table, and through cooperation rather than confrontation. Relationships with, and the backing of, international investors, lenders and trade partners may be particularly critical here, and measures that do not so much threaten elites’ share of a constant economic pie but rather increase its size and broaden its distribution somewhat may reduce top leaders’ resistance to reform. Free-standing anti-corruption schemes without political and institutional backing will likely be futile; high-profile anti-corruption morality campaigns may well do more harm than good, creating the appearance of reform while concealing new and existing abuses more effectively.

Good news will come in the form of gradual opening-up of the regime, the emergence of a more clearly autonomous public sector (augmenting and then replacing personal power networks), a more credible and higher-capacity bureaucracy, less politicized intrusion into the economy, and ultimately more pluralism and orderly contention among elites with real popular followings. The goal, eventually, is a society that may not be an idea democracy but nonetheless allows citizens, businesses, and other groups to resist abuses by leaders (such was the situation, in fact, when many of today’s low-corruption societies began to bring the problem under control). None of these things, clearly, can be achieved on a six-month timeline; all will involve reverses, and the real agendas of top figures may be difficult to ascertain. Frustrating as such a gradual pace of change may seem, however, it is worth remembering that changes that are too rapid or threatening, that fragment a society’s business and political elites, or that mobilize opposition to those leaders in the absence of *political* ways of expressing such views, may well lead to an Oligarchs-and-Clans situation as ambitious people lay their hands on as much as they can, by any means at their disposal, in a setting of weak state institutions and increasing insecurity.