
Chapter 7

Fighting corruption and the sustainable development agenda

Corruption inflicts profound harm upon development, and particularly on the poor. Countries in Asia-Pacific thus emphasize measures for improving governance and fighting corruption in order to lay a sound basis for further economic and social development. Development partners support these efforts. To enhance the impact of their work, they coordinate their efforts through the OECD Development Assistance Committee (DAC). Increasingly, development partners also address the risks of corruption in their own programs and projects, both collectively and individually.

Experience from the Philippines shows how a low-income country can achieve significant progress in strengthening the capacity of its anti-corruption institutions with assistance from development partners. The Philippines has recently established a comprehensive legal framework to fight corruption. However, limited implementation capacity prevented the country from fully reaping the fruits of these reform efforts.

The Philippines' Office of the Ombudsman's program to strengthen capacity has benefited from support and assistance from development partners. The Ombudsman has comprehensively build capacity through specialized training, corruption resistance reviews, and corruption vulnerability assessments.

The Republic of Korea's testimony provides a concrete example of bilateral cooperation and technical assistance in the region. Not long ago, Korea was itself a recipient of development assistance, but thanks to its economic prosperity and recent experience in anti-corruption law and policy making, Korea now helps other countries in Asia and the Pacific in these areas.

Five years after the creation of its independent anti-corruption agency, Korea began providing technical assistance to other countries in the region. It

started a 3-year bilateral cooperation program with the Indonesia Corruption Eradication Commission (KPK), through which the Anti-Corruption and Civil Rights Commission has transferred its corruption prevention tools such as the *Integrity Survey*, *Anti-Corruption Initiatives Assessment* and the *Corruption Impact Assessment* to its Indonesian counterpart. Korea plans to increase its anti-corruption capacity-building efforts in Asia and the Pacific in cooperation with other international organizations.

Development partners have realized that corruption is a symptom of wider unresolved problems, and hence assist in strengthening recipient countries' governance systems. These efforts seek to strengthen horizontal accountability through anti-corruption agencies, and vertical accountability through civil society and the media. Forums such as the OECD Development Assistance Committee Governance Network (DAC-GOVNET) help to coordinate development partners' approaches and thus strengthen their positive impact.

Development partners also remain concerned with stemming the supply of bribes from their home countries to partner countries. They can act proactively by engaging private sector, reinforcing the need for corporate social responsibility, and advocating for support to initiatives such as the Kimberly process, EITI, and the like.

Donors also remain concerned with the integrity of their own operations, as the example of the Asian Development Bank shows. ADB, a key development partner in Asia and the Pacific, pursues two policy goals: supporting member countries' efforts to bolster their anti-corruption frameworks, and seeking to eliminate corruption from its lending and technical assistance programs. To do so, ADB established a comprehensive policy to support anti-corruption efforts in its member countries; its Integrity Division ensures that the ADB's own operations adhere to ethical standards. The Integrity Division investigates allegations, provides training, promotes awareness, and conducts project procurement-related audits. All multilateral development banks have now largely harmonized their definitions of corrupt practices, and coordinated sanctions for corrupt practices. Some important differences remain, however, such as publishing blacklists of contractors that have engaged in corruption.

The discussion among workshop participants pointed to particular challenges, notably how development partners should respond when corrupt regimes resist fighting corruption. They debated whether disengaging from these countries was an appropriate response. Civil society and other stakeholders can call for stepped up accountability. The discussion also underscored the importance of assessing the impact of development partners' anti-corruption initiatives in countries through stronger monitoring and evaluation mechanisms.

The Philippines' Experience with Donor Supported National Anti-Corruption Efforts

Merceditas N. Gutierrez, Ombudsman of the Philippines

I would like to share with you the efforts of the Office of the Ombudsman of the Philippines in fighting corruption; what the office has done and continues to do toward sustaining our development agenda; and the ultimate goal of reducing to a considerable extent, if not eliminating, corruption in our country.

The Office of the Ombudsman (OMB), created under the Constitution of the Republic of the Philippines, is the country's lead agency in the fight against corruption. It is independent and mandated to act on any complaint filed in any form or manner against government officials and employees for any act or omission that appears to be illegal, unjust, improper, or inefficient. It investigates, prosecutes, and imposes administrative sanctions.

Two other bodies support the Office of the Ombudsman: The Commission on Audit, also an independent and constitutionally mandated office, has the duty to examine, audit, and settle all accounts pertaining to the revenue and receipts of government expenses and expenditure, or uses of public funds and property. The Anti-Money-Laundering Council investigates suspicious bank transactions, triggers the freezing of accounts alleged to contain proceeds of unlawful activities, and initiates filing of complaints for money laundering.

The Philippines has established a legal framework that penalizes various forms of fraud and corruption. The relevant laws include:

- The Anti-Graft and Corrupt Practices Act, which penalizes acts or omissions such as trading in influence, certain forms of gift-giving, abuses of official functions, conflicts of interest, as well as corruption linked to government contracts;
- The Revised Penal Code, which criminalizes bribery, malversation, and various forms of fraud;
- The Plunder Law, which punishes amassing wealth, in the amount of at least PHP 50 million (about USD 1.03 million), through a series or combination of corrupt schemes;

- The Code of Conduct and Ethical Standards, which enumerates and penalizes prohibited acts by public officials and employees, such as acts related to conflict of interest and solicitation of gifts;
- The Anti-Money-Laundering Act, which allows the forfeiture of proceeds of unlawful activities, including violations of the Anti-Graft Act and the Plunder Law.

To enhance its effectiveness in the fight against corruption, the Office of the Ombudsman engages in various capacity-building measures, some of which are financially supported by development partners, such as

- Specialized trainings on contract fraud, lifestyle checks, trial advocacy, legal writing and legal research, legal tax accounting, and conduct surveillance; this training is provided to OMB prosecutors and investigators under the *Millennium Challenge Account-Philippine Threshold Program-Technical Assistance Project* (MCA-PTP-TAP); surveillance equipment was also donated to the Office of the Ombudsman.
- With the support of the *USAID—Rule of Law Effectiveness (ROLE) Programme*, the Office of the Ombudsman launched its program *Legal Resource for Public Accountability*, a digital database of anti-corruption laws, jurisprudence and legal analyzes that is equipped with research functions. The CD Lecture Series on Prosecuting Corruption is a training manual for new investigators and prosecutors on bribery, malversation, conduct disadvantageous to the government and causing undue injury to the government.
- The World Bank supported the Office of the Ombudsman in the development of case-flow management software in the Office of the Special Prosecutor (OSP), and has also supported advance field investigators training.
- The Philippine-Australia Human Resources Development Foundation (PAHRDF) assisted and funded trainings of personnel of the Office of the Ombudsman for the completion of the Recruitment and Selection Manual of the Office. PAHRDF also conducted trainings on monitoring and evaluation of projects in the Office of the Ombudsman.
- With funding from the European Commission and USAID, the office of the Ombudsman has conducted corruption resistance reviews and corruption vulnerability assessments of agencies that carry out high-volume procurements through the Integrity Development Review (IDR). The IDR is a compendium of diagnostic tools—self-assessment scorecards for managers; feedback surveys of employees; and corruption vulnerability assessments—for measuring the robustness of

corruption resistance mechanisms, and for identifying the vulnerabilities of government agencies to corruption. It seeks to design and implement safeguards to prevent corruption in the public sector. The purpose of the review is to institutionalise reform measures in these agencies to reduce incidences of corruption. The following are post-IDR reforms in revenue-generating procurement agencies:

- The Department of Public Works and Highways (DPWH)
 - Streamlined processing of contractors' and consultants' billing;
 - Posted list of accounts payable on DPWH website; and
 - Installed online complaints desk at DPWH website.
- The Bureau of Internal Revenue (BIR)
 - Revalidated audit and collection cases;
 - Supported capacity building of internal audit personnel for internal control;
 - Integrated code of conduct provisions into contracts with external parties; and
 - Audited financial controls and systems of Bids and Awards Committee (BAC) decisions.
- The Bureau of Customs (BOC)
 - Decreased "Red Lane" selections from 80% to 20%;
 - Decreased face-to-face contact with brokers;
 - Passed acceptance testing and implementation readiness for Electronic Manifest, Selectivity, Warehouse Entry, and Hold and Alert Systems;
 - Piloted implementation of e-payment/bank-to-bank of customs duties;
 - Pilot tested End-to-End Import and Assessment Systems; and
 - Installed X-ray machines.

To address red tape and to provide a level playing field for business, and to create an improved business environment, the Philippine Government adopted corruption prevention initiatives, as illustrated by the following examples:

- Philippine Bidding Documents and the Generic Procurement Manual were issued to standardize the bidding process in government procurement projects.
- The Government Procurement Policy Board (GPPB) issued uniform guidelines for blacklisting manufacturers, suppliers, distributors, contractors, and consultants for certain offenses including any documented unsolicited attempt by a bidder to unduly influence the outcome of the bidding in his or her favor.

- To increase public oversight and enhance active participation of civil society organizations, the Office of the Ombudsman and Procurement Watch Inc. issued guidelines on Bid and Awards Committee (BAC) Observers' Feedback and Complaint Handling Mechanism to handle feedback from civil society observers in the procurement process.
- Likewise, the President constituted the Procurement Transparency Group (PTG), with civil society representation, to monitor and evaluate big-ticket government procurement contracts.
- To help ensure the most cost-efficient project design and avoid overpricing of infrastructure projects, guidelines for the Construction Performance Evaluation System (CPES) for roads, bridges, housing, buildings, ports and harbors, irrigation, and flood control projects were issued.
- An Executive Order was issued mandating the installation of internal audit units in government agencies to ensure the faithful discharge of their mandates. The Generic Internal Audit Manual was also developed to standardize internal audit practice in government.
- The majority of government entities have already installed the Electronic-New Government Accounting System (E-NGAS)
- The National Competitiveness Council was created and is composed of representatives from the private sector and relevant government agencies.
- The Department of Trade and Industry (DTI) is spearheading the Philippine Business Registry Project to eliminate red-tape by harmonising processes among agencies involved in business registration. The project also aims to reduce documentary requirements for business registration.

We intend to craft a law that would criminalize corruption in the private sector. We have been undertaking reforms in the public sector for business to thrive, and the next step is to look at businesses and their conduct and dealings with government that lead to bribery and corruption.

Republic of Korea's Experience as a Provider of Anti-Corruption Technical Assistance

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With the progress of globalization, interdependence among states is increasing. It is vital to the economic growth and sustainability of a country to maintain mutually beneficial relationships with other countries. Corruption has become a global issue that undermines economic development, the rule of law, democratic governance, and social stability. As such, it is closely interlinked with diverse diseases plaguing almost every part of the world such as poverty, environmental destruction, exhaustion of natural resources, and terrorism, which cannot be tackled by any country alone. Under such recognition, the international community has recently been stepping up collaborative efforts for the common goal of fighting corruption.

Since the United Nations Convention against Corruption (UNCAC) entered into force in December 2005, the demands for technical cooperation for the fight against corruption have increased. Chapter 6 of the UNCAC deals with technical assistance to combat corruption, especially training and technical assistance for developing and transition countries.

Korea: From an aid recipient to a donor

In the aftermath of the Korean War in 1950, the Republic of Korea was one of the poorest nations in the world. Korea received development aid funds estimated at more than USD 10 billion by the 1980s. This overseas aid served as one of the driving forces behind Korea's development.

Today, Korea is the world's 12th largest economy and a member of the OECD. The volume of Korea's official development assistance (ODA) to developing countries has steadily grown since 1987. In 2007, Korea's ODA recorded more than USD 680 million.

The Government of the Republic of Korea is fully aware of its humanitarian responsibility as a member of the international community, and perceives it as its moral obligation to return the development assistance it once received and contribute to the achievement of the Millennium Development Goals (MDGs). For this reason, it aims to increase its ODA in proportion to its Gross National Income per capita (about USD18,732 in 2006) to meet the global standard. To better coordinate with other donor countries in achieving the MDGs, Korea has been making preparations to join the OECD Development Assistance Committee (DAC) by 2010.

A realistic model in establishing good governance

The unique experience of Korea in overcoming extreme poverty and achieving economic growth—and making a transition from an aid recipient to a donor in just a few decades—can be useful to other countries. The international community rates Korea's development experience as a realistic model in establishing good governance, appropriate for developing countries sharing similar experiences.

The 1997 Asian financial crisis brought about the bankruptcy of major Korean companies which had received preferential treatment from the government, resulting in poor financial structure and excessive corporate debt. Korea's foreign exchange reserves were drained, and the country was on the brink of defaulting on its foreign loans.

Fortunately, Korea managed to overcome the crisis through relief loans from the International Monetary Fund (IMF) and a series of drastic domestic reforms. Through this experience, however, Koreans realized that corporate malpractices were one of the main causes of the economic crisis, and the Korean government began to take a wide range of anti-corruption measures including improvement of corporate governance and accounting transparency.

In the late 1990s, Korean civil society groups came together to form the Citizens' Coalition for Anti-Corruption Legislation. This audacious move of civil society—coupled with the government's strong anti-corruption platform—led to the enactment of the Anti-Corruption Act in July 2001 and the creation of the Korea Independent Commission Against Corruption (KICAC) in January 2002.

In February 2008, the KICAC was consolidated with the Ombudsman of Korea and the Administrative Appeals Commission to form the Anti-Corruption and Civil Rights Commission (ACRC).

Recently, the ACRC has been receiving numerous calls from other countries for technical assistance, and international organizations such as UNDP,

the UN, and TI have suggested that Korea should play a more active role in the global fight against corruption, commensurate with its economic standing. In response to such calls, the ACRC began efforts to provide anti-corruption technical assistance to other countries in late 2006.

Bilateral cooperation with Indonesian KPK

Since 2007, the ACRC has been implementing a 3-year bilateral cooperation program with the Indonesian Corruption Eradication Commission (KPK) pursuant to the Memorandum of Understanding (MOU) Regarding Mutual Cooperation on Combating Corruption, which was signed by the heads of the two commissions in December 2006 in Jakarta, Indonesia. Both heads of state, then-Korean President Roh Moo-hyun and incumbent Indonesian President Susilo Bambang Yudhoyono, witnessed the signing ceremony at the Indonesian presidential palace. The MOU was initially proposed by KPK, Indonesia's anti-corruption body, which sought an opportunity to share anti-corruption strategies and instruments, and strengthen cooperation with the ACRC.

The provisions agreed in the MOU include (i) exchange of anti-corruption policies, experiences, and human resources between the two organizations; (ii) joint research projects; (iii) organization of bilateral seminars and symposiums; (iv) collaborative development of anti-corruption training programs; (v) establishment of a Cooperation and Co-ordinating Committee that implements and coordinates cooperation activities pursuant to the MOU; and (vi) designation of liaison officers who are responsible for facilitating cooperation between the two organizations.

At the first meeting of the bilateral Cooperation and Co-ordinating Committee in Seoul on 22 May 2007, both parties agreed on a work program, which includes technical assistance, staff exchange, and organization of training workshops.

In implementing the bilateral agreement, the ACRC has been focusing on transferring its corruption prevention tools (such as the Integrity Survey, Anti-Corruption Initiatives Assessment, and Corruption Impact Assessment) to its Indonesian counterpart. KPK officials were seconded to the ACRC on three occasions to explore the possibility of adopting these tools.

In 2007, the ACRC helped introduce its Integrity Survey to Indonesia. Similar to TI's Corruption Perceptions Index (CPI), the Integrity Survey is a kind of "naming and shaming" policy, intended to discourage corrupt practices and encourage good behaviour by exposing wrongdoers to public humiliation.

However, unlike surveys based on mere perceptions, the Integrity Survey is a reliable tool to assess the levels of corruption and corruption factors in public organizations by surveying average citizens and public officials who have had first-hand experience with public service. The purpose of this system is to assist public organizations in setting up effective measures to prevent corrupt practices in corruption-prone areas and to encourage them to step up their anti-corruption efforts.

The outcome of implementing the Integrity Survey is extremely encouraging. Public institutions near the bottom of the ranking reinforce their efforts to improve their anti-corruption systems, while top performers strive continuously to maintain their good reputation. Moreover, the survey areas are so specific that each public institution can discover and correct problems in a cost-effective way; the surveys cover over 1,000 areas of government service, including the awarding of contracts and licensing.

The ACRC has been conducting the Integrity Survey since 2002, surveying more than 90,000 people who recently experienced services provided by over 300 public institutions in Korea.

KPK conducted a pilot integrity survey in 2007 to measure the integrity levels of 30 central government agencies after in-depth consultations with the ACRC. Building upon the success of that pilot survey, the Indonesian anti-corruption body is planning to carry out the integrity survey every year while expanding the assessment program to some 100 central and local government agencies in Indonesia in 2008. The ACRC will continue to offer advice and consultation to KPK in order to better tailor the measurement system to the specific situation of Indonesia.

The ACRC is also transferring its *Anti-Corruption Initiatives Assessment (AIA)* to Indonesia according to the agreement made at the 2nd session of the Cooperation and Coordinating Committee, held in Jakarta on 17 July 2008.

The AIA is a comprehensive annual review of anti-corruption measures undertaken by public-sector organizations. It determines whether their anti-corruption efforts and outcomes effectively meet the objectives of the government's anti-corruption policy. The fundamental goal of the AIA is to promote each organization's efforts to counter corruption and disseminate best practices. The assessment framework consists of two factors: "anti-corruption frameworks", which cover anti-corruption systems and policies, the leader's commitment, and institutional improvement; and "anti-corruption performance", which includes compliance with the code of conduct, promotion of whistle-blowing, and educational and promotional activities.

In October 2008, three KPK officials were seconded to the ACRC for 2 weeks to study its AIA system, which is expected to be introduced to Indonesia as early as 2009.

The ACRC is planning to assist Indonesia in 2009 in adopting the *Corruption Impact Assessment*, an analytical mechanism designed to identify and remove corruption risk factors from new and existing legislation. Under Korea's Anti-Corruption Act, each government agency of Korea which intends to revise or introduce legislation must submit a "corruption assessment report" to the ACRC. Then, the ACRC reviews the proposed legislation to determine if any of its elements might contribute to the occurrence of corrupt practices.

Following the Korea-Indonesia MOU—the first of its kind that Korea has ever signed with a foreign country—the ACRC plans to step up cooperation with anti-corruption agencies in other countries that have recently asked ACRC for assistance in building their anti-corruption capacity and institutions.

Joint technical assistance project with UNDP

Since 2007, the ACRC has been conducting a technical assistance program jointly with UNDP. The ACRC concluded an MOU with UNDP in August 2007 to conduct anti-corruption technical assistance programs for countries in Asia and the Pacific including Bhutan and Bangladesh. The joint project was proposed by UNDP, which contributed USD 935,580 for this project.

Under the MOU, effective for 2 years starting from 2007, the ACRC provides comprehensive consulting services including: establishing a survey model to assess the status of corruption in each country; supporting the development of national anti-corruption strategies; assisting in the establishment of a model to review and assess national anti-corruption policies and systems; and providing education and training to anti-corruption officials.

Cooperation with Bhutan

Bhutan was the first country that Korea's ACRC assisted in the framework of the joint technical assistance program. The ACRC held a joint workshop in Bhutan's capital, Thimphu, with the UNDP's Regional Center in Colombo and the Bhutanese government from 20-21 August 2007 to help the Asian kingdom address corruption in its society. About 200 Bhutanese senior public officials—including Prime Minister Lyonpo Kinjang Dorji, Chairperson of the Anti-Corruption Commission (ACC) Neten Zangmo, social leaders, and UNDP officials—participated in the 2-day event. As agreed at the inception meeting, the ACRC

produced and handed over to the ACC a technical guide to its major anti-corruption measures.

For 2 weeks from 31 July 2008, the ACRC organized an anti-corruption training program for Bhutanese public officials. Ten public officials from Bhutanese anti-corruption agencies including the ACC, Attorney-General's Office, and the High Court, attended the training program at the ACRC Anti-Corruption Training Center and the International Cooperation Center of the Korea International Cooperation Agency.

The capacity-building program was designed to work out effective, concrete strategies to implement anti-corruption systems applicable to the Kingdom of Bhutan. It was organized as twelve modules on anti-corruption measures including corruption prevention systems, institutional improvement, anti-corruption education, a code of conduct for public officials, registration of public officials' assets, and e-procurement. Experts from the Ministry of Public Administration and Security, Board of Audit and Inspection, and Korea Institute of Public Administration, as well as the ACRC, delivered the lectures. The Bhutanese officials also visited the Public Procurement Service (PPS) and the Seoul Metropolitan Government to learn how Korea is using electronic technology as a powerful tool to enhance transparency in the processing of civil applications and government contracts. The main outcome of the training program was a draft Action Plan for preventing and deterring corruption in accordance with the local circumstances.

In response to requests made by Bhutanese participants in the training program, the ACRC experts visited Bhutan in mid-November 2008 to provide on-site consulting on institutional improvement, the Integrity Survey, and anti-corruption education to the Bhutanese ACC.

Cooperation with Bangladesh

The technical assistance project for Bangladesh started with a project inception meeting and a workshop, organized between 30 June and 2 July 2008 in Colombo, Sri Lanka, jointly with the UNDP Regional Centre in Colombo.

The workshop brought together senior officials of the Bangladesh government and UNDP experts; representatives from civil society groups in Bangladesh and Sri Lanka also attended. This workshop provided participants with the opportunity to discuss and share various anti-corruption measures and efforts of Korea, Bangladesh, and Sri Lanka.

At the working group meeting following the workshop, the three parties agreed to transfer to Bangladesh Korea's know-how on system improvement,

monitoring and evaluation, and information communication technology. The agreements reached on that day included the training of Bangladesh public officials in Korea in October 2008.

The training course for Bangladesh covered a range of topics including institutional improvements, Corruption Impact Assessment, and electronic solutions to prevent corruption to meet the needs of the Bangladesh anti-corruption authorities.

Future work

The ACRC plans to make greater efforts to assist countries in Asia and the Pacific in building their anti-corruption capacity, in close cooperation with international organizations and donor agencies. It will also willingly respond to calls from the international community to share its expertise and knowledge in preventing corruption.

As part of such efforts, the ACRC is planning to host an APEC Anti-Corruption Capacity Building Workshop in October 2009. In October 2008, the APEC Budget and Management Committee approved the ACRC's proposal to host this workshop. The purpose of the workshop is to establish and implement a systematic approach for national anti-corruption strategies and build anti-corruption capacity. The ACRC is planning to invite government officials from 30 or more countries, including 21 APEC member economies, as well as international experts.

Why Corruption Matters to Donors and their Role in Curbing Corruption

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Previous and later presentations have addressed the fight against corruption from the perspectives of governments, businesses, civil society, and others. I will add the perspective of the donors that cooperate in the OECD Development Assistance Committee. I will address three topics: why corruption matters to donors; how donors incorporate anti-corruption interventions into their broader support for governance; and the contribution that donors can bring to support efforts aimed at tackling the supply side of corruption.

Why corruption matters to donors

Why does corruption matter to donors? Donors have an interest in combating corruption for the simple reason that corruption constitutes risks to them. These risks may be grouped into three major categories.

The first risk is what we call the fiduciary risk. It constitutes the risk that donor funds are not used for their intended purposes. The recent increase in aid volume exacerbates this concern.

A second risk is the so-called developmental risk: corruption undermines the achievement of economic growth and poverty reduction by its corrosive effects on governmental performance and private investment.

The third risk is reputational risk: Providing aid to countries governed by corrupt leaders tarnishes donors' reputations and consequently undermines the case for aid and its popular support. In the current crisis in the financial sector, this last element has become rather prominent in the domestic debate in donor countries on the level of funds to be allocated to development assistance. In times of economic hardship, it is increasingly difficult to make the case for development assistance if serious doubts exist as to the proper use of these funds

and to the lack of political will in developing countries to seriously tackle corruption.

How donors incorporate anti-corruption interventions into the broader support for governance

Donors' response to corruption has undergone a series of changes over time.

In the past, many donors responded to the occurrence of corruption by ring-fencing, i.e., by building extensive safeguards into the management of donor-funded projects. Two circumstances led donors to abandon this approach in favor of efforts to strengthen country systems.

The first driver behind this change is linked to the modalities of aid delivery: the traditional supply-driven structure of projects—offered and initiated by donors—was gradually replaced by donor support of demand-driven programs, i.e., programs that developing countries requested. Later, the Paris Declaration on Aid Effectiveness² triggered and accelerated the provision of sector-specific and general budget support.

The second driver that triggered donors' shift toward strengthening country systems resulted from donors' awareness that corruption in a developing country is both a symptom and an outcome of unresolved problems in the country's wider governance system, and that success of reforms depends on national ownership and political will.

Both these drivers shifted the focus of donors' response to corruption from ring-fencing to the strengthening of country systems. In this effort, donors initially endeavoured to strengthen institutions of horizontal accountability, i.e., government agencies that oversee, control, redress, and, where required, sanction other government agencies.

This approach brought rather disappointing results in terms of reducing corruption. Support to anti-corruption commissions, for example, often remained unsuccessful due to problems elsewhere in the wider governance system and the lack of political will to tackle these governance issues. A partisan judiciary or the granting of executive clemency neutralised efforts by anti-corruption commissions in certain cases.

These meager results made donors support other accountability relationships like vertical accountability, toward parliaments, for example, and societal accountability, toward stakeholders in society. In recent years, this approach has led donors to become active in democratic reform by supporting

political institutions and processes, by supporting the judicial sector, and by strengthening public-sector capacity through better systems for public finance management, including the administration of revenues and procurement systems.

Nowadays, donor interventions address not only the supply side of governance but also the demand side of governance: grassroots monitoring of public expenditures; support to civil society as a countervailing power that influences governance reforms; and support to media. These are examples of typical interventions in this respect. Transparency, accountability, citizen participation, and legitimacy are the goals that donors pursue.

Eventually, however, all efforts will stand and fall with the commitment to reform by the governments of developing countries.

Donors' contribution to tackling the supply side of corruption

I should also touch upon how donors can support efforts aimed at tackling the supply side of corruption. Corruption is a two-way street: for every bribe taker there is a bribe payer. Regrettably, some transnational corporations based in OECD member countries contribute to fuelling corruption when they offer bribes to politicians and bureaucrats in developing countries. Donors should also tackle this supply side of corruption to remain credible development partners.

Apart from supporting the work of the OECD Working Group on Bribery to monitor the implementation and enforcement of the OECD Convention on Combating Bribery of Foreign Public Officials, donors can take additional measures to tackle the supply side of corruption. This includes measures to promote the UN Convention against Corruption (UNCAC) and to raise awareness of the work of the Financial Action Task Force (FATF) and of the issues of money laundering and other illicit financial flows.

Donors can also venture into efforts on the "home front" by proactively involving the private sector—including both transnational corporations and small and medium-sized enterprises—and by reminding companies of their corporate social responsibilities. Joint activities among governments, civil society, and the private sector should receive strong support, notably the Kimberly Process, the Publish-What-You-Pay campaign, and the Extractive Industries Transparency Initiative (EITI).

Donors should also contribute to processes of mutual legal assistance that include developing countries, and the freezing and recovery of assets deposited in OECD countries.

By undertaking action in these areas, donors can contribute to drying out the sources of bribes prevalent in the business sector. These efforts will also boost the perception of donors as reliable partners in the struggle against poverty as promoted by the recently adopted Accra Action Agenda.

NOTES

- 1 Representing the OECD Development Assistance Committee Network on Governance Anti Corruption Task Team (OECD DAC GOVNET ACTT).
- 2 For information on the Paris Declaration visit www.oecd.org/dac/effectiveness



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