

# Field Perspectives: A Report on the Field Mission Anti-corruption Survey

## Introduction

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In February 2003, the Office of Democracy and Governance (DCHA/DG) and the Policy And Program Coordination Bureau (PPC) surveyed all USAID field missions as one of several inputs for development of a USAID anti-corruption strategy.<sup>1</sup> The strategy, requested by the Administrator, is designed to identify key challenges facing the Agency in the anti-corruption field, as well as the best means to address them.

The questionnaire asked missions to identify: 1) the sectors in which anti-corruption programs are focused; 2) factors that constrain and/or drive field-based anti-corruption programming; 3) examples of effective and ineffective approaches; 4) examples of formal or informal coordination mechanisms; 5) areas of comparative advantage for USAID; 6) other factors affecting program decisions and design; and 7) mission inputs to development of an Agency strategy.

## 1. Key Sectors Engaged in Anti-Corruption Programming

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### Field Comments:

*“Although all sectors are affected by corruption, USAID’s major focus on corruption is related to the DG sector, due to broad governance concerns, or links to specific institutional patterns, e.g., justice sector, and secondarily to economic growth related especially to macro-economic policy and state modernization, or to commercial law/business practices activities.”*

**USAID/Egypt** frames corruption primarily as an economic growth issue. Under its capital market development project, the mission assisted the Cairo and Alexandria stock exchanges in moving to self-regulatory status through strengthening internal procedures and rules; staff of the Capital Markets Authority (CMA) were trained to detect illegal trading activities, monitoring stock trading to prevent stock manipulation, and other forms of surveillance.

### Survey Highlights:

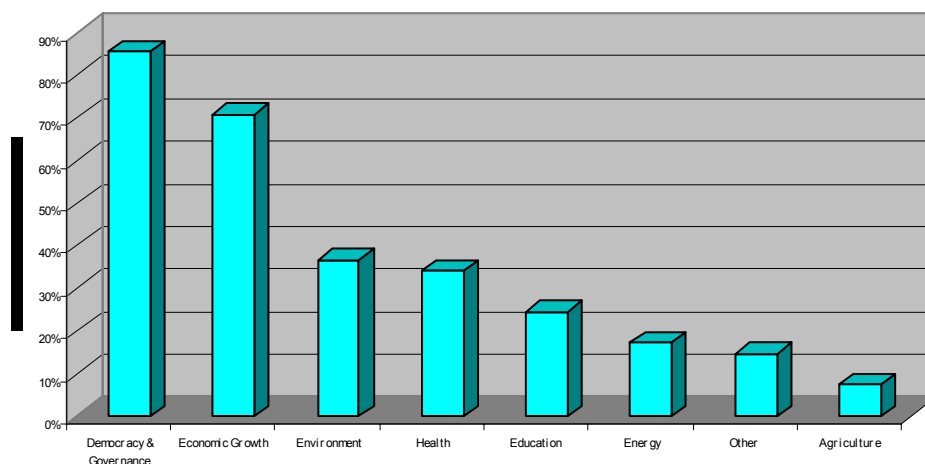
- Most of these programs (86%) are taking place under democracy and governance (DG) or economic growth (EG) strategic objectives (SOs).
  - Approximately 85% of responding missions indicated they had anti-corruption efforts as part of the DG portfolio.
  - More than 70% of missions indicated that some portion of their EG programs also address corruption.

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<sup>1</sup> Fifty-nine of seventy-two missions (82%) responded to a cable-based questionnaire with a consistently high return rate of between 60% and 81% per region. The questionnaire was completed, in some cases, by mission directors and, in other cases, by program officers or democracy officers. The questionnaire included a mix of multiple choice and open-ended questions. Responses are expressed in raw numbers or percentage of respondents.

- Missions also indicated that they have anti-corruption programs in environment (37% of missions), health (34%) and education (24%). A smaller number report programs in the energy (17%) and agriculture (7%) sectors. The chart below provides a breakdown of anti-corruption program expenditures (FY 01) by sector.

### Anti-Corruption Programs by Sector



### The View from the Field

The survey indicates that the focus of missions’ anti-corruption activities is influenced by the need to address important governance issues, whether economic governance, political governance or governance challenges in environmental, energy or health arenas. In Serbia-Montenegro, for example, USAID anti-corruption efforts are linked to banking reform and reducing financial crimes. In Albania, anti-corruption efforts are linked to anti-trafficking programs. In Guatemala, anti-corruption activities in the justice sector focus on the most compelling DG issue – the abuse of human rights. In Madagascar, they are aimed at protecting the rainforest from illegal logging and related corruption. In Armenia, anti-corruption work revolves around challenges in the energy and health sectors, while in the Andean region, anti-corruption efforts are embedded in alternative development strategies.

## 2. USAID Coordination Mechanisms

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### Survey Highlights:

- Coordination is one of the key challenges facing USAID in its efforts to address corruption.
- The survey revealed a number of formal and ad hoc mechanisms already in place to build links and communication—across SO teams, among programs within one sector, across sectors and with actors inside and outside the US government.
- Coordination across donor agencies, however, appears to remain weak.

## The View from the Field

Many missions reported regular cross-team ad hoc mechanisms to coordinate thinking and planning on anti-corruption efforts within the mission. Likewise, it is common for USAID staff to participate in inter-agency meetings on the subject, often under the leadership of the Ambassador. Such ad hoc working groups were reported in Angola, Guinea, Madagascar, Namibia, Rwanda, Bosnia, Uganda, Nepal, Albania and Kenya. In the case of Mexico, 35 agencies participate. Three missions identified their inter-agency law-enforcement working groups as a coordination forum for anti-corruption efforts (South Africa, Macedonia, Romania). Both inter-agency mechanisms and donor-coordinating bodies are seen by missions to be valuable, while the latter are much less common. Indeed, there is a general perception that donor coordination is a deficiency. Hence, donor coordination might be an area that requires further consideration. USAID/Mali explicitly asks for this type of help, given the lack of formal mechanisms for donor coordination; and USAID/Philippines offers to provide lessons learned through its anti-corruption donor subgroup, led by the World Bank.

*USAID/Peru has a monthly interagency working group meeting, chaired by the Ambassador, which includes Political, Economic and Public Affairs sections and the Narcotics Affairs Bureau, as well as USAID's Office of Transition Initiatives for information sharing, activity coordination and proposal review.*

*USAID/Kenya reports having a Democratic Development Group (DDG), which consists of 26 Embassies, as well as Like Minded Donors group (LiMiD) that includes major donor organizations. These two international groups work together to coordinate programs and diplomatic efforts to raise public awareness in the country.*

## 3. Effective or Promising Approaches

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### Survey Highlights:

- Experiences of field missions suggested that effectiveness depended on a confluence of factors as opposed to a particular program or approach.
- Some factors that missions suggested contributed to effectiveness include:
  - i) political will, ii) programs generating demand for reform, iii) assistance to strengthen government institutions and iv) local ownership of efforts.
- Many missions have programs that combine multiple activities that engage governments, civil society and the private sector. A good example of such a comprehensive effort is an initiative by USAID/Kenya, which supports an anti-corruption coalition that comprises representatives from the Parliament, the private sector, NGOs and the executive.

## The View from the Field

A select number of missions were able to put forward specific examples of effective programs covering a broad range of efforts. Missions varied about whether anti-corruption programs should

be integrated across sectors or distinct, direct initiatives. Below are selected examples of promising or effective approaches identified:

#### *Civil Society*

**USAID/Albania**, established the Citizen's Advocacy Office (CAO) to help citizens report corruption, rather than go through the ineffective official channels. Staffed with local lawyers and paralegals, CAO assesses complaints and initiates appropriate legal actions or brings them to the Prosecutor General's Office. A weekly morning TV program, dedicated to the issues of corruption, features the head of CAO. The media coverage has resulted in bringing up many new cases and expansion of the CAO's offices.

**USAID/Madagascar** supported the start-up of a new Transparency International Chapter. In 2002 the first "Perception of Corruption" report was released this year, and it was greeted with great fanfare and shock. While everyone is aware of the corruption problem here, the ranking Madagascar received (98 out of 102 countries) really highlighted to the Malagasy how others perceive them. While time will tell how effective this government is in combating the problem, this first step was a big one in bringing the problem out into the open.

**USAID/Paraguay** A very effective mechanism has been the implementation of a local sub-grant program in FY2001. Early results include a new focus of journalists on public corruption causes and collaboration between media and CSOs to press for removal of corrupt local officials.

#### *Health Programs*

**USAID/Armenia** supports the Armenian-American Wellness Center that has eliminated under-the-table payments by establishing clear fees for services, publicizing them, and enforcing procedures to ensure that the policy is followed. One example is requiring patients to check their bags in prior to beginning an examination. Doctors are no longer able to give preferential treatment to patients willing to pay extra for it.

**USAID/Romania** introduced a cost-based accounting system into hospitals working with the U.S. Department of Health and Human Services. This system for health services is intended to illustrate waste in the health care system (the public service Romanians identify as the most corrupt) and has been adopted by the ministry as part of its national strategy to increase transparency in health services.

**USAID/Rwanda** By including an inventory check of project financed health center equipment during supervisory visits, the PRIME II Project hasn't seen any equipment "disappear" as has happened in projects financed by other donors.

#### *Local Government Programs*

**USAID/Armenia** developed a software package for land and property tax management to help city managers track local revenues and expenditures effectively and promote the transparency of the process, thereby, reducing opportunities for corruption.

**USAID/Uganda's** work to strengthen local government's probity and transparency in local-level procurement seems to have had some preliminary success in two districts, out of many. However, the approach of engaging private sector contractors in training alongside local officials appears to help cement application of more rigorous and consistent procurement procedures.

### *Public Administration*

**USAID/Bosnia** will automate the government treasury systems in the state, the two entities (federation and the Serb republic) and the 10 federation cantons. USAID is providing technical assistance, training, hardware, communication equipment and customized accounting software. This activity has saved substantial amounts of public funds by rejecting payment orders that are inconsistent with the parliamentary approved budgets. In the federation alone, KM 27 million of payment orders were rejected as “unauthorized” in the first eight months of FY 2002.

**USAID/Colombia**, working with the Office of the President, has supported a landmark program for the merit-based recruitment of 120 regional directors of the Ministries of Labor and Health. This Program is a major departure from traditional patronage-based appointments toward a government-wide system of merit-based, transparent public sector recruitment. At the same time, through the Department of Public Administration USAID is supporting a Presidential Initiative to transparently recruit and appoint 120 chiefs of internal control. Appointed and answerable to the President, these officials bring an important independence to the internal control function.

**USAID/Philippines** currently funds the AGILE project which is designed to foster policy reform. The program has achieved exceptional success for several reasons, some of which can be duplicated elsewhere. Fundamentally, AGILE gathers support for reform by supplying information to the public, decision makers, the legislature, government officials, and civil society...[It] has produced many significant anti-corruption results, including the passage of a money laundering law last year, followed by the hiring and training (with AGILE assistance) of a thirty person staff, and the imminent passage of amendments to that law to further strengthen it. In addition, a tough new procurement bill was recently signed into law just last month.

**USAID/Rwanda** In a project to strengthen the capacity of district governments to design and implement community development projects such as construction of schools or water systems, the International Rescue Committee is training and utilizing community monitoring committees (CMC) to visit, assess and verify the proper execution of the activities before payment is made to the contractor. CMC members include representatives of the community and local government. In several cases the oversight resulted in corrective actions being taken and a better final product. Communities monitor how their government francs are being spent.

### *Rule of Law*

**USAID/Armenia**, in conjunction with the judiciary, in a significant step toward increasing transparency, published all decisions of the Court of Cassation and selected decisions of the Economic Court of Armenia. The decisions are also being posted on the Internet.

**USAID/Bolivia's** Administration of Justice project has been supporting the implementation of a new code of criminal procedures (CPC) over the last several years. Under the new CPC, corruption cases have been successfully prosecuted, something that was not possible under the previous code. USAID/Bolivia believes that this CPC has been Bolivia's most successful instrument to fight corruption.

**USAID/Guatemala** helped to establish, in October 1998, a Clerk of Courts Office. In its fourth year, the impact on reducing corruption and increasing transparency are clear. First, for the first time ever, the court system has an inventory of its caseloads. Previously, corrupt officials were paid to *lose* case files. From October 1, 1997, to September 30, 1998, the court system *lost* 1,061 cases in Guatemala city alone. Under the new system, only four cases have been *lost* between

October 1, 1998 to January 31, 2003. Second, for the first time ever, there is an equitable and transparent distribution of cases under the new computerized system that automatically and in a tamper-proof fashion assigns them. This has eliminated judge shopping, whereby litigants could seek out a friendly judge, and has reduced congestion in some courts that were overloaded with case. Third, the system now automatically respects time limits. Previously, there was no control over how long processes could last. Fourth, there is a reliable system for generating statistics and reports on court actions. This will permit effective planning and assigning of resources.

### *Financial Sector*

Under **USAID/Egypt's** capital market development project, much of the effort has been directed at improving the operations of various organizations in financial securities. For example, the Cairo and Alexandria stock exchanges were provided with assistance to move to self-regulatory status through strengthening internal procedures and rules; staff of the Capital Markets Authority (CMA) were trained to detect illegal trading activities, monitoring stock trading to prevent stock manipulation and other forms of surveillance; and at the request of the Ministry of Justice and CMA, training is provided for senior judges and prosecutors in areas of financial crimes, corporate corruption and other white collar crimes.

With **USAID/Romania's** assistance, the Romanian Central Bank's oversight capacity has been strengthened. As a result, the Bank identified corrupt practices at a large investment bank and was able to prevent a major banking scandal.

### *Media*

**USAID/Paraguay** has deliverables to measure success. As a result of technical assistance on investigative reporting, the media has been better able to report on corruption and inform citizens. The number of articles on corruption in the four national newspapers has increased by 226% since this effort was initiated in 2001. Civic oversight has increased with citizens denouncing corruption cases. The press has been following up on these cases and is tracking them with the Prosecutor's Office and through the courts.

**USAID/Peru** OTI supported a local civil society coalition by organizing two national anti-corruption conferences and carrying out the first national survey of corruption in Peru. Both the conferences and the survey received significant press coverage and went far to raise the issue of grand and petty corruption. OTI also funded the production of a video that chronicled the large-scale corruption that existed during the Fujimori regime and the differences between public statements at that time and what was actually happening behind the scenes. While powerful in and of itself in terms of raising awareness, the video also has been used in discussion groups in Congress, with school children and with civil society to promote a dialogue about how such large-scale corruption could have occurred, and what could be done to prevent similar abuses from happening again.

### *Microfinance*

**USAID/Egypt's** small and micro enterprise program (SME) addresses the problem of loan officers insisting on kickbacks by making the quality of the loan officer's portfolio the determining factor for compensation. The loan officer has a financial incentive to ensure that he/she has a very high repayment rate as the bonus system is tied to benchmarks (repayment rates of over 97%, 98% and 99% each earn additional compensation that can exceed base salary.)

**USAID/Uganda** has supported the development and enactment of a new law governing microfinance credit and intermediary institutions. Among features to facilitate credit, certain provisions (e.g., limiting the shares governing board members may hold) work to reduce the possibility of loans misdirected to risk ventures by family, friends, or political associates; or outright dummy firms and fraudulent loans.

#### *Natural Resource Management*

**USAID/Brazil** actively participates in the management of a multi-donor program for the protection of Brazil's rainforests. One component is contributing directly to reducing illegal logging and related corruption. It is doing so through studies and technical assistance that contribute to GOB actions to streamline and increase the transparency of forest management enforcement procedures. In tandem, the USAID bilateral program has been supporting certification programs for the timber industry, complemented by a sustainable, low-impact forest management training center. Together they have been contributing to wide-spread recognition that legal, sustainable forest management practices are ultimately more profitable than illegal operations.

**USAID/Madagascar** has recently supported the new Ministry of Environment's clean-up campaign to regularize all logging permits. A coalition comprised of the national forest service, national forest observatory (watchdog), and conservation organizations surveyed the different types of permits and cancelled all that were irregular or any that had not paid the fees due them. This resulted in a total of approximately 300 permits being revoked out of a total of 380. This is being expanded nationwide.

#### *Energy*

**USAID/Armenia's** Power Sector Metering project put in place over 10,000 meters, related system hardware, and a data acquisition system which provides a powerful tool for managing transmission system losses and preventing corruption in the power sector. The government's support for adopting and using it offers a clear gauge of their commitment to address corruption issues.

#### *Investor Road Maps*

**USAID/Romania** produced a "Red Tape Analysis" which documented the overwhelming bureaucracy crippling individual entrepreneurship and identifying critical opportunities for corruption through the process. This study resulted in a dramatic reduction in the number of approvals required to register businesses and thus, limited opportunities for corruption to occur.

#### *Customs*

**USAID/Romania**, through its Fiscal, Tax, and Customs project has been working with the State Customs Committee (SCC) to enable policy makers to formulate and implement informed policy decisions and reform administrative procedures in the customs spheres to improve efficiency, transparency and stability of SCC procedures and actions. Efforts to enhance SCC productivity and stability have, in part, focused on computerization, i.e. the development of an SCC website <[www.customs.am](http://www.customs.am)> and installation of a Wide Area Network. Improved access to information both inside and outside SCC increases transparency in operations and is a promising anti-corruption effort.

## 4. Ineffective Approaches and Why

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### Survey Highlights:

Missions frequently had very specific opinions on approaches that have been ineffective, drawing upon experiences within and outside USAID. Most believe that the absence of political will is the most important factor undermining the effectiveness of a broad range of programs. In addition, the following are examples of specific strategies which have been seen as ineffective:

- Public awareness programs unaccompanied by concrete reforms or enforcement<sup>2</sup>
- Attempts to advance reforms without including public education efforts
- Attempts to advance institutional reform in environments of low political will<sup>3</sup>
- Efforts in which we fail to take a long-term, comprehensive approach
- Anti-corruption commissions without real authority or resources to succeed<sup>4</sup>
- Roundtables and policy dialogue efforts when the key issues are well understood
- Recommendations unsupported by research and data collection
- Donor-driven programs perceived as such

### The View from the Field

A topic which generated much debate but yielded no clear conclusion was the effectiveness of public awareness programs. Some missions are skeptical of public awareness campaigns,

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<sup>2</sup> **Albania:** “In the past, activities specifically focused corruption have often been flawed in terms of not putting enough emphasis on public education and awareness to mobilize support/advocacy of private citizens and concerned NGOs.” **Brazil:** “Programs that fail to include the participation of civil society and a public awareness component are generally less effective than those that do.”

- <sup>3</sup> **Comments on Political Will:** “Most any program that has involved the central government has not been successful due to the lack of political will, impunity of corrupt officials, a corrupt judicial system, limited access to information, poor internal controls, no transparency and accountability, and so on...”
- “Training on financing of political party campaigns did not bring about the expected results...because of a lack of will to increase transparency in political party financial reporting.”
- “Imagine yourself dragging a 500-pound lead ball up a steep hill and you get the picture. The new government of is galloping along compared to past accomplishments.”
- “The programs that have not been effective in addressing corruption are ones that focus on national efforts to deal with corruption and transparency. The national government has had competing demands, and fighting corruption does not appear to be a top priority.”
- “A USAID case-by-case privatization program was closed early due to the absence of government counterpart commitment. The purpose of the program was to promote open, transparent and competitive processes for selling the remaining, larger state enterprises, but counterparts were more interested in ensuring deals that met other criteria.”
- “Programs that focus heavily on changing a country’s “culture of corruption” without concomitantly working to change institutional structures and incentives are bound to be less effective.”

<sup>4</sup> **Mali:** “National Investigative Commissions set up by the executive or even legislature without any autonomous powers to undertake this responsibility. They often achieve very little.” **Guatemala:** “In May 2001, the President of Guatemala created a Presidential Commission for Transparency in Public Administration and Anti-corruption with the broad mandate of promoting the anti-corruption policies of the President, making recommendations of that subject to the President, and serving as a coordinating body for all executive branch agencies. However, no funds were allocated for the Commission’s operation and no concrete actions were ever undertaken.”



PROs:

**USAID/Brazil:** *“Programs that fail to include the participation of civil society and a public awareness component are generally less effective than those that do. Public knowledge of anti-corruption initiatives and active press involvement are strong motivational forces for positive political action.”*

**USAID/Kenya:** *“We have made tremendous success in our program through the work of CSOs against a background of the patronage system. Our program had a major focus on public education, research and gathering of data, which increased public outrage against corruption. This has helped in the development of consensus and has provided the new government with a good starting point.”*

*The mission sheds more light on their emphasis on CSOs in an answer to another question: “...We believe here that the new government won because they campaigned on an anti-corruption platform and therefore received the support of the majority of Kenyans. Awareness raising on the nature and scope of corruption is critical for long term success of anti-corruption efforts.”*

CONs:

**USAID/Bosnia:** *“Anti-corruption initiatives that do not include transparent, effective enforcement measures are counterproductive to reform. The civil society is often cynical about corruption, and any activity that doesn’t result in consequences for corrupt behavior simply reinforces the untouchability of the ruling elite.”*

**USAID/Bolivia** *“Expensive publicity campaigns to raise public awareness surrounding corruption have been largely ineffective...Anti-corruption conferences have rarely had an important impact on fighting corruption. Training events for prosecutors are valuable discussion forums to talk about a problem.”*

especially when undertaken alone since they often fail to trigger concrete policy change. By contrast, other missions stress the importance of public awareness to generate civil society participation in exercising pressure on corrupt governments.

## **Support for Institutional Reform and Capacity-building**

Effective programs to promote government reform and strengthen the capacity of public institutions range widely from supporting reform of legislation, regulatory structures and justice sector institutions to establishing and supporting institutional procedures and internal control mechanisms. Missions also report that efforts at the sub-national level to strengthen district, regional or municipal governments and improve mechanisms for accountability have been successful. Only a few missions provided feedback about sector-specific environment and health programs, privatization, energy programs or banking and economic reforms. To achieve sustainable results, numerous missions stressed that institution building and changing government culture require long-term commitment and support.

Missions reported success in fostering legislative/policy reform and modernization, including Constitutional reform, criminal codes and laws on anti-corruption, financial crimes, tax, procurement, microfinance regulation and decentralization. USAID/South Africa reports an extensive program to reform legislation on whistleblower protection, freedom of information, and organized crime and racketeering.

**The USAID/Philippines policy reform project** “has achieved exceptional success by supplying information to the public, decision makers, the legislature, government officials, and civil society. Success is due to: (1) using almost exclusively Philippine technical expertise, (2) having a flexible contracting mechanism that allows a rapid response to opportunities, (3) recognizing the importance of each group of stakeholders, and working with each, (4) having excellent government counterparts who are willing to accept USAID technical assistance, and (5) strong support among some members of the legislature for many of the reforms we have advocated. The combination of these factors has produced many significant anti-corruption results, including the passage of a money laundering law last year and a tough new procurement bill signed into law last month.”

**USAID/Albania:** “Experience of mission staff seems to indicate that the most impact can be had in the shortest period of time by attacking the largest centers (in terms of dollars) of institutionalized corruption. Examples of such interventions include tax, fiscal and customs reform; energy sector restructuring; banking supervision; and rationalization of the pharmaceutical industry.”

Several cautioned, however, that simply passing laws does not itself change corruption; significant time and resources are needed to support the actual implementation of reforms to consolidate change. Furthermore, policy reform must be based on local participation and ownership of the process from the outset.

Missions’ efforts to reform internal procedures, reduce opportunities for corruption and alter incentives include oversight and regulation of the banking and securities systems, improving tax collection and customs systems, increasing transparency in procurement, and formalizing and streamlining licensing and business permits.

USAID/Colombia shared a promising program to replace patronage-based appointments with merit-based recruitment in the executive branch ministries (regional Labor and Health Ministry directors) and independent chiefs of internal control in the Department of Public Administration. Responses indicated general effectiveness of all these efforts; however, most did not elaborate about long-term impact.

USAID missions provide support for internal controls and oversight institutions in numerous countries. Among the most common and effective programs reported help modernize budgeting, financial management and accounting systems. Several missions also support institutions to promote “horizontal accountability,” such as supreme audit institutions, controller general, prosecutor general, and the office of the ombudsman. Establishing or improving the capacity of legislative committees to scrutinize use of public funds by the executive, such as anti-corruption committees, public accounts committees or the budget and finance committees, has been deemed an effective step toward combating corruption.

However, missions that have assisted national level anti-corruption commissions report that they are generally ineffective, lacking autonomy, resources or authority to result in a real influence on corruption.

In the DG sector, missions deemed programs in local government strengthening and justice sector reform to be effective, although often requiring a longer term investment. Local level interventions—assistance to improve budgeting, planning, revenue collection or service delivery—

provide USAID an effective opening to support “valid engagement between civil society and selected government institutions to promote good governance and accountability.”

Modernization of the judicial system—including training prosecutors and judges, court administration and case tracking, special anti-corruption units, and the publishing of judicial decisions—help reduce opportunities for corruption and increase capacity to prosecute corruption cases. Several missions indicated the importance of strengthening the judicial system and law enforcement to handle corruption cases (including those without a rule of law program) for its impact on the effectiveness of other anti-corruption measures.

## **5. Can USAID Programs Build Political Will?**

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USAID frequently seeks to build political will by coordinating policy messages with the US Embassy and other actors. But it also seeks to address this problem through its own assistance programs by mobilizing domestic groups most affected by corruption and supporting citizen awareness campaigns, public oversight or media strengthening. Programs of this kind can be found in nearly every mission working to address corruption and promote reforms. While missions agree that these “demand side” efforts are valuable, missions vary in their views on whether they present an effective means to increase the “supply” of anti-corruption reforms.

### **Survey Highlights**

- Assistance for civil society, citizen awareness campaigns, public oversight or media strengthening can be found in nearly every mission program addressing anti-corruption or government reform.
- Missions vary about the relative effectiveness of interventions and the appropriate balance of assistance for non-governmental versus governmental actors and organizations. However, they uniformly agree that support to generate demand for reform, and subsequently to monitor government implementation of these reforms, is essential to effectively addressing corruption and improving accountability.

### **The View from the Field**

Numerous missions provide assistance for public awareness programs to increase public knowledge about corruption, citing the need for citizens to understand the effects of corruption and their role in demanding accountability to effectively eliminate it. Several support raising awareness through public information/media campaigns, training for investigative journalism, providing civic education, and sponsoring research or conferences on the impact and extent of corruption.

Some missions stressed the importance of public awareness to generate civil society participation in exercising pressure on corrupt governments. USAID/Bulgaria supported NGOs to produce empirical reports on corruption that were subsequently used in public debates and in the development of a government National Anti-Corruption Strategy.

Yet analysis was mixed concerning effectiveness and impact. While most missions acknowledged the importance of community understanding and involvement in to address corruption, some were skeptical of broad awareness campaigns, especially when undertaken alone since they often fail to

**USAID/Nepal:** *“Programs focused exclusively on modifying ‘values’ or ‘unethical’ behavior through public information/education have been less effective and not very convincing if not also supported by visible examples of effective enforcement (e.g. high level officials being formally charged with corruption, prosecuted and convicted). Public anti-corruption campaigns that don’t inform ‘where, when and how’ to report corruption have been less successful in supporting stronger enforcement initiatives.”*

**USAID/Uganda:** *“...Purely civil society-focused activities (i.e., attempts to “generate demand” by making NGOs and other private groups aware and active on the anti-corruption front) are less likely to succeed if these are not also supported by work to effect change in identified public sector organizations. Depending on the institutional area, however, the inverse may be true: citizen and NGO awareness and pressure needs to be supported to induce change.”*

**USAID/Brazil:** *“Programs that fail to include the participation of civil society and a public awareness component are generally less effective than those that do. Public knowledge of anti-corruption initiatives and active press involvement are strong motivational forces for positive political action.”*

trigger concrete policy change. One field officer reported that programs “focusing heavily on changing the country’s culture of corruption without working to change institutional structures or incentives” were less effective. Several missions concurred.

USAID missions also support a variety of activities to strengthen civil society, citizen watchdog groups, and mechanisms to promote effective collaboration with government institutions and officials. Effective efforts include assistance to strengthen advocacy and oversight groups (such as Transparency International chapters and broad-based NGO and business coalitions) and support for citizen participation in municipal government planning, budgeting and local development. Some missions have supported successful mechanisms that channel citizen action and help root out public corruption.

## **6. Key Drivers of Anti-corruption Programming**

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### **Survey Highlights**

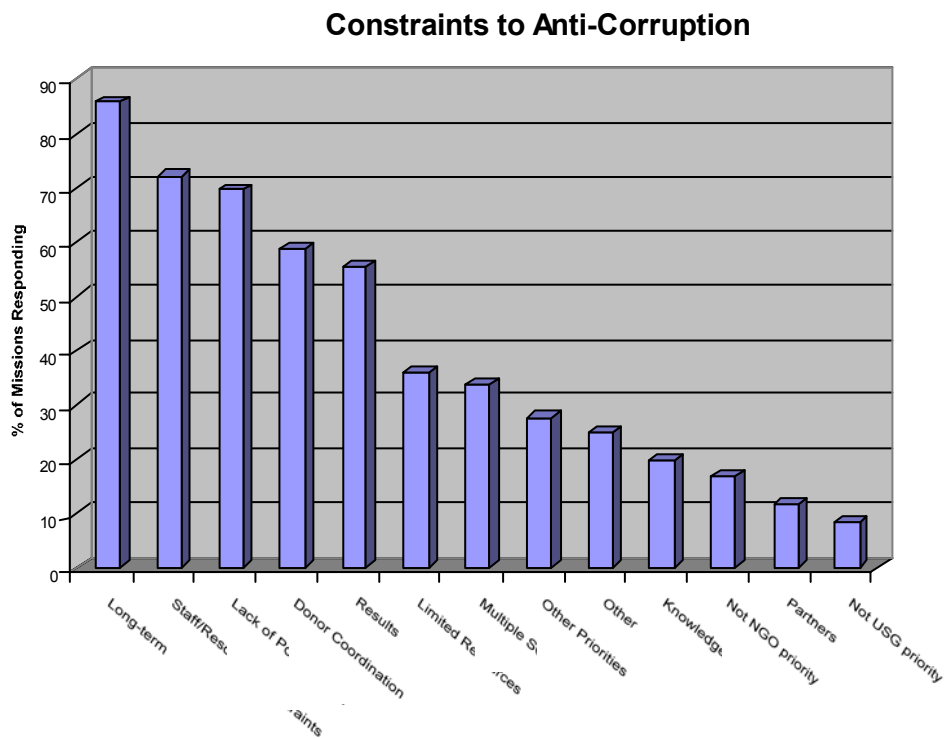
- The single most important driver of mission’s anti-corruption efforts appears to be “Other USG Agencies, including the Embassy. This is followed closely by the mission itself and Host Country Stakeholders (Business, NGO’s and the media.)
- Almost all missions cited increased political will and decreased tolerance of corruption (96% and 94% of missions respectively) as important factors that could cause them to intensify their anti-corruption programming.
- While 92% of all missions indicated that a request from host country governments for anti-corruption assistance would prompt them to increase their programming in this area.
- 90% and 88% of missions indicated that prioritizing anti-corruption programming by USG and AID/W, respectively, would influence their programming, while 86% of missions would intensify their anti-corruption efforts with additional staff and funding. The presence of key reformers in the government, new legislation and other windows of opportunity (Madagascar, Namibia, South Africa, Uganda, Ecuador, Peru, Kenya) also motivate missions to engage in or expand anti-corruption efforts.

Apart from politics and mission budgets, missions identified a number of measures that might increase their anti-corruption programming. Of these, better donor coordination in the field was

the most commonly cited factor (identified by 74% of missions as important), followed by more information on innovative anti-corruption programs elsewhere (identified by 64% of missions), improved relationships and coordination across SO teams (identified by 54% of missions), and more information on knowledgeable USAID partners (identified by 52% of missions). Only a minority of missions identified centralized donor efforts and easier reporting as factors that might increase anti-corruption programming (40% and 34% of missions, respectively).

## 7. Constraints to Anti-corruption Programs

*What currently constrains USAID missions' ability to address corruption? Which of the obstacles below apply to your country context?*



### Survey Highlights

- Most missions identified the **intractable nature of the problem as a programming challenge**: 90% of respondents agreed that anti-corruption requires long-term changes in cultural behavior.
- A few missions suggested, however, that a **change in political leadership** or a shift to effective anticorruption enforcement could transform cultural norms and public sector organizational cultures in a short period of time.
- 78% of missions cited **staff and funding resources** as a constraint to their ability to address corruption. This problem is considered more pronounced by missions in Latin America and Africa.

- 69% of missions identified the **lack of political will** as an important challenge to their anti-corruption efforts. This problem was particularly notable in specific regions where missions cite lack of political will as a programming constraint.
- 57% of missions cited the lack of donor coordination as a constraint

Several factors that we thought might be seen as constraints were not perceived as such by most missions. In fact, the majority of missions indicated that they felt that USAID has knowledgeable partners and implementers with whom to work, and that the agency itself has considerable knowledge and capacities in the field. The commitment to the struggle against corruption on the part of both the USG and our local NGO partners also emerged as advantages rather than constraints.

#### **The View from the Field**

*“Changing government behavior in an area in which they want to change is a challenge enough. Changing [government behavior] in areas in which they benefit/depend on to stay in power is nearly insuperable. Changing cultural attitudes may be beyond the scope of USAID.”*

**USAID/Russia:** *“As a result of budgetary constraints, we are reducing or discontinuing some of our most successful programs. As just one example, the Tomsk/Samara program mentioned above, which we had previously scheduled for roll out to other Russian regions is now expected to be zeroed out due to downward budget revisions (Because of the considerable achievements of the program and in order to consolidate the gains to date, we are investigating alternative mechanisms for implementation. The outcome of these explorations is not yet certain.)”*

**USAID/Mali:** *“... The DG team has taken the lead in terms of funding technical activities addressing corruption, and over the years the team has acquired relative expertise in this area. However, to continue to implement and monitor anti-corruption activities to realize significant impact would require additional staffing and funding.”*

**USAID/Albania:** *“... the mission is pursuing anti-corruption activities under all of its SOs but with varying degrees of effectiveness. In this regard, a stabilized trend (or a significant increase) in mission funding levels would certainly facilitate the accelerated implementation of ongoing and planned/new anti-corruption activities and increase their subsequent impact.”*

**Another field officer comments:**  
*“Corruption exists on such an endemic level in Indonesia that our small resources can only hope to have a small impact on the problem. The main problem is that the Government has little political will to address it, and until there is evidence of anti-corruption measures becoming a part Government’s agenda it would be unadvisable to sink too many resources into this area of programming.”*

**USAID/Senegal:** *“...Donor presence is not effective unless the donors are willing to take the hard line (e.g., withhold resources)—something that doesn’t seem to happen often.”*

**USAID/WARP:** *“...On our side, corruption, like conflict, is measured by its absence (e.g., corruption avoided this year), hence measurement is a serious constraint to programming because it does not rapidly produce measurable results.”*

## **8. The Issue Of Private Sector Corruption**

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### **Survey Highlights:**

- There was strong support for the idea that USAID should undertake programs or efforts to address corruption which occurs “exclusively in the private sector.”
- While higher than 90% in all regions, both ANE and E&E indicated 100% support for this concept.
- The narrative comments urged that Washington not impose this as yet another program requirement.

## 9. Direct or Indirect Approaches

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### Survey Highlights:

- When asked whether direct or indirect approaches to anti-corruption programming were preferable, the answer, at first glance, was “it depends.” However when analyzed by region, a significant difference appears. Missions in E&E and ANE answered “it depends” in 75% of cases, with “direct” and “indirect” evenly split with 12% each.
- On the other hand, missions in AFR and LAC answered “it depends” in 45% of cases and “direct” in 45%. Less than 10% of respondents answered “indirect” in these regions. So, while it obviously does depend, there appears to be a relatively strong preference toward direct approaches in LAC and AFR and indirect approaches in E&E and ANE regions.

#### The View from the Field

**USAID/Romania:** *“Short-term, stand alone programs that address corruption directly have proven to be least effective. Corruption is complex and represents an endemic expression of economically and democratically weak societies. Therefore, fighting corruption requires a long-term, integrated approach that engages broadly among public and private institutions.”*

**USAID/Ukraine:** *“Programs with a broad “anti-corruption” mandate lack sufficient vision and coherence to successfully produce substantive change...”*

#### Another field officer commented:

*“Corruption problems are sometimes linked to “quality of democracy” issues which are very sensitive here. For this reason, direct “corruption prevention” programs stand less chance of working than indirect programs.”*

**USAID/Serbia-Montenegro:** *“We have seen the benefits of mainstreaming anti-corruption and transparency efforts in all areas of our program rather than undertaking programs explicitly aimed at fighting corruption.”*

## 10. Areas of Comparative Advantage

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### Survey Highlights:

- Missions agreed that USAID has real competitive advantage across all programs, not only anti-corruption efforts, primarily because of the Agency’s field presence and grant financing.
- Together these features enable accurate knowledge of local conditions, the ability to establish close relationships with counterparts, and the flexibility needed to respond to

windows of opportunity. This also breeds “dependability and trust from which politically-sensitive activities such as this can be launched.”

- USAID experience with governance programs can accommodate new, more specific anti-corruption programming expertise.

#### **The View from the Field**

**USAID/EI Salvador:** *“USAID has key contacts at all levels, from grassroots to the highest authorities in country. These strong working relationships are not found with many other donors who come in and out of country with small teams. The missions have political insights and cultural understanding that facilitate implementation and, with a terrific local staff, provide entree everywhere. Where else could you find an institution with contacts in the central government, legislature, audit institutions, private sector, NGOs, and local government?”*

**USAID/Senegal** states that USAID is perceived by many in the host country as “more difficult ‘to corrupt’ than other donor organizations” mainly because of its transparent procurement process.

**USAID/India:** *“The ability to provide long term technical assistance to select institutions along with the ability to involve different public and private constituencies in a sectoral reform process.”*

**USAID/RCSA:** *“USAID is probably the single biggest donor working with such diverse portfolio of development issues, this gives it a comparative advantage... in anti-corruption programs as multi-sectoral initiatives.”*

**USAID/Nepal:** *“Technical know-how and experience to build programmatic bridges between rule-of-law programs, civil society and good governance advocacy programs, and anti-corruption initiatives; opportunities for USAID to act as a “synergy broker” and involve a variety of actors and partners on an anti-corruption agenda -- civil society, Parliaments committees, controller and justice sector officials; USAID audit practices offer opportunities for engagement and partnership; relative speed and flexibility of USAID’s “results-oriented” anti-corruption programs respond to a changing implementation environment. The fact that USAID donates rather than [lends] is important for the anti-corruption programs, which are sometimes politically unpalatable and difficult to pass the host government approval process.”*

## **11. Suggestions about the Strategy**

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- No Top-Down Strategies: Many missions appear concerned that USAID/Washington will produce/impose anti-corruption programs upon them, regardless of the different political and economic contexts and the various constraints missions.<sup>5</sup>
- Information Sharing: Missions strongly called for increased attention to documentation and analysis of effective anti-corruption programming and learning and exchanges about these lessons, experiences, successes and practices. Some requested successful anti-

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<sup>5</sup> Missions urged that the strategy reflect the ever-changing conditions in the field and support “good opportunities rather than top-down strategies that decide what institutions are critical and try to force-fit projects on those institutions.”



corruption programs and activities to be “fully catalogued, analyzed, and lessons learned distributed worldwide.”

- Training/Integration into Other Programs: Others suggested regional and worldwide workshops and training on these lessons, as well as how to integrate anti-corruption into all programs.
- Political Will: One mission asked for methodologies to deal with corruption when political will is a reality and when it is not.
- Field Support: Several called for expanded mechanisms to bring experts to provide missions with field support for anti-corruption diagnostics and program design (such as those that exist in the DG sector).
- Monitoring and Reporting: Others suggested the development of feasible monitoring and reporting mechanisms for anti-corruption initiatives that are manageable and take into account the long-term nature of measurable changes in corruption.
- Use of Diplomacy: Missions urged more aggressive use of diplomacy to complement development assistance efforts to reduce corruption.
- Commitment of Resources: Another called for adequate staffing and funding, the highest-level USG commitment, and an oft-repeated message to Washington and the field about the long term nature of anti-corruption and the need for cooperation among agencies.
- Responding to Political Openings: Several asked for financial resources to be readily available when openings exist and political will is sufficient to make an impact. A few asked for USAID to focus not only “big countries where funding barely makes a ripple,” but those where conditions are ripe for a reliable return.
- What’s in a Name? A few missions suggested that the label “anti-corruption programs” to address a sensitive issue can generate resistance. They called for a different approach with counterparts that is not simply a change in marketing, but one that reflects the broader context of anti-corruption efforts: transparency and accountability, responsible governance, government integrity.

#### The View from the Field

**USAID/Indonesia:** *“The greatest concern is that, in developing the Agency Anti-Corruption Strategy, USAID/Washington formulates a global plan that puts pressure on local missions to increase anti-corruption efforts, with current funding levels, while not taking into account the country-specific context such as the lack of political will.”*

**USAID/Romania:** *“The Agency’s anti-corruption strategy should be neither prescriptive nor directive for the field missions. It should rather be a comprehensive framework within which each mission should be able to define its own anti-corruption assistance approach. In developing anti-corruption strategy, USAID should coordinate closely with the Department of State since the issue is directly related to bilateral relationships at the highest levels.”*

**USAID/Albania:** *“It is hoped that the upcoming strategy exercise will consist of rigorous analysis of the most effective direct and indirect approaches to addressing corruption (in terms of impact). Key variables would, among others, include: cost of activity, the \$\$ value of the impact, the timeframe for realizing the impact, and the overall sustainability.”*

**USAID/Armenia:** *“Given the difficulty in measuring progress in combating corruption, the strategy should include illustrative indicators and benchmarks for progress for each specific intervention.”*

Furthermore, the strategy should also outline reporting procedures that convey results simply and effectively.”

**USAID/Cambodia:** *“If the Agency is committed to addressing the problems of corruption, the proposed strategy should allow work in select areas law enforcement...through local civil society NGOs in partnership with local, provincial and central police officials/units to train them in the basic principals of human rights, good governance, domestic violence, trafficking, and public resource management. Law enforcement corruption is a key constraint to development in Cambodia. However, [authorization for] USAID to work in specific areas of law enforcement, through NGOs, could significantly impact the performance of public and private services/organizations and the quality of governance in the countries we work in.”*

**USAID/Namibia:** *“...Integrity promotion interventions should, early enough, pro-actively and positively support any social forces and players that are attempting to preempt the development of full-blown corruption by countering corrupt tendencies. Anti-corruption programs that address the problem of corruption only when it has run rampant, is well entrenched and cannot be easily controlled, are far less effective and much more costly. Directing funding towards countries that are attempting to stem corruption, utilizing a conducive and receptive environment in which to anchor integrity promotion programs, makes sense.”*

**USAID/Zimbabwe:** *“Anti-corruption activities, like all other Democracy and Governance activities that strengthen key institutions and empower citizens to influence policy decision that shape their lives, require a long term commitment and investment. Results will only be achieved if long term commitment is matched with out-year funding.”*

## Conclusions

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The many and varied voices from the field make it very clear that anti-corruption efforts, already seen as important, are taking on even higher profile with USAID missions. These efforts, still predominantly focused in the DG and EG sectors, are increasingly being included in initiatives in other SO sectors as well. In fact, missions often establish cross-team or inter-agency mechanisms to plan and implement their anti-corruption activities more effectively.

Field officers have learned some important lessons about what works and what doesn't. Perhaps the clearest lesson is the critical role of political will as the indispensable prerequisite for effective government reform, and for our ability to work with government counterparts. The long-term and cultural nature of the issues involved in fighting corruption as well as the difficulty in demonstrating results in this amorphous area were cited as major challenges. Missions also cited inadequacy of both staff and resources facing anti-corruption efforts. Donor coordination also figured prominently in mission responses as a constraint.

Missions strongly supported the need to address supply-side of corruption in the private sector in addition to programs focusing on reforms in the public sector. USAID's comparative advantages include our technical expertise, flexibility and responsiveness combined with our practice of using technical assistance and grants as our predominate approaches. Our strong procurement, audit and management practices add to our impact and contribute to the perception of low levels of corruption within our own programs.

Finally, missions suggest that there is much we still do not know, pointing to the need for additional evaluation and research to inform our thinking and program decisions.

The comments and information shared by USAID mission staff members through this survey offer valuable insights into both the challenges and the opportunities currently facing us as an institution. The time and effort devoted to this project will contribute significantly to the development of the agency-wide anti-corruption strategy and to the success of our efforts in the critical arena.