

10. Other Foreign Assistance

A. International Crime Control

In addition to global training activities, International Crime Control and International Narcotics Control assistance programs implemented by the Department of State's Bureau of International Narcotics and Law Enforcement Affairs have included substantial elements oriented to prevent or fight official corruption. For over a decade, narcotics control projects in several countries have included elements specifically designed to promote integrity and prevent corruption. In several countries, pilot projects have included supplementation of salaries of law enforcement officers or prosecutors as an incentive to honesty and individual integrity. In others, assistance has been provided for the establishment, improvement or operation of internal affairs units, special investigative elements oriented against drug-related corruption, or selected elite investigative elements that are specially trained, equipped, and supported to provide elements of integrity. A special program initiated in the 1990's by the Department of State in cooperation with the Drug Enforcement Administration was designed specifically to develop selected drug investigative units in foreign police forces whose integrity could be assured in the face of persisting efforts by criminal organizations to corrupt them.

During the **1990's**, the Department of State has been responsible for several **large-scale**, comprehensive programs to develop or rehabilitate law enforcement and public order institutions in post-conflict situations such as Haiti or Bosnia. Such comprehensive programs include substantial elements of training, technical and material assistance, close cooperation with foreign police advisors and experts. In such programs, professional responsibility institutions, official integrity and anticorruption measures are inherent and indispensable elements of those programs.

One highly valuable element of international cooperation among national police and law enforcement institutions has always been the International Criminal Police Organization, INTERPOL. That Organization is made up of member national law enforcement institutions, and has for decades served as an effective instrument of international cooperation in anticorruption and all manner of other criminal investigations. Moreover, national law enforcement institutions which develop strong patterns of close cooperation with each other create situations in which the risk of **official** corruption is further diminished by the existence of assurance of international collaboration and assistance. A growing number of national law enforcement institutions have in recent years become members of INTERPOL. However, the phenomenon of corruption is not limited to those nations whose law enforcement institutions can afford such membership. Indeed, it is precisely in countries where economic development, post-conflict, or other institutional circumstances are least conducive to a national law enforcement institution's ability to sustain membership in INTERPOL that such membership is probably the most like to contribute to long-term institutional integrity.

In 1999, for this reason, the Department of State will cooperate with the Department of Justice and with INTERPOL in an effort to identify the constraints that

impede national law enforcement institutions from becoming INTERPOL members. Where such constraints are largely financial in nature, the Department of State will explore the feasibility of temporary employment of international crime control assistance to advance the time when association of such agencies with INTERPOL is feasible.

In addition to the enhancement of its anticorruption training activities described above, the Department of State anticipates that promoting official integrity and fighting corruption will become more and more evident as an element of all United States drug control and other law enforcement cooperation with foreign law enforcement and judicial sector institutions. In drug control programs, it is anticipated that United States resources devoted to the support and enhancement of special investigative units whose integrity is not in question will probably continue and increase.

B. Hurricane Mitch

The United States Government anticipates developing during the first half of 1999 a substantial supplementary assistance program to assist in the reconstruction of areas in Central America that were devastated in 1998 by Hurricane Mitch. Delivery of large amounts of emergency relief assistance immediately after the disaster carried with it an inevitable associated exposure to corruption. The concerned governments of Central America worked closely with bilateral and multilateral donors and non-governmental relief agencies to assure that all possible steps were taken to minimize the risk of diversion, favoritism or other corrupt abuses of such assistance.

Assistance activities in this region have now passed from the phase of emergency relief operations to one of reconstruction and redevelopment. The augmented supplementary United States assistance program in 1999 is directed to supporting that reconstruction effort. One element of that supplementary United States assistance program will be a substantial augmentation, on the order of \$1-2 million, in training and related technical and material assistance for law enforcement, criminal justice and financial control officials of the governments of Central America. One major element of this enhanced law enforcement assistance will be to improve the capacities of those governments to deter official corruption by enhancing their institutional capabilities over the long term to identify, investigate and successfully prosecute persons guilty of acts of **official** corruption, in particular corruption relating to the use of assistance provided by the international community for reconstruction of the Hurricane Mitch disaster.

C. International Financial Institutions

The United States has worked to involve the international financial institutions directly in providing assistance to countries that want to confront and combat corruption and promote good governance. The United States will continue to encourage the International Monetary Fund, the World Bank, and the regional development banks, to increase their efforts to assist countries in their fight against corruption. With a focus on

the implications of corruption for the effectiveness of desirable macroeconomic policies, the International Monetary Fund is prepared to provide both advice and technical assistance in the context of Fund programs for member countries. Emphasis is on helping countries to prevent the diversion of public funds through misappropriation, tax (including customs) fraud with the connivance of public officials, the misuse of official foreign exchange reserves, or abuse of powers by bank supervisors that could entail substantial costs for the budget and public financial institutions. The Fund seeks to promote transparency and remove unnecessary regulations and opportunities for rent seeking.

The World Bank aims to preclude fraud and corruption from projects that the Bank is financing. However, it is also expanding its capacity to extend assistance to countries that request help in identifying and eliminating corruption. In the context of projects and technical assistance the Bank helps countries to analyze the causes and economic impacts of corruption, suggest approaches to control it, and assist in measures to curtail it. The emphasis is often on enhancing public sector accountability, privatization and improving the functioning of markets, which strengthen competitive forces and curtail opportunities for monopoly profits and related bribing of public officials.

D. Agency for International Development

The U.S. Agency for International Development (**USAID**) has identified anticorruption as a priority in its development agenda. In this work, it draws upon lessons learned from working with developing countries for the past 35 years. These include, most notably, a recognition that political instability, weak public institutions, and poor economic management create the environment in which widespread corruption flourishes, and that these consequences in turn undermine economic growth, increase the potential for state failure and favor the activities of organized crime. Responses to corruption must rely on strengthening of government institutions, the engagement of civil society, and establishing the rule of law in national settings. The fight against corruption cannot be a short-term technical matter but must involve the public in a long-term sustained campaign.

Major **USAID** anticorruption activities include:

- Raising awareness of the costs of corruption. Efforts to raise awareness about the costs of corruption and to mobilize political will for fighting it are central components of **USAID** program activities. **USAID** supports efforts to publicize procedures and rights, conduct corruption perception surveys, sponsor integrity workshops, foster anticorruption **NGO's**, promote civil monitoring, provide training in investigative journalism, promote private sector efforts to prevent corruption, and advocate international cooperation and conventions.

- Promoting good governance. **USAID** works to improve transparency and oversight in government through activities such as integrating financial management systems, introducing controls in banking, energy and other sectors, strengthening audit institutions, and helping to establish anticorruption agencies. **USAID** also seeks to realign incentives of government officials through ethics codes and financial disclosure requirements.
- Strengthening the justice sector. Corruption flourishes where justice sector institutions – including the judiciary, prosecutors, police investigators, and the private bar – are weak, incapable of investigating and prosecuting criminal activity. To strengthen these systems, **USAID** programs support drafting new criminal and **anticorruption** laws, training of prosecutors and judges, and improving court administration to prevent tampering with records and reduce delays in hearing cases.
- Reducing the government's control over the economy. Governments exert significant control over the economy through state-owned enterprises, licenses, tariffs, quotas, exchange rate restrictions, subsidies, public procurement, and provision of government services. Often such controls create opportunities through deregulation, **delicensing**, privatization, and competitive procurement.

In the past year, **USAID** has taken a number of steps to promote anticorruption efforts. The Center for Democracy and Governance completed a **USAID** Handbook on Fighting Corruption, which is available through e-mail. The Latin American and Caribbean Bureau has extended its Regional Financial Management Improvement Project II, which used \$7-million over five years to improve government accounting and financial management. The project hosts a donor consultative group, publishes a monthly newsletter entitled Accountability/Anti-corruption, sponsors regional teleconferences called Respondacon, and provides technical assistance. Similarly, the Eastern European/Newly Independent States Bureau has set aside \$8900,000 over two years to establish a donor consultative group, support training workshops, assist assessment and strategy design exercises, develop a newsletter and write reports and program materials. An anticorruption **website** linking donor organizations, host country governments and non-governmental associations has been launched (www.nobribes.org) and will eventually be housed at the OECD. The Asia/Near East Bureau has also set aside \$200,000 for an assessment and development of a regional anticorruption strategy. In addition, **USAID** regional bureaus are cosponsoring anticorruption workshops with the OECD to follow up on and broaden discussion of the OECD anti-bribery convention signed in December 1997, and the Global Bureau is cosponsoring an international conference on the role of the private sector in fighting corruption in developing countries to be held in Washington in February 1999.

USAID is also supporting anticorruption efforts through a grant with Transparency International (TI). This grant provides \$2-million for intensive anticorruption work in nine countries and for regional lessons learned workshops. The country programs will start with an integrity workshop to foster group diagnosis of corruption problems and development of an action plan to fight them. Countries targeted in this grant are Bulgaria, Ukraine, Bangladesh, Philippines, Benin, Ghana, Mozambique, Colombia and the Dominican Republic. USAID is also contracting with the Center for Institutional Reform and the Informal Sector (at the University of Maryland) to develop four case studies of successful anticorruption interventions to feed into regional workshops that TI will organize.

In the field USAID missions are giving increasing emphasis to anticorruption in developing assistance projects. The following are two examples of programs missions are supporting. USAID/Bulgaria is providing key support to a Bulgarian non-governmental organizations, Coalition 2000, which has developed an anticorruption action plan called "Clean Future". The core element of this plan is an extensive public awareness campaign designed to reduce the level of public tolerance for corruption. The Action Plan was **officially** endorsed by the Government of Bulgaria at a Public Policy Forum held in November 1998. The forum, which had over 150 representatives from non-governmental organizations, the media, and senior levels of government, was opened by the Prime Minister, who presented a letter of support for the initiative from the President. Coalition 2000 has generated considerable enthusiasm among those who monitor **anticorruption** efforts. USAID and Coalition 2000, together with the OECD, will be co-hosting a workshop for the post-communist transition countries of the "southern tier" on forming public-private partnerships in Sofia, Bulgaria, currently scheduled for July 1999.

As another example, USAID/Philippines gave support to a group of non-governmental organizations in the Philippines, headed by the Philippine Center for Investigative Journalism, who documented cases of corruption and identified a **handful** of cases in which citizens successfully opposed corrupt acts. Based on its research, the group published a book, Pork and Other Perks, at the start of the 1998 national and local political campaigns. In part because of the book, corruption became an important issue throughout the campaign, highlighted in public dialogues, political speeches, newspaper articles and editorials, and other media outlets. Many observers believe the publication was instrumental in decisions to renegotiate a major government contract with a foreign property developer and to dampen "pork barrel"-budgets frequently misused by national legislators. The newly elected President of the Philippines has made probity and transparency one of the themes of his administration.

In future years, USAID will give increasing emphasis to fighting corruption through development projects that strengthen governments institutions, engage civil society, and establish the rule of law.