

Chapter 2

The role of international organizations and donors in the region's fight against corruption

Agencies whose goals include advocating, catalyzing, and supporting sustainable action to reduce poverty in the Asia-Pacific region have clearly recognized the importance of integrating anti-corruption elements into development work. In some areas, cooperation among like-minded entities is well under way. For example, the OECD Development Assistance Committee is a unique forum where bilateral donors work alongside multilateral donors, increasing the effectiveness of their efforts. The Committee's Network on Governance has established principles that outline how donors can help ensure that corruption is systematically addressed in partner countries. As another example, the ADB/OECD Anti-Corruption Initiative for Asia and the Pacific provides an excellent platform for government representatives to work together with stakeholders from international organizations and donor agencies in identifying and formulating ways to cooperate in fighting corruption.

However, cooperation among donor agencies and international organizations can still be improved. Indeed, a lack of coordination persists in many countries—at times there is a failure to recognize the need for a holistic approach to fighting corruption. Donors' support for anti-corruption reforms in the Asia-Pacific region is sometimes perceived by recipient countries as limited in its effectiveness by competing priorities

within the donor community. Increasingly, weak cooperation and coordination among donors and piecemeal approaches have also been seen to undermine the effectiveness of aid.

This chapter focuses on how support for anti-corruption reform from donors and international organizations is conceived, channeled, and used in developing countries. The fundamental principles of the strategy of the UK Department of International Development (DFID) in supporting effective anti-corruption action in poor and middle-income countries are presented by Fiona Lappin. As part of this strategy, DFID works on improving public financial management, developing civil service management reform, addressing judicial corruption, and supporting civil society to promote transparency and accountability. Important principles, including the necessity for national ownership and for reliance on national systems and structures, underpin this strategy.

A realistic approach to donor cooperation and coordination in support of anti-corruption efforts in partner countries takes into account the diversity of donors, and recognizes that different donors may have different missions, strategies, and goals. The Indonesian Commission for Eradication of Corruption (CEC) has developed such an approach through an open and transparent process that aims to maximize the effectiveness of donor support and to create positive competition among them based on transparency and information sharing. Amien Sunaryadi, Commissioner and Vice-Chairman of the CEC, also stresses the value of an independent, multi-stakeholder body to oversee and coordinate anti-corruption work. Such an entity exists in Indonesia—the Partnership for Governance Reform. Established jointly by the Government, civil society, private sector, and the donor community, the Partnership helps build competence in governance reform, functions as a central clearing house for information on governance reform in Indonesia, and coordinates the support of the international community in this reform process. Coordination and oversight agencies are needed in many countries, but consideration must be given to exploring how such an entity could be implemented in various national contexts.

International organizations are also active in the region's fight against corruption. For example, a comprehensive anti-corruption reform project was undertaken by the United Nations Development Programme and has been ongoing in China since 1997. Edward Xiaohui Wu, Programme Manager of UNDP's Strengthening Integrity Project in China, describes the first donor-supported project to address corruption in China, which includes measures to counter corruption, legal frameworks, and administrative supervision. Patrick Keuleers of the UNDP Regional Centre

in Bangkok expounds on elements of the organization's work in the region, which encompasses access to information, human rights perspectives, salary reform, and participatory monitoring in approaches to anti-corruption work. These efforts take into account institutional frameworks including the OECD Anti-Bribery Convention, the UN Convention Against Corruption, and the Millennium Development Goals.

Corruption, poverty, and development

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Introduction

“On present trends, most poor countries will miss almost all the Millennium Development Goals,¹ in some cases by ‘epic margins’. Extreme poverty will not be halved in any region except East Asia. The latest UNDP Human Development Report² concludes that by 2015, 380 million poverty-stricken people will remain in the condition from which the UN’s member states promised to liberate them.”

There are many reasons for these sobering projections. One of them is undoubtedly the significant distributional implications that widespread corruption has on growth, equity, and poverty. Effective democratic governance aimed at achieving sustainable and equitable human development thus requires a comprehensive attack on corruption as a factor of social disintegration and distortion of the economic systems. Because corruption endangers the stability of democratic institutions, discriminates in the delivery of government services, and thus violates the human rights of the people, and the poor in particular, UNDP considers its activities in the area of anti-corruption essential to the strengthening of democratic governance in support of poverty alleviation and human development in its program countries.

There is no doubt that important progress has been made, in particular since the wave of democratization that characterized the post-war period. Public awareness and advocacy campaigns about the detrimental effects of corruption have been mounted at global and national levels. Anti-corruption networks have been established, national integrity systems have been tested in a number of countries, toolkits have been developed and implemented, and regional and international legal instruments have been forged, such as the OECD Convention Against Bribery, the Inter-American Convention Against Corruption, and, most recently, the United Nations Convention Against Corruption (UNCAC).

But despite new legislation and the establishment of more anti-corruption and integrity institutions, the overall results remain disappointing, intentions still outnumber accomplishments, and tangible successes

remain sparse. The current wave of decentralization raises additional concerns that corruption will further spread to, and deepen at, the local levels. According to the World Bank, the total amount of bribes paid around the world amounts to USD 1 trillion per year,³ nearly twice the annual GDP of Africa and more than 10 times the total annual amount of development aid. By comparison, the latest Human Development Report estimates that about USD 300 billion is needed to lift 1 billion people out of their extreme poverty.

The international donor community has indicated that it is willing to increase its aid to developing countries to support the war on poverty. But given the above-mentioned figures on bribes and money laundering, the impact of these efforts may be limited unless more attention is paid to corruption leakages. It requires efforts on the recipient side, but also on the donor side. Indeed, the fight against corruption starts at home, and the donor community has an equal responsibility to remain vigilant against any form of corrupt and unethical conduct in the management of development funds.

The situation in the Asia-Pacific region is raising particular concerns. Indeed, while the region can celebrate important achievements in democratic development, the accountability and transparency record in many Asian countries is less than encouraging. While the anti-corruption policies of Hong Kong, Singapore, and New South Wales continue to be cited as model approaches, today, of the 10 worst performers on the Transparency International Corruption Perception Index, six are in Asia—three in Central Asia and three in South and South-East Asia. This month, the auditor general of one Asian country estimated that corruption in state-related projects alone would cost the country more than USD 9 billion every year.

At a time when many Asian countries are experiencing worsening inequality, the issue of corruption has acquired an even greater salience. It is therefore positive to witness the growing success of this ADB/OECD Anti-Corruption Initiative for Asia and the Pacific, which involves 25 countries in the region that have voluntarily committed to combating corruption and bribery in a coordinated and comprehensive manner, thus contributing to development, economic growth, and social stability in the region.

It is also promising to see a much stronger focus on good governance by the members of the Association of Southeast Asian Nations (ASEAN). While ASEAN and the South Asian Association for Regional Cooperation SAARC have so far retained sensitivity about the principles of sovereignty and non-interference in the domestic affairs of member states, ASEAN's latest Plan of Action for 2004–2020, signed in Vientiane, pays increased

attention to governance issues, human rights, the strengthening of the rule of law, judiciary systems, ethical civil services, and good governance in the public and private sectors. Combating corruption was explicitly mentioned as a governance issue that requires special attention.

At the global level a landmark achievement was made this month when Ecuador deposited the thirtieth ratification, which moved the UNCAC from concept to reality in record time. In its eight chapters and 71 articles, the Convention obliges the state parties to implement a wide and detailed range of anti-corruption measures affecting their laws, institutions, and practices. The convention provides countries with international standards to which to adapt their legislation and institutional frameworks. It not only provides benchmarks that allow civil society to hold their governments accountable for anti-corruption efforts, it also includes a mechanism that provides for international cooperation in the recovery of assets illicitly acquired by corrupt officials. It is hoped that these assets can be made available for future development. The UNCAC is unique, compared with other conventions, not only in its global coverage but also in the extensiveness and detail of its provisions.

Corruption and current development challenges

There is a broad consensus in the international community that good governance is essential to achieving sustainable development and poverty reduction, and that better policies and institutions can double aid effectiveness. But while there are indicators to measure results in certain areas, such as the status of education and health in a given country or region, there exist today no “objective” standards to decide, in a given political and socio-economic context, exactly what types of governance efforts will bring about the kind of progress needed towards the achievement of the MDGs.⁴ In the past, the Asian region has shown diverse approaches and routes to democratization⁵ and societal change, depending on the different stages of economic, social, political, and administrative development of the countries concerned.

The Economist recently noted that “of all the ills that kill the poor, none is as lethal as bad governance”. It is therefore not surprising that heads of state and government, gathered in New York in September 2005, emphasized the importance of good governance, rule of law, solid democratic institutions, respect for human rights, including the right to development, and transparency and financial discipline in public sector management as essential for sustained economic growth, sustainable development, and poverty reduction. The primacy of governance as a

model concept for adjusting state-society relationships was also stressed by UNDP's new administrator Kemal Dervis at the latest Executive Board meeting of UNDP in September this year, citing evidence that "aid stimulates growth in countries with good institutions and policies". It explains why 60% of UNDP's resources are spent on fostering democratic governance in developing countries.

Corruption in particular remains one of the main obstacles to achieving sustainable pro-poor development.⁶ High levels of corruption significantly aggravate poverty, which is considered the most crucial denial of human rights as it implies discrimination and injustice and disrespect for human dignity and human security. "There will be no fair world and no abolition of extreme poverty as long as corruption undermines education, health, trade and the environment."⁷ If we want to improve the lives of the millions of people who live in extreme poverty, then the fight against corruption has to be made a top priority at all levels, and the responsibility of poor and wealthy nations alike.

This also explains the increased emphasis on human rights as a key element in the strategy to achieve the MDGs (Human Development Report 2003). States need to take the necessary steps to ensure that there is no discrimination in the efforts of their citizens to exercise their rights to development, employment, food, health, education, and other basic human rights. Corruption in all its forms constitutes a violation of this obligation. It creates a vicious circle in which the state quickly loses its authority and ability to manage for the common good. Corruption makes it possible for critics to be silenced, for justice to be subverted, and for human rights abuses to go unpunished. When corruption reigns, basic human rights and liberties come under threat and social and economic contracts become unpredictable.⁸

Corruption thus affects both civil and political rights,⁹ as well as economic, social, and cultural rights.¹⁰ This statement is in line with the conclusions made at the Eleventh International Anti-Corruption Conference in Seoul, May 2003, which condemned corruption as immoral, unjust, and repugnant to the ideals of humanity enshrined in the Universal Declaration of Human Rights and confirmed the conviction that all human beings have a basic human right to live in a corruption-free society.¹¹ There is also a lot of common ground between the struggles to uphold human rights and the fight against corruption.¹² A corrupt government that obstructs transparency and accountability is probably not inspired to protect the human rights of its citizens. UNDP recognizes the importance of democratic governance in the promotion of human rights and democracy and works closely with other partners, including civil society

organizations, to facilitate the exchange of lessons learned and best practices for promoting and consolidating democracy. UNDP's activities in the field of democratic governance aim at supporting the strengthening of legislatures, electoral processes, access to justice, the promotion, protection, and fulfillment of human rights, access to information and e-governance, decentralization and local governance, and public administration reform and anti-corruption. Interventions in each of these service lines contribute in a holistic manner to the strengthening of national integrity systems.

The human rights-based approach, which will be discussed further in the next section, is changing the way UNDP and its sister UN organizations are addressing the development challenges.

Governance and Corruption: A Snapshot of Emerging Approaches in the Region

Participatory monitoring of service delivery

The UN General Assembly in its Resolution 57/277 asserted that “an efficient, accountable, effective and transparent public administration, at both the national and international levels, has a key role to play in the implementation of internationally agreed goals, including the MDGs”.

But until recently, state capacity has been addressed merely from the internal perspective of politicians and public servants, with little regard for the expectations of external stakeholders. As a result, while the period of “democratic learning” has shown some interesting developments in key areas of political governance, the more traditional governance sectors of the state (i.e., the civil service, judiciary, police) continue to resist changes. As a result, many countries in the region still have low scores for the efficiency of government services, the decentralization of government structures, and the transparency and accountability of their civil service. The predominance of the executive that characterizes many Asian polities, while effective in a number of countries, also poses constraints on the emergence of a true democratic culture.

The recent wave of anti-corruption projects and the coming into force of the UNCAC has triggered a renewed attention to the public service and its relationships with the citizenry. In the context of responsive governance, the public administration needs to subject itself to the key principles and values on which the performance of the public sector is to be measured—transparency, accountability, responsiveness, efficiency and efficacy, participation, and accessibility.

In a number of countries (e.g., Cambodia, Indonesia, Mongolia, Pakistan, Philippines, Thailand, Vietnam) UNDP is supporting the government with the implementation of participatory performance or social audit systems, allowing the closer involvement of the citizens in the monitoring and evaluation of the delivery of public services. Such approaches appear to be attractive to politicians in search of quick-fix solutions to respond to declining public confidence in government and growing demands for accountability by a more educated public. But while there are certainly examples of social audit methodologies that resulted in an increase in citizen satisfaction and a decline in budget leakages and corruption, there are also reasons to retain a degree of skepticism.¹³ First, the cost of some of these participatory performance audits may outweigh the benefits, which often remain uncertain.¹⁴ Greater care should thus be given to calculating those probable costs¹⁵ before deciding on a methodology. Second, given these participatory monitoring systems (mounting in some cases—e.g., Pakistan—to several million dollars) are donor-driven, their sustainability as a mechanism to inform policy making remains doubtful. Third, although the aim is to make the bureaucracy leaner and more service-oriented, paradoxically there is a risk for increased bureaucratization. Pilot testing is thus recommended before embarking on a full-scale participatory monitoring exercise. These pilots need to address three key issues: the selection of the appropriate assessment methodology, the right quality measures and indicators, and the involvement of the right stakeholders.

Salary reforms to curb “survival corruption”

Low-income countries continue to struggle with the problem of low wages in the public sector and see salary reforms as the panacea for many corruption problems. There is no doubt that these reforms are necessary. While increasing pay does not automatically translate into improvements in the effectiveness and efficiency of the public service, there is little likelihood of achieving sustainable reforms without fair public wages able to attract and retain the requisite skills. But there is also no doubt that these salary reforms will fail to enhance integrity if they are not backed by strong political commitment, inspiring leadership, and a coherent system of positive and negative incentives that is consistently applied at all levels of the governing institutions. Without these, enhanced salaries will simply mean higher cost for delivering inadequate and poor-quality services. Many options have been discussed and tested (salary decompression, top-ups paid by donor-funded projects, special pay scales

for the senior civil service or for core functions or special-purpose agencies) but successes have remained sparse. Some of the reforms are even causing serious distortions in the overall salary policy of the government.¹⁶ Reducing the size of the civil service is one possible option for sustaining the financing of a better-paid civil service over time, but efficiency gains can also have a very negative impact on service delivery, as witnessed recently in some Pacific Island states.¹⁷ Moreover, while downsizing was the major theme of the Structural Adjustment Programmes in the 1980s, a number of countries, in particular the least-developed ones (LDCs), are now forced to increase their workforce to achieve the MDGs and related objectives spelled out in their Poverty Reduction Strategy Papers (PRSPs) or to enhance the capacity of the local administrations in support of their decentralization policies.

Although repeated endlessly, the example of Singapore remains a case in time. Singapore did not curb corruption by increasing public wages. High salaries are one of the main outcomes of Singapore's dedicated fight against corruption, rather than an explanatory factor of its success.¹⁸

Strengthening of integrity systems at the local levels

So far, the focus of most anti-corruption programs has been very much on the development of national strategies, legal frameworks, and national integrity institutions (anti-corruption agency, ombudsman, auditor general, and others). The recent focus on decentralization and local governance (UNDP's service line that is currently highest in demand in the region, together with access to justice and human rights) explains the trend to enhance integrity systems and anti-corruption alliances at the local levels. Lao PDR is exploring the feasibility of establishing a provincial office of the Auditor General. P.R. China is developing strategies to address integrity challenges that are emerging at the regional level. As mentioned, UNDP is also supporting a number of countries piloting the participatory monitoring of service delivery at the local levels. These trends respond to a rising concern that decentralization could lead to increased corruption and state capture at the local levels, where supervision is often reduced, and the pressures of family and kin might be felt more closely. The experiences from our projects around the world indicate that targeting local accountability can also be an effective place to start and build momentum for integrity reforms. Indeed, when high-profile activities fail, particularly those lacking in political commitment, alternative bottom-up approaches that could deliver concrete results must be considered.

A human rights-based approach to combating corruption

Upholding human rights is crucial for securing a humane and non-discriminatory society, and, hence, for eradicating poverty. The principles of non-discrimination, empowerment, transparency, participation, and accountability, which are at the centre of a human rights-based approach to poverty reduction and at the heart of UNDP's prioritization in achieving the MDGs, are the same principles that motivate the anti-corruption drive. UNDP therefore strongly advocates the need to strategically integrate anti-corruption initiatives in the national poverty reduction strategies, to address corruption as a major obstacle that prevents poor people from securing their livelihoods.

The linkages between corruption, respect for human rights, and MDGs were discussed earlier. As UN Secretary-General Kofi Annan mentioned in his recent report *In Larger Freedom*: "We will not enjoy development without security, we will not enjoy security without development, and we will not enjoy either without the respect for human rights."

The UN's rights-based approach to development¹⁹ integrates human rights principles and human rights obligations in development policies and programs, to strengthen (1) the capacities of rights holders to claim and exercise their rights, as well as (2) the capacities of duty bearers to fulfill human rights obligations. The rights-based approach not only puts governance at the centre of attention, it also puts the poor and the marginalized groups at the core of policy and at the focus of development strategies.

UNDP Sri Lanka has just launched a pilot application of the human rights-based approach in its anti-corruption program. One expected outcome will be a strengthened and well-functioning Commission to Investigate Allegations of Bribery and Corruption (SIABAC), able to fully carry out its mandate as a duty bearer. The second outcome would be increased awareness among citizens—as right holders—about corruption and its effects, and ability to act as a lobby group against corruption. Achievement of the second outcome also includes the development of a strong media regularly reporting on corruption issues.

MDG 9: Setting an innovative target for democratic governance

The MDGs represent a firm commitment to a broader and more inclusive process of human development. But while good governance is generally considered one, if not the most important, factor in eradicating

poverty and promoting development, no specific goals or governance-related targets have been defined in the MDGs, except to a limited extent in Goal 8, which calls for the development of an open trading and financial system that is rule-based, predictable, and non-discriminatory. It is the Millennium Declaration that refers explicitly to the fundamental values of freedom, equality, justice, tolerance, and solidarity, with member countries committing themselves to sparing no effort to promote democracy and strengthen the rule of law, as well as respect for all internationally recognized human rights, including the right to development. Promoting good governance is seen as a goal in itself and as a key element of the enabling environment for achieving the MDGs.

With UNDP's support, Mongolia has been the first country to translate the commitment contained in the Millennium Declaration into a tangible additional Millennium Development Goal. After preparatory work conducted by the parliamentary working group on anti-corruption, in April 2005, the State Great Hural of Mongolia adopted a historic resolution on MDGs and announced a Mongolia-specific MDG 9, "Fostering Democratic Governance and Strengthening Human Rights". This Millennium Development Goal has three country-specific targets: (1) respect and abide by the Universal Declaration of Human Rights and ensure freedom of media and access to information, (2) mainstream democratic principles and practices into daily life, and (3) create an environment of zero-tolerance for corruption. A working group composed of academics, public officials, and civil society representatives is now developing a set of national governance indicators to allow progress with the implementation of this MDG 9 to be measured. Some other countries in the region (Samoa and Timor Leste) also envision similar initiatives.

Disaster management and governance reforms

The tsunami disaster exposed critical weaknesses in governance in the affected countries. In addition, media spotlights on the management and mismanagement of development programs have accelerated the global call for reforms to enhance accountability, transparency, and integrity in development operations. With the post-tsunami assistance programs, the importance of responsive, accountable, participative, and transparent governance has come to the forefront. The unprecedented relief, recovery, and reconstruction needs faced by the tsunami-affected countries are resulting in greatly increased international support. National aid coordination systems are therefore facing a huge growth in the volume of assistance being received and the number of organizations requiring

coordination. At the High Level Coordination Meeting on Rehabilitation and Reconstruction of Tsunami-Affected Countries, hosted by ADB on 18 March 2005, the representatives of tsunami-affected countries and their partners proposed that a consolidated, transparent database be developed. UNDP was approached by the Governments of the Maldives, Sri Lanka, and Thailand, requesting support for establishing a Development Assistance Database (DAD) to track financial and technical assistance, as well as results related to tsunami recovery work. Meanwhile, nationally owned tracking systems have been established in the Maldives, Sri Lanka, and Thailand under the guidance of the respective governments. Work has started with Indonesia and India as well. The databases have a twin goal of serving as a coordination tool to help line up resources more closely with country needs and provide an instrument of accountability. This initiative underlines the joint commitment made by UN agencies, bilateral donors, international financial institutions, and international and national non-governmental organizations to foster transparency. The UN system also signed memoranda of agreement with PricewaterhouseCoopers and Deloitte. Both consultancy firms are offering a number of days of pro bono auditing and consultancy work to the five tsunami-affected countries.

Access to information as a powerful tool in the fight against corruption

Access to information and freedom of expression are basic human rights that are considered prerequisites for empowering people and ensuring voice and participation and thus a key weapon in the fight against poverty and corruption.²⁰ Indeed, of the 10 best performers in the Transparency International Corruption Perception Index, eight countries have good legislation in place for access to information. On the contrary, of the 10 worst performers in the Transparency Corruption Perception Index, few countries, if any, have effectively enacted or implemented legislation to secure citizens' right to information. This would indicate a link between effective anti-corruption policies and an environment conducive to media involvement and access to information. Unfortunately, and despite the emergence of the media as a strong and vibrant institution for civic engagement and informed debate on policy issues, the transparency record of the LDCs in the Asia-Pacific region is not encouraging. Many restrictions remain on basic civil liberties—the rights to free speech, assembly, and information. Although the constitutions of most countries in the region guarantee the right to information, the denial of such right remains widespread. Over the past

years, the Asian region has seen more journalists killed, threatened, or imprisoned than any other region in the world, with such acts often associated with elections, corruption, and other topics of critical importance to a democratic culture. It is therefore not surprising that many journalists in the region still practice a degree of self-censorship and are reluctant to criticize politically influential persons either in the government or in the opposition.

Freedom-of-information laws may be premature for certain countries, but a more vigorous culture of openness, a strong civil society, and government-supported public information campaigns can produce real advances even without a law being in place.

The UNCAC invites states to take the necessary measures to enhance access of the general public to information and to promote the active participation of individuals and groups outside the public sector. For UNDP also, access to information is a key underpinning of our work in democratic governance. It is vital for strengthening accountability, transparency, participation, and rule of law. Our support in this area has therefore increased significantly over the past three years, from 69 projects in 2003 to 91 in 2005. We have 22 projects in 15 countries in the Asian region and one regional initiative in the Pacific region.

UNDP's Anti-Corruption Initiatives in the Asia-Pacific Region

As the UN agency that takes the lead in governance issues within the UN family, UNDP will collaborate closely with the United Nations Office on Drugs and Crime, as well as with other national, bilateral, and international organizations to support capacity development in support of UNCAC implementation. Efforts are ongoing for the preparation of a legislative guide to support UNCAC implementation. Comparative studies on institutional arrangements for combating corruption and on anti-corruption legislation are also being finalized, and a series of events will soon be organized to advance the UNCAC agenda in the region. In addition to codifying our corporate knowledge on fighting corruption in the different regions, we are also finalizing a source book on accountability, transparency, and integrity to support our programming efforts in the area of anti-corruption. UNDP is also working on a strategy to improve our work in the area of procurement, both internally and as part of our support for developing countries. Under the guidance of the Office for Audit and Performance Review, UNDP is also enhancing its internal control mechanisms to strengthen accountability at the corporate and country office level. A UNDP fraud policy has been adopted to prevent, detect,

and investigate fraud involving UNDP staff members, consultants, contractors, and other parties with a business relationship to UNDP.

To enhance its effectiveness in the region, UNDP has decentralized its policy advisory support, and a UNDP Regional Centre for Asia and the Pacific has been operational in Bangkok since May 2005. Several regional projects throughout the region have been consolidated into one regional governance team, located in Bangkok. Following the success of our regional Access to Justice Community of Practice, the Regional Governance team is now launching another regional community of Practice on "Integrity in Action in Asia Pacific", the aim of which is to bring together UNDP practitioners to share experiences and strengthen our capacities in the area of anti-corruption programming.

Most of our work in the area of accountability and transparency remains targeted directly at the country level, through our UNDP country offices in the region. UNDP is currently supporting anti-corruption initiatives in Afghanistan, Bhutan, Cambodia, China, Cook Islands, Indonesia, Laos, Malaysia, Mongolia, the Philippines, Sri Lanka, and Vietnam, and projects with a few other countries (e.g., Bangladesh) are in the pipeline.

- UNDP Cambodia is implementing a preparatory assistance project to support the Cambodian Government in finalizing its draft anti-corruption law, and in strengthening the advocacy network for advancing transparent and accountable government. The preparatory assistance will result in a longer-term multi-donor assistance project.
- UNDP Vietnam is supporting the Government in drafting a law on anti-corruption and formulating a project on the implementation of the UNCAC and is closely collaborating with the Swedish International Development Agency (SIDA) on these policies.
- In Sri Lanka, UNDP has launched a pilot rights-based approach to combating corruption while strengthening the capacities of the Commission to Investigate Allegations of Bribery and Corruption (CIABAC).
- In Mongolia, UNDP's "National Integrity Systems Enhancement" project is supporting the anti-corruption parliamentary working group and the National Anti-Corruption Council with the preparation of the enabling environment to implement the National Program for Combating Corruption and related action plan.
- In Malaysia, UNDP has launched an initiative to assist the new National Integrity Institute in building its capacity.

- UNDP Bhutan is helping to strengthen the capacity of the Royal Audit Authority to implement performance audits in the public sector.
- UNDP China is assisting the Ministry of Supervision in implementing a comprehensive anti-corruption program and is planning to enhance its cooperation in light of the UNCAC implementation.
- In the Cook Islands, UNDP supported a review of legislation in relation to the UNCAC.
- UNDP Philippines provided assistance to key independent integrity bodies such as the Office of the Ombudsman, the Civil Service Commission, and the Commission on Audit, as well as the Presidential Committee on Effective Governance. These initiatives triggered initial dialogue for key anti-corruption agencies to establish an anti-corruption framework under the leadership of the Office of the Ombudsman, which is the lead anti-corruption agency in the country. The UNDP Regional Centre in Bangkok also sponsored the first-ever meeting in Manila of the South East Asian Parliamentarians Against Corruption (SEAPAC).
- In Indonesia, the National Development Planning Agency developed e-Aceh (www.e-aceh.org), a one-stop-information portal accessible to the general public. One component of the website is a resource-tracking system showing resources pledged, committed, and disbursed by government, donors, and NGOs. UNDP has seized on the reconstruction process as an opportunity to promote transparent and accountable governance in Aceh. This is done through the Partnership for Governance Reform in Indonesia (PGRI) (see <http://www.kemitraan.or.id>).
- UNDP Afghanistan supported the Government in conducting an anti-corruption needs assessment (March 2005). The report will serve as a basis for further prioritization, in close collaboration with other national and international stakeholders. UNDP is working in partnership with ADB and a project document is being developed.
- Lao PDR has just adopted a new Law on Anti-Corruption and is looking for UNDP support to strengthen the capacity of its State Inspection Authority.
- UNDP Bangladesh is partnering with bilateral development partners to undertake a program that will, among others, foster awareness among the masses to support the fight against corruption. One of the objectives of the program is to reverse the current climate of social intolerance and public cynicism resulting from years of endemic corruption at all levels. Civil society organizations, the media, and the academe will play central roles in the program.

The Regional Centre in Bangkok is launching a Regional Youth and Governance Initiative that will kick off in November 2005 with a Governance Leadership Course for Young Leaders in Asia. The program aims to enhance the capacity of young Asian leaders in recognition of their roles as powerful agents of change. Transparency, integrity, and accountability are key components of the program. In addition, the governance and communications teams in the Regional Centre in Bangkok are working on a series of media announcements calling for action against corruption in the region. We are also organizing communication training for UNDP governance practitioners to improve their media skills in the area of democratic governance.

Our interventions in other governance-related areas such as parliamentary reforms, electoral reforms, access to justice, e-governance and access to information, local governance, and public administration reform all contribute in a holistic manner to the strengthening of national integrity systems.

Conclusion

Because of the diligence of civil society organizations and inspired change agents in various governing institutions, supported by international organizations and initiatives such as the ADB-OECD Anti-Corruption Initiative for Asia and the Pacific, the discussion on the fight against corruption has become much more relevant over the last few years, and more and more governments have upped their commitment to stamping it out. But the pace of reforms remains slow, with an overemphasis on the package, the legal provisions, and the formal structures. Implementation and enforcement, particularly with regard to political corruption, remain problematic.

The challenges are daunting but the stakes are high. Income disparities in South Asia are among the highest in the world. Also, in a number of countries in the region there are signs that a more competitive political system is coinciding with an increase in the importance of money and violence as instruments of electoral gains, the emergence of a highly confrontational parliamentary culture, and progressive degeneration in the morality of the political system. Rahman Sobhan,²¹ in his comprehensive review of governance in South Asian countries, even concludes that there is no evidence that exposure to plural democracy over the past decade has noticeably improved the quality of governance, accelerated development, encouraged more equitable distribution of its benefits, or reduced corruption.

With 1.8 billion people living in Asia and the Pacific, what happens in the region will matter greatly for the eradication of poverty and the achievement of global prosperity. The fight against corruption, which requires the active involvement of the public and private sectors and civil society at large, is only one step, but a very important one, on that long and difficult journey.

Notes:

The views and opinions presented in this paper are those of the author and do not necessarily reflect the position of the United Nations Development Programme.

- ¹ The eight MDGs are a 50% reduction in poverty and hunger, universal primary education, a two-thirds reduction in child mortality, a 75% drop in maternal mortality, gender equality, environmental sustainability, reversal of the spread of HIV/AIDS, malaria, and other diseases, and global partnership for development between the rich and poor.
- ² International Cooperation at a Crossroads: Aid, Trade and Security in an Unequal World. UNDP, 2005.
- ³ Nguyen, L. 2005. Poor Victimized by Extortion, Large and Small. Inter Press Service News Agency, 20 September. See also <http://www.worldbank.org/wbi/governance/mediamentions-current.html>
- ⁴ Keuleers, P. 2004. Governance in the Least Developed Countries in Asia-Pacific. Bangkok, March.
- ⁵ At the UN Summit in September 2005, the heads of state and government reaffirmed that democracy is a universal value based on the freely expressed will of people to determine their own political, economic, social, and cultural systems and their full participation in all aspects of their lives. They also reaffirmed that while democracies share common features, there is no single model of democracy and it does not belong to any one country or region, and that respect for sovereignty and the right of self-determination is a necessity.
- ⁶ For UNDP, corruption is essentially a governance issue—a failure of institutions and a lack of capacity to manage society by means of social, judicial, political, and economic checks and balances.
- ⁷ Transparency International (quoted by the Inter Press Service News Agency, Tuesday, 20 September 2005).
- ⁸ UNDP. 2004. Practice Note: Anti-Corruption. February. See also UNDP Discussion Paper: Corruption and Good Governance: <http://magnet.undp.org/Docs/efa/corruption3/corruption3.htm>
- ⁹ International Covenant on Civil and Political Rights, which entered into force on 23 March 1976.
- ¹⁰ International Covenant on Economic, Social and Cultural Rights, which entered into force on 3 January 1976.
- ¹¹ Kumar even argues that if the right to corruption-free services could be made enforceable under the constitution, it could be harnessed into an effective guarantor of accountability and good governance (Kumar, R. 2004. Corruption and Human rights: Promoting Transparency in Governance and the Fundamental Right to Corruption-Free Services in India).
- ¹² Cocksroft, L. 1998. Corruption and Human Rights: A Crucial Link. Transparency International Working Paper.

- ¹³ Halachmi, A. Performance Measurement: Test the Waters Before You Dive. (Arie Halachmi is a professor at Zhongshan University, China, and Tennessee State University, USA.)
- ¹⁴ Despite successful social audit initiatives in Bangladesh and Pakistan, recent reports still indicate high levels of popular dissatisfaction in certain sectors. Forty-seven percent of the girls enrolled in primary school in a Pakistani province reported unofficial demands for money (Inter Press Service News Agency, 20 September 2005).
- ¹⁵ Cost should also include the labor-intensive efforts of collecting, analyzing, and compiling periodic performance reports.
- ¹⁶ In Cambodia, there is a risk that the Primary Mission Group initiative triggers a series of pressures for additional top-ups in other sectors (e.g., police and military). Given the emergence of other parallel donor-funded incentive schemes, there is also a risk that income inequality within the civil service will exacerbate, even between various incentive systems. In the post-conflict countries like Timor Leste and Afghanistan, where competition for qualified human resources is even harsher, the excess of demand over supply is driving up remuneration levels and inconsistencies between wages paid within government and donor-funded government programs.
- ¹⁷ In the Cook Islands, public sector employment was reduced by 57% in 1996–1998, in Solomon Islands the payroll was reduced by 9% between 1998 and 2000, Vanuatu shed 10% of its government workforce in 1996, and even in tiny Niue the public service was slashed by half in 1995. Contracting out was promoted to improve efficiency and effectiveness in government spending. But the overall situation in the South Pacific is one of a few successes (Samoa). Service delivery has been overlooked in the quest for greater efficiency in central fiscal management and an externally promoted push for the substitution of the private for the public sector (*Trends and Challenges in Public Administration Reform in Asia and the Pacific*, UNDP Regional Centre Bangkok, June 2005, 42–43).
- ¹⁸ In 1959, when the anti-corruption strategy was launched, GNP per capita in Singapore was only USD 443. Thirty-eight years later, that figure had grown by more than 11% annually, mainly because of gains in revenue and productivity that resulted from the anti-corruption policy and from rapid growth-oriented development policies, including high investments in human development. By 1994, the public sector wages ranked among the highest in the world, nearing private sector wage levels.
- ¹⁹ The key elements of the UN Common Understanding are:
- (a) All programs of development cooperation, policies, and technical assistance should further the realization of human rights as laid down in the Universal Declaration of Human Rights and other international human rights instruments.
 - (b) Human rights standards contained in, and principles derived from, the Universal Declaration of Human Rights and other human rights instruments guide all development cooperation and programming in all sectors and in all phases of the programming process.
 - (c) Development cooperation contributes to the development of the capacities of duty bearers to meet their obligations and rights holders to claim their rights.
- ²⁰ Article 19 of the International Covenant on Civil and Political Rights protects the “freedom to seek, receive and impart information”. It is notable that during its first session in 1946, the UN General Assembly adopted resolution 59(1) which stated: “freedom of information is a fundamental human right and ... the touchstone of all the freedoms to which the UN is consecrated”.
- ²¹ Sobhan, Rahman. 2004. Reprioritizing South Asia’s development agenda: Role of governance. In *Governance: South Asian Perspective*. Edited by Hasnat Abdul Hye. Dhaka: UPL, pp. 341–365 (quoted in Salahuddin Aminuzzaman, Regional Overview report on National Integrity System in South Asia, Transparency International Regional Workshop, Karachi, December 2004.)

DFID's approach to effective donor support for anti-corruption reform

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The United Kingdom Department for International Development (DFID), through its Financial Accountability and Anti-Corruption Team, works to develop and promote effective policies and capacity to stimulate other parts of the UK Government, the international community, and developing countries to tackle corruption and improve accountability, thereby facilitating the reduction of poverty. There are several strategic objectives of DFID's approach to anti-corruption work. First, DFID supports effective anti-corruption action in poor and middle-income countries. It provides advice and support within countries, for example, in cooperation with country-level anti-corruption commissions in Malawi, Pakistan, Sierra Leone, Uganda, and Zambia. DFID also works in the area of governance, which includes improving public financial management, developing civil service management reform, addressing judicial corruption, and supporting civil society to promote transparency and accountability.

For every demander of a bribe there is a supplier; DFID also concentrates efforts on addressing this "supply side" of bribery and corruption. In this context, DFID seeks to (1) drive out bribery from international trade and business; (2) reduce money laundering of funds corruptly acquired in developing countries; and (3) help developing countries recover stolen assets. Important questions that must be raised in working towards these objectives include: Who is paying the bribes? Are they being punished? Are adequate deterrents in place? Where are stolen funds going? How can they be returned? The United Nations Convention Against Corruption (UNCAC) and the OECD Anti-Bribery Convention are key tools for donors to tackle these issues and to implement anti-corruption actions within ministries in their own governments. For example, trade ministries can be instrumental in addressing bribery committed by national companies abroad. Ministries of justice can strengthen domestic anti-corruption legislation, including laws that cover international corruption. Law enforcement agencies are the main actors in investigations and prosecutions and, hence, are also another important focus of anti-corruption efforts. Ministries of treasury or finance are well poised to contribute to reducing the extent to which banking systems can be safe havens for laundered money.

Another important objective of DFID's anti-corruption work is to protect development assistance and aid flows from corruption. An important institutional guide in this area can be found in the OECD Development Assistance Committee's (DAC's) anti-corruption principles. The DAC Principles for Donor Action in Anti-Corruption describe key activities that donors are, or could be doing, to assist partner countries with the implementation of the main anti-corruption conventions and legal instruments. The principles also raise issues of alignment and harmonization among donors and point out the linkages needed in anti-corruption work within a country, between donor headquarters and country offices, with the private sector, to build collective knowledge on how best to fight corruption. Through these principles, donors agree to collectively foster, follow, and fit into the local vision; acknowledge and respond to the supply side of corruption; and note that knowledge and lessons should be marshalled systematically and progress needs to be measured.

DFID's Work in Asia

DFID has had a strong focus on anti-poverty measures in Asia since 1997. In the Asia-Pacific, poverty reduction work is modelled to deliver on the Millennium Development Goals, and innovative approaches have been developed to access the most difficult-to-reach groups, or those who suffer most from exclusion. Depending on the country and the social context, the forms of exclusion vary—social or economic marginalization can be a function of gender, religion, ethnicity, caste, or political conviction or can be a result of conflict or change of leadership regime. For example, in some countries, gender and social exclusion assessments, which provide an analytical framework and in-depth analysis of exclusion, barriers, and opportunities, inform DFID's programming. In Nepal, DFID has begun to implement the Livelihoods and Social Inclusion Monitoring System. This system monitors the benefits of DFID investment to poor and excluded groups, and provides improved data, reporting, and analysis. Poverty Reduction Strategy Papers (PRSPs) have been developed or are being developed in several countries. PRSPs are based on a holistic analysis of the multiple dimensions of poverty, which in turn contribute to setting sector, program and budget priorities. The development of PRSPs reflects an increased emphasis on mainstreaming poverty reduction through improved inter-agency and inter-sectoral coordination, and through participatory consultation, consensus building, and planning. These and other DFID processes stress country ownership and country-led initiatives, such as through budget support in Vietnam.

DFID's Work to Improve Donor Support in the Asia-Pacific Region

DFID encourages and contributes to developing easier and more transparent ways of transferring resources from donors to governments, thereby improving the effectiveness of the entire aid effort. For example, in Vietnam, DFID is part of an influential partnership group on aid effectiveness that helps implement the Government's harmonization action plan. Partnerships with governments and international organizations have broken new ground in harmonizing donor support in Vietnam and building government capacity to manage donors. DFID also works in close coordination with other donors, multilateral development banks, and international organizations in joint donor programming. For example, in Cambodia, the background analysis for DFID's Country Assistance Plan, which focuses on maximizing the impact of development resources in the country, was jointly developed with ADB and the World Bank. Increasingly, development aid is being channelled in the form of budget support at national or sectoral level in a number of countries. This makes better use of existing government systems, while building capacity within the government.

In addition to these specific measures, DFID takes a broad-based approach to anti-corruption work. This approach prioritizes wide-range improvements in governance and accountability to citizens. DFID's programs are adapted to local circumstances and designed with a long-term vision. Projects encourage and are reinforced by systematic peer review and mutual evaluation.

Conclusion

In DFID's experience in fighting corruption in Asia-Pacific and beyond, there are a number of areas where enhanced efforts on the part of donors would increase the effectiveness of their support for anti-corruption reforms, as well as in other overall matters. Harmonization of interventions and shared views concerning the main drivers of corruption are essential for effective donor action. This requires clear and open communication with governments and among donor agencies. Donors must also recognize the important role of civil society in anti-corruption work, and should work in cooperation with non-governmental organizations. With respect to the UN Convention Against Corruption, donors should address the supply side of bribery, in accordance with the Convention and should support countries in their efforts to implement the Convention.

Support for anti-corruption reform: UNDP in the People's Republic of China

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The negative impact of corruption on development is clear. In the words of Kofi Annan, United Nations Secretary-General, "Corruption is an insidious menace. It debases democracy, undermines the rule of law, distorts markets, stifles economic growth, and denies many their rightful share of economic resources or life-saving aid. Corruption is, therefore, a major obstacle to economic and social development." As the United Nations' global development network, UNDP advocates change and connects countries to knowledge, experience, and resources to help their people build a better life. For UNDP, reducing poverty is the fundamental justification for the fight against corruption. The principles of empowerment, transparency, participation, and accountability motivate UNDP's anti-corruption drive and are at the heart of UNDP's work towards achieving the Millennium Development Goals.

Since 1997, UNDP has been involved in accountability, transparency, and integrity programs as part of its interventions to strengthen democratic governance. A 1998 corporate policy paper, "Fighting Corruption to Improve Governance", highlighted the importance of addressing corruption as a development phenomenon. Over the last few years, UNDP's anti-corruption interventions have evolved from principally supporting awareness raising and advocacy, to advising national partners aided by more holistic approaches.

UNDP's Anti-Corruption Approach

Fighting corruption is politically sensitive and extremely complex. UNDP country offices have adopted different strategies for anti-corruption programs. These programs and activities relate mainly to five areas: prevention, enforcement, public participation and coalition building, strengthening of national integrity institutions, and work with the international community.

There is no one solution for combating corruption. A country's reform effort may contain all of the five areas or a combination of some,

depending on the established needs, agreed priorities, available resources, and timing of the anti-corruption program. The key to effectiveness lies in strong political commitment and public participation in a coherent, comprehensive strategy that attacks on several fronts, involving the widest possible range of stakeholders.

Over the past few years, UNDP's accountability, transparency and integrity programs and anti-corruption interventions have evolved significantly. In a recent mapping exercise, some 70 country offices reported accountability, transparency, and integrity initiatives, either as a priority component of a governance program or as an explicit effort to fight corruption. The types of activities funded recently include:

- Strengthening transparency and accountability through coalition building and national consultations for anti-corruption strategy-setting;
- Building the capacity of independent anti-corruption commissions;
- Developing specific anti-corruption legislation and codes of conduct;
- Improving access to information;
- Strengthening specific independent oversight institutions and processes;
- Conducting financial management and transparent budgeting;
- Conducting monitoring and enforcement; and
- Developing e-government to improve public service delivery.

The Situation in China

Corruption is a widely recognized development challenge facing China. The huge losses caused by corruption are not only an economic issue, but have also become a serious social and political issue. Corruption is viewed by most Chinese people, including government officials and the public, as a serious issue that hinders the country's development.

The official China Survey Report (2000–2001) noted that “corruption is the primary cause of contradictions between officials and the public” and ranked corruption fourth among the country's top development issues. The Social Stability Studies survey of urban and rural citizens showed that corruption was the second most important concern of citizens in 2002.

Box 2.1: Perception of Top Development Issues in the People's Republic of China

Official View	Citizens' View
<ol style="list-style-type: none"> 1. Unemployment 2. Poverty 3. Crime 4. Corruption 5. Environmental pollution 6. Mobile population 7. Education 8. Income distribution 9. Labor-enterprise relations 10. Gender issues 	<ol style="list-style-type: none"> 1. Worker layoffs and unemployment 2. Corruption 3. Overburdening of farmers 4. Widening gaps and disparity (income, urban/rural, regional, sectors/industries) 5. Environment 6. Social ethics
<p>Source: 2000–2001 China Survey Report, Central Compilation and Translation Press</p>	<p>Source: Guo Yong, "Social Stability Studies" survey, 2002</p>

Corruption has caused heavy economic losses in China. The economic costs of corruption in 1996–2000 are estimated at nearly RMB 100 billion (USD 12 billion) yearly.¹ This is about 15% of China's annual GDP.

According to reports submitted to the National People's Congress by the Supreme People's Court and the Supreme People's Procuratorate, between 1998 and 2002, the court systems and the prosecution services in China handled 1.6 million corruption cases involving 1.5 million persons and CYN 22 billion (USD 2.7 billion) (these figures exclude cases handled by administrative institutions through disciplinary measures).²

The Chinese Government has undergone a paradigm shift in its approach to addressing corruption. Corruption was less problematic under the centrally planned economy. After China initiated economic reforms and the opening-up policy, corruption increased. From 1978 to 1996, the Government focused on investigation, discipline, and criminal punishment. However, this approach had unsatisfactory results.

Gradually, since the early 1990s, a consensus has been reached in the country that there is no one single solution to corruption. In the mid-1990s, the Government launched institutional reforms and system innovations to improve accountability, transparency, and integrity and combat corruption. It became more and more clear that improving accountability, transparency, and integrity and fighting corruption require

a well-planned, holistic approach that gives equal emphasis to education, prevention, prosecution, and supervision.

UNDP–Ministry of Supervision Strengthening Integrity Project

Since 2000, the UNDP office in China has engaged in a dialogue with the Government about the possibility of assisting China in its anti-corruption campaign. In January 2003, a development project in cooperation with the Ministry of Supervision, on strengthening integrity in governance, was formally launched. The Strengthening Integrity Project was the very first international cooperation program with the Government of China that specifically targeted corruption. It was a breakthrough at that time, indicating that the Government had increased its commitment to fighting corruption by all means, including international cooperation. The main reasons that the Government of China chose to work with UNDP was UNDP's political impartiality, partnership, governance focus, and global knowledge networks. In the past two years, the Ministry of Supervision and the UNDP China Office have attached great importance to the project, which is being implemented very smoothly.

The project involves UNDP–Ministry of Supervision cooperation in developing comprehensive anti-corruption strategies and systems, and training anti-corruption officials. The Ministry of Supervision heads the project task force in partnership with 15 other line ministries and 11 provinces and municipalities. Each is assigned a specific area of work. The project covers three areas of anti-corruption work: general countermeasures, legal framework, and administrative supervision. The project has contributed to the overall efforts to build integrity in government, prevent corruption at its roots, and reduce economic and social losses.

Among the project's outcomes is the publication of three important policy reports in 2005: the General Strategy on the Prevention and Dealing of Corruption by Addressing the Root Causes; Strengthening Administrative Supervision and Improving Civil Services According to the Law; and The Legal Framework on Building a Clean Government and Anti-Corruption. The last-named document will be submitted to the National People's Congress. The first two reports will be submitted to the State Council.

At the local level, branches of the Ministry of Supervision in 11 provinces have been involved in studies on specific corruption issues and produced 12 reports summarizing local situations and their experience in anti-corruption work. Under the project, nine theme-based task forces

were established. They have conducted in-depth studies on such issues as administrative licensing, supervision of public finance, and administrative supervision systems.

Anti-corruption system innovations making use of information and communication technologies were piloted in five localities. In Suzhou, a city in east China that attracts much foreign investment, the project supported the pilot implementation of an electronic supervision system for administrative licensing. With the system, the Suzhou Municipal Bureau of Supervision can monitor administrative licensing in other government departments in real time.

Training is also part of the Strengthening Integrity Project. More than 200 anti-corruption officials were trained under the project. About half of them are from the poor regions in west China. Anti-corruption officials have been trained in the areas of administrative supervision, checks and balances, and codes of conduct. Eight study tours have so far been organized for officials of the Ministry of Supervision, to both developed and developing countries in Asia-Pacific, North America, and Europe.

In addition to this project, UNDP also works with the Supreme People's Procuratorate, China's top public prosecution agency, to prevent duty crimes by officials and support the UN Convention Against Corruption.

Lessons Learned

Many important lessons have been learned through UNDP's experience worldwide and cooperation with the Chinese Government. Clearly, there is no one model for fighting corruption, and although "best practices" exist and can provide guidance, they are not automatically applicable to all countries. Development experience indicates three fundamental determinants of effective donor support for improving accountability, transparency, and integrity.

First, capacity development should be one of the core aims of development assistance, as successful development must come from within the country itself. Issues of national capacity need to be addressed at the levels of individuals, institutions, and societies.

Second, donors and international organizations can provide the impetus for reforms but these reforms need to be "home grown" and "locally driven". Our experience in China conforms to UNDP's policy that development policies and interventions promoting human development must be nationally owned. Only if people view a policy as their own will they act to ensure that it is implemented well. In countries like China, strong, committed leadership from government, civil society, and the

public is fundamental to any effective reform program.

Finally, strong capacity and a high sense of ownership still may not yield results. The third crucial determinant is a policy environment conducive to effective reform, complete with appropriate laws and regulations.

In summary, it is necessary to have an integrated and holistic approach that targets key institutional reforms, and culture change. These may involve a combination of implicit as well as explicit reform programs, grounded in principles and efforts to strengthen democratic governance. In many countries including China, fighting corruption is a central part of the institutional reform and democratic governance agenda, which require long-term, constant effort. Reform must also integrate the efforts of the judicial, legislative, and executive branches into a holistic approach that is actually implemented and applied.

Future Steps

UNDP will continue to cooperate with the Chinese Government to further improve accountability, transparency, and integrity in governance. Anti-corruption work is included in the new UNDP Country Programme in China for the next five years, which identifies “Development of anti-corruption legislation and codes of conduct to strengthen transparency and accountability within the civil services” as a key output.

Meanwhile, the General Framework of Anti-Corruption of the Government envisages the establishment of a preliminary anti-corruption system by 2010. Top anti-corruption officials have made it clear that the Government is willing to scale up cooperation with donors.

As such, UNDP looks forward to working with relevant government institutions and other stakeholders to assist China in anti-corruption work and accountability, transparency, and integrity.

Notes:

- ¹ Hu Angang. Corruption: China's Biggest Social Pollution, p. 60.
- ² Supreme People's Procuratorate, Supreme People's Court reports at the Tenth National People's Congress, March 2003.

Donor support for anti-corruption efforts: The Indonesian perspective

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A Historical Perspective

Indonesia has a long history of fighting corruption. As early as 1957, operations against corruption were carried out under military leadership. In 1967, a Corruption Eradication Team that focused on prevention and repression of corruption was created by presidential decree. Disciplinary anti-corruption operations were undertaken, under presidential instruction, in 1977. And in 1987 a special anti-corruption operation on taxation was initiated by the Minister of Finance.

More recently, in 1999, the Wealth Report Commission, focusing on the prevention of corruption was established by Law Number 28 of 1999 and a Joint Investigation Team, which concerns itself primarily with curbing corruption, was created by government regulation. The Corruption Eradication Commission (Komisi Pemberantasan Korupsi) was formed in 2003, under Law Number 30 of 2002. It coordinates with and supervises institutions working to wipe out corruption, takes action to prevent and contain corruption, and conducts system reviews. In 2005, the President's Team for Fighting Corruption was created by presidential decree to coordinate the work of the President's teams.

After nearly 50 years of fighting corruption, several observations can be made. First, preventive measures, although identified as a priority, have not been entirely satisfactory. Second, while programs and institutions were often effective at the start, with time, they themselves were affected by corruption. Third, many anti-corruption measures were aimed solely at punishment, and not enough attention was given to tracing the proceeds of corruption. Finally, neither the human resource management systems nor the financial management systems in place were adequate for managing performance.

Fighting Corruption

The fight against corruption can be conceptualized as a three-part strategy: repression, prevention, and public participation. Repression

includes investigation, prosecution, court examination, and execution of penalties. Prevention is based on making systemic improvements that eliminate opportunities for corruption. Public participation is the active involvement of actors from all parts of the population, to rally support for and scrutinize anti-corruption efforts.

To combat corruption effectively, various entities dedicated to addressing a wide range of issues and responsibilities must work together. The role of each entity must be clear: each political and governmental agency, private entity, and community organization should work to fight corruption according to its mandate and authority. To optimize cooperation among these agencies, each entity should have a clear understanding of its mandate, anti-corruption objectives, and limitations, and should be aware that its activities might duplicate or come in conflict with those of other entities. These actors should take into account the detrimental effects of wasting resources, including time. They should realize that a collaborative approach to their common goals is in the best interest of all.

Donor Support for the Fight Against Corruption

Donors are among these important stakeholders and have a clear interest in fighting corruption to help ensure that aid reaches the projects and populations for which it was intended. Donor support for the fight against corruption can take several forms; every donor is different. A donor's mission depends on its mandate, and can focus on advancing a variety of issues such as democracy, governance, anti-corruption work, economic growth, or human rights. Donors' priorities and activities (e.g., technical assistance, information exchange, provision of training or equipment) also differ with respect to the resources they have at hand, the time frame in which they function (short, medium, or long term), and the scale of their operations (small, medium, or large).

The channels through which donors deliver support also vary. In Indonesia, some donors channel aid directly to the implementing entity or other appropriate agency. In other instances, donors provide support through ministries, which, in turn, deliver aid or support to the appropriate entities. In other cases still, donors make grants to the Partnership for Governance Reform in Indonesia (PGRI), a unique entity that disburses funds directly to Indonesian agencies active in the national governance reform effort, through its Trust Fund. This function is carried out within the broader context of the PGRI's long-term process of improving governance in Indonesia in a sustainable way. The Partnership also acts

as a catalyst in building competence in governance reform, functions as a central clearinghouse for information on governance reform in Indonesia, and coordinates support from the international community for this reform process. (The complex dynamics of delivery of donor support and aid channels are shown in Figure 2.1.)

Each recipient of donor support is different; each has different needs. It is incumbent upon aid recipients to formulate and articulate their specific needs accurately. However, needs are dynamic and ever-changing; and donor support should be flexible accordingly. To maximize donor effectiveness in supporting anti-corruption efforts, it should be widely known, among both providers and recipients of support, who is giving aid to whom, for what activities, towards which objectives. It should also be borne in mind that each donor, intermediary, and recipient has its own identity and pride. Finally, it is important to remember that the donor support available does not necessarily correspond to the needs of potential recipients.

Learning from the Indonesian Experience

A number of lessons can be drawn from the Indonesian experience.

- An independent agency, such as the PGRI, whose mission is to promote governance reform where decision making and resource allocation are based on the inclusion of all stakeholders, is an effective and efficient way to combine the strengths of the public sector, the private sector, and civil society.
- Donors and recipients should decide together on the most appropriate channel for delivering donor support.
- Transparency among donors, intermediaries, and recipients creates positive competition among them and will help prevent negative competition.
- The public sector, the private sector, and civil society must combine their anti-corruption resources and strengths, to enhance exchange and cooperation and to capitalize on their respective areas of expertise.
- To achieve optimal transparency, communication, and cooperation and to make anti-corruption efforts more effective, donor coordination meetings must be held twice a year for all entities involved in anti-corruption work and for selected key agencies, and information sharing and communication must be constant.

Figure 2.1: Dynamics of Donor Support and Aid

