
Developing Anticorruption Strategies

Hong Kong, China's Anticorruption Strategy

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Despite the economic downturn brought about by the financial turmoil in Asia, Hong Kong, China's economic success in the last two decades was facilitated by the development of an effective regulatory regime and by the Government's tremendous inroads in combating corruption in both the public and private sectors. The Independent Commission Against Corruption (ICAC) has played a key role in this important process. Specifically, ICAC has had a measure of success in mobilizing the private sector and the community in fighting corruption. How did it achieve this?

A SHORT HISTORY OF ICAC

Success did not come easily. In the 1960s and early 1970s, corruption in Hong Kong, China, ran almost unchecked. Bribing for public service was common. In the business sector, illegal commissions were a way of life. The problem was compounded by a lack of public confidence in the effectiveness of the Anti-Corruption Office of the Police, where corruption was also a problem. Although the public was concerned, it accepted corruption as a necessary evil, until a top police officer managed to escape to his home in England while under investigation for corruption. The community was enraged.

In response to the community's insistent demand for drastic and decisive action, the Government set up ICAC in 1974. It was embroiled in controversy from the start. The numerous arrests it conducted became so unsettling that it was accused of being too powerful. For example, the business sector demanded to be left alone, as it believed that ICAC should be concerned only with public sector corruption. One of ICAC's biggest challenges was to make the community believe that corruption complaints would be treated seriously and confidentially, and that those who reported corruption need not fear reprisal.

Twenty-five years later, thanks to the collective determination of the Government and the community to stand up and face down corruption, Hong Kong, China, can boast the following:

- It stands out as one of the world's least corrupt places.
- It has one of the cleanest civil services in the world.
- It has a much more responsive business sector, which understands that corrupt practices, whether in Government or in private business, affect international confidence, which is crucial to its continued success as a major financial and service center.
- It has succeeded in bringing about a fundamental change in public attitude toward corruption, from acceptance to revulsion, and from passive acquiescence to positive identification with ICAC's goals and mission.

If in 1974 only one third of the complainants revealed their identity to ICAC, almost 70 percent do so now.

LESSONS AND EXPERIENCES

What lessons can be drawn from Hong Kong, China's experience? How did it manage to come to grips with what was commonly considered an intractable problem?

The first key to effectively control corruption is the "total solution" approach—a three-pronged attack on corruption through detection, education, and prevention. ICAC is fortunate in that it has a clear mandate and the necessary resources to get on with its daunting task. Government support for the commission remains strong and its anticorruption legal framework intact, operating independently as guaranteed by Article 57 of the Basic Law.

Second, without community support and involvement in the effort, ICAC would have lost the war against corruption. Unlike some crime, corruption is not easy to detect. Members of the community must be willing to come forward and report it. ICAC was created out of public demand. Over the years, it has remained an organization for the people. Through its Community Relations Department, which has a staff of over 200, it makes sure that the people do not forget the bad old days and that they know where the line is drawn.

ICAC STRATEGIES

ICAC adopted strategies to forge a partnership with civil society in general, specifically with the private sector, to tackle corruption. To keep corruption at the forefront of public attention, ICAC uses the mass media, such as television dramas based on real cases, commercials exhorting the public to support ICAC, and news reports of arrests and prosecutions. ICAC has also actively developed its publicity platform on the Internet.

At another level, to ensure that anticorruption messages sink deep into the community's psyche, ICAC estab-

lished eight regional offices in different corners of the community. They receive corruption complaints and maintain "face-to-face" contact with the entire community. ICAC also tailored its message for different groups.

Hong Kong, China, has become a sophisticated society, and specific areas thus need specialized attention. To meet the needs of different groups, ICAC adopted a "program plan" approach in spreading anticorruption messages and in enlisting public support. In simple terms, this is the "client-focus" segmentation strategy.

Each of ICAC's regional officers is both the ICAC representative in the local community and also the dual program coordinator. The officer knows the community's needs, the key players, and specific targets such as businessmen, public officers, young people, community leaders, and even new immigrants from the People's Republic of China.

In securing public participation in combating corruption, the Prevention of Bribery Ordinance outlaws "abuse of trust" acts, thus enabling ICAC to maintain a level playing field in all aspects of community life. Hong Kong, China, is a small and closely knit community. What goes on in business affects other aspects of community life. While entrepreneurs may be vulnerable to extortion by corrupt officials, a corrupt business community is just as likely to whittle away the integrity of the public service. Hence, as ICAC stands on the threshold of a new era, it is committed to maintaining a clean public sector and a level playing field for business activities.

To effectively enforce anticorruption laws, ICAC maintains close ties with the civil service, public service organizations, regulatory bodies, trade associations, and professional institutions. It encourages citizens to report any sign of corruption and to collaborate with ICAC's efforts to enhance the integrity in both the public and private sectors.

In bringing the corrupt to justice and alerting senior management to the ways and methods used by the culprits, investigators of ICAC's Operations Department have maintained a network with private sector organizations, particularly the security controllers of the financial sector.

Prevention is always better than a cure. Thus, ICAC also offers public and business organizations custom-made corruption-prevention advice. Upon request, ICAC serves about 200 clients in the private sector every year. Around 100 corruption proactive prevention assignment studies for Government departments and public bodies are conducted annually.

Law is always the last defense. On the preventive education front, nurturing an ethical culture is a fundamental approach to tackling corruption and dishonest behavior and malpractice. Increasingly, the world community is taking joint measures in the form of treaties and conventions requiring member countries to keep pace with these developments.

In response to the request of the business community, in 1995 ICAC set up the Hong Kong-China Ethics Development Centre in conjunction with six major chambers of commerce with the aim to beat corruption, fraud, and other malpractice by promoting ethical corporate culture and behavior. ICAC also helps companies develop their own code of conduct and formulate tailor-made guidelines for staff, and organizes training for managers and workers in the private sector on the provisions of ICAC's anticorruption law and on practical skills in ethical management. So far, over 1,500 companies have formulated codes of conduct for their staff. ICAC also conducts about 1,500 training seminars for 7,000 managers and 26,000 frontline workers every year. In addition, more than 4,000 people have approached the Ethics Development Centre to seek consulting services for ethics programs. They include some 500 overseas clients from 20 countries, such as the United States,

South Africa, and various Southeast Asian countries. At end-1999, the center organized more than 10 workshops on the subject of business and professional ethics, which were well attended by some 1,500 participants, including sales and marketing executives, small and medium-sized enterprises, managers, accountants, and engineers.

ADDRESSING CHALLENGES AHEAD

The center launched two major initiatives in 1999. One was a survey on ethics to gauge businesspersons' views and attitudes on corruption and ethical practices. The findings were made available in early 2000. The second initiative was the organization of a conference in early 2000 to provide a forum for leaders in both the business and public sectors to exchange ideas and experiences to find more effective ways to promote ethics and enhance Hong Kong, China's competitive edge. Cross-sector synergy and collaboration to maximize the impact of efforts in ethical management was the theme of the conference.

CONCLUSION

Corruption cannot be eradicated. However, Hong Kong, China, has shown that the problem can be substantially reduced and controlled. This can be done when a community and its government have sufficient determination, when government regulations and procedures are clearly understood and strictly followed, and when businesspersons take a long-term view and are committed to steady growth rather than short-term gains. But most of all, to secure and retain public trust and confidence, the anticorruption organization must be entrusted with the ability to fight corruption without fear and favor and must be backed by a prosecuting authority and a judicial process that are both fair and impartial.

Strategies for Combating Corruption in Pakistan

SHAFIUR RAHMAN

Corruption in Government and in business has been the subject matter of special attention in Pakistan for decades. The Penal Code of 1860 introduced a whole chapter with the heading "Of Offences By or Relating to Public Servants." The code was drafted in 1837 by the first law commission of which Lord Macaulay was the president, and McLeod, Anderson, and Miller were the commissioners. They drew upon not only English and Indian laws and regulations, but also upon Livingstone's Louisiana Code and the Code Napoleon.

The basis and the rationale of the law as explained by the commission are as follows:

Those offences, which are common between public servants and other members of the community, we leave to the general provisions of the Code. If a public servant embezzles public money, we leave him to ordinary law of criminal breach of trust. If he falsely pretends to have disbursed money for the public, and by this deception induces the Government to allow it in his accounts, we leave him to the ordinary law of cheating. If he produces forged vouchers to back this statement, we leave him to the ordinary law of forgery. We see no reason for punishing these offences more severely when the Government suffers by them than

when private people suffer. A Government indeed, which does not consider the sufferings of private individuals as its own, is not only selfish but short sighted in its selfishness. The revenue is drawn from the wealth of individuals, and every act of dishonest spoliation, which tends to render individuals insecure in the enjoyment of their wealth, is really an injury to the revenue. On every account, therefore, we think it desirable that the property of the state should, in general, be protected by exactly the same laws which are considered as sufficient for the protection of the property of the subject.

COPING WITH BRIBERY AND CORRUPTION

The Second World War necessitated large-scale spending by Government, coupled with shortages of all sorts, increasing thereby regulatory and licensing powers of the bureaucracy. The surfeit of power, money, and emergency introduced financial indiscipline, and the existing laws soon proved inadequate. Thus, in 1943, the Special Police Establishment (War Department) Ordinance was enacted to deal specifically with such offenses. Four years later, the Prevention of Corruption Act 1947 was enacted in order to fight more efficiently bribery and corruption of public officials, whose powers had been considerably increased by war conditions. Accordingly, the new law increased the punishment to seven years and raised statutory presumptions against public officials accused of the offenses. In 1958, an amendment to the Penal Code (the Criminal Law Amendment Act of 1958) provided for the establishment of Special Courts for the trial of the offenses of bribery and corruption.

COPING WITH POLITICAL CORRUPTION

The following laws were framed to deal with political corruption:

- Public Officers Disqualification Order 1959;
- Elective Bodies Disqualification Order 1959;
- Holders of Representative Office (Punishment for Misconduct) Order 1977;
- Parliament and Provincial Assemblies (Disqualification for Membership) Order 1977;
- Ehtasab Ordinance 1996; and
- Ehtasab Ordinance 1997.

COMBATING CORRUPTION IN THE ERA OF GLOBALIZATION

Globalization and information technology have brought the countries of the world close together as never before. Commendable efforts are being made in evolving, adopting, achieving, and enforcing uniform minimum standards in the fields of human rights, poverty alleviation, and good governance. Regretfully, in the matter of political, private, and public corruption, much has yet to be done.

Pakistan's substantive laws against corruption are often deficient in dealing with serious fraud cases and commercial crimes with tentacles outside Pakistan. In addition, a trained, qualified, and professional force for satisfactorily investigating corruption crimes is lacking. Prosecution and trial of such cases is quite often selective and biased. Many clogs hinder the free operation of anticorruption laws, such as sanctions from authorities and withdrawal of pending cases from court. Lacking are good governance requirements such as freedom of information, transparent administrative procedures, internal grievance redressal systems, liability of officers for tort actions, involvement of civil so-

ciety in governance at the grass-roots level, and freely available annual performance reports.

Good governance should be effectively established in the developing countries of the Asia-Pacific region. The norms of fair commercial dealings should be universally adopted and implemented as well. No protection should be provided to ill-gotten wealth wherever located or deposited. There is a requisite for international cooperation in tracking the criminals and handing them over to the appropriate authorities. Denial or discontinuance of tax-deductibility of bribes would also be a step forward.

Korea's Strategies to Fight Corruption

HONG JAE IM

Since the 1980s, various Korean administrations have tried to eradicate corruption by introducing and setting up frameworks such as the Public Servants' Ethics Law, the Act on Disclosure of Information by Public Agencies, and the Act on Real-name Financial Transactions and Protection of Confidentiality. However, their efforts have been largely limited to *ex post facto* measures such as the detection and punishment of corrupt public officials. In particular, a lack of preventative measures and insufficient political will have contributed to the failure of previous efforts to combat corruption.

On the other hand, the number of criminal cases involving corrupt public officials has increased considerably during the 1990s as successive administrations have enforced stricter countermeasures against public corruption. Public surveys show that more than 90 percent of respondents believe that corruption in Korean society is unacceptably high.

The causes of corruption are multiple. With respect to administrative and institutional causes, unnecessary regulations and complicated administrative procedures are amongst those cited along with the low salaries of public officials. Social and cultural factors such as an emphasis on regional and academic connections, sectarianism, and pa-

temalism further explain the prevalence of corruption throughout society.

The Republic of Korea ranks 43rd among 85 countries in the Transparency International 1998 Corruption Perceptions Index. This reinforces the view that corruption is still ubiquitous and remains one of the most insidious social problems. Moreover, corruption has been cited as a major contributing factor to the Korean economic crisis of late 1997.

Corruption has hindered competition and demoralized the populace. Therefore, eradicating corruption is essential to our efforts to realize broad popular support. In recognition of this, President Kim Dae-jung has taken various initiatives to fight corruption since taking office in February 1998. Thousands of public officials have been arrested and punished. Moreover, to combat corruption on a sustainable basis, the Prime Minister's Office drew up comprehensive and systematic anticorruption programs at the instruction of the President. The programs, which were formally approved and announced in August, focus mainly on the prevention of corruption rather than the punishment of offenders.

STRATEGIES

The strategies outlined in the Government's anticorruption program are wide-ranging.

The first relates to the establishment of an anticorruption infrastructure. A 15-member Special Commission on Anticorruption, consisting of lawyers, professors, representatives of business, and civic and religious organizations, was instituted as an advisory body for the President in August 1998 and will evaluate the implementation of Government-initiated anticorruption policies and programs, as well as support anticorruption efforts of domestic and in-

ternational nongovernment organizations (NGOs). Following the inauguration of the Anticorruption Commission, a Special Anticorruption Investigation Headquarters was set up within the Supreme Public Prosecutor's Office. Through it, the prosecution will step up its crackdown on corruption among businessmen, ranking government officials, politicians, and local leading figures.

In addition, the Basic Law on the Prevention of Corruption providing rules, regulations, and organizational charters for implementing anticorruption measures will also be drawn up as a legal basis for anticorruption efforts. The measures will include the establishment of a special commission on anticorruption, codes of conduct for Government officials, and support for whistle blowers.

The second concerns the promotion of administrative reforms in corruption-prone areas such as housing, construction, tax administration, police work, environmental management, and the food and sanitation sectors. The reforms will focus primarily on (i) implementing deregulation, (ii) establishing the Online Procedures Enhancement for Civil Applications (OPEN) system, (iii) reducing personal contacts between Government workers and civilians, and (iv) increasing overall accountability.

The third addresses the need to foster public awareness of the harmful consequences of corruption. A mass media anticorruption awareness campaign will be organized, while issues surrounding corruption and bribery will be incorporated into elementary- and secondary-school curriculums. There are also plans to host international conferences on anticorruption.

The fourth involves the expansion of civic participation in the anticorruption movement. To this end, citizens' associations and civic groups will be encouraged to participate in the activities of governmental committees and commissions.

GOALS

Through the implementation of the policies, the Government wants to achieve (i) an upright and corruption-free bureaucracy, (ii) transparent and reliable government, and (iii) a just and fair society. The Government's anticorruption efforts will be pursued in stages. In the first stage (1999-2000), the Government will establish infrastructure for corruption prevention, legislating the Basic Law on the Prevention of Corruption, and creating the Special Commission on Anticorruption.

In the second stage (2001-2003), it will consolidate its anticorruption enforcement system and enhance public awareness of the harmful effects of corruption. In the third stage (from 2004 on), it will concentrate on anticorruption efforts in the private sector. By the end of the second stage, we expect Korea's 43rd ranking in the Corruption Perception Index to improve to around 20th as corruption substantially decreases.

The programs are comprehensive. It is therefore crucial that they be implemented word for word. The current political leadership is highly credible in its move to lead and implement anticorruption initiatives. However, in order for its efforts to succeed, civil-society participation is indispensable. In this regard, the Anticorruption Network in Korea, organized in August 1998, constitutes a welcome development in Korea's endeavors to combat corruption. The network is expected to monitor the implementation of the Government's anticorruption programs, the Organisation for Economic Co-operation and Development (OECD) anti-bribery convention, and related national legislation. At the same time, international organizations' initiatives regarding corruption and bribery—particularly those of OECD—will also make positive contributions to Koreans' efforts to combat corrupt practices.

KOREA'S INVOLVEMENT IN THE OECD CONVENTION

The OECD Convention

Korea first participated in the OECD Working Group on Bribery in International Business Transactions in July 1996 in the capacity of a technical team. Although not an OECD member at the time, Korea strongly requested that it be allowed to participate in order to become better informed about OECD initiatives and activities in the field of bribery.

After its accession to OECD in December 1996, Korea was formally invited to attend the OECD Working Group on Bribery. It also participated in and endorsed the Revised Recommendation at the Council Meeting in May 1997. The council decided to convene a negotiating conference on the OECD convention. Three such conferences were held from July to November 1997, with OECD members agreeing to the draft convention as well as the related commentary. An active participant in the negotiations, Korea signed the convention on 17 December 1997 and enacted a national implementing law on 28 December 1998. It also ratified the convention and deposited its instrument of ratification with the secretary-general of OECD on 4 January 1999. The OECD convention and Korea's implementing law entered into effect on 15 February 1999.

Major Elements of Korea's Implementing Law

In order to implement the OECD convention, Korea passed The Act on Preventing Bribery of Foreign Public Officials in International Business Transactions (FBPA). The law criminalizes the bribery of a foreign public official in international business transactions. Other laws, including the Criminal Code and the External Audit Law, contain provisions relevant to other obligations under the OECD

convention. The major elements of Korea's implementing law are as follows.

Offenders

According to Article 2 of FBPA, a foreign public official means any person holding a legislative, administrative, or judicial office, whether appointed or elected. The definition also includes an official who exercises a public function, including any activity in the public interest, such as the performance of a task in connection with public procurement. An official of a public enterprise shall be deemed to perform a public function unless the enterprise operates on a normal commercial basis. An executive or employee of any enterprise of which a foreign government holds over 50 percent of the subscribed capital or in which a foreign government exercises substantial controlling power over its overall management shall be included in the definition.

The foreign-bribery offense was drafted in accordance with the language of the convention as well as with provisions in the Criminal Code on bribery of domestic public officials (which are interpreted broadly and flexibly by the courts). The convention has the same legal effect as domestic legislation through ratification. Therefore, the language of FBPA fully meets the requirements of Article 1 of the convention.

Criminal Responsibility of Persons Giving Bribes

Any person, promising, giving, or offering bribes to a foreign public official in order to obtain improper advantage in the conduct of international business transactions, shall be subject to sanctions comparable to those imposed on persons found bribing domestic public officials. They entail a maximum of five years' imprisonment or a fine of

up to ₩20 million. Moreover, in the event that the profit obtained through the offense exceeds a total of ₩10 million, the person shall be subject to a maximum of five years' imprisonment or a fine of up to twice the amount of the profit. Small pecuniary or other advantages to facilitate the legitimate performance of the official's business shall not be subject to criminal responsibility, but will be narrowly interpreted so as to avoid abuse.

Responsibility of Legal Persons

Article 4 of FBPA establishes the criminal responsibility of a legal person for the bribery of a foreign public official. In the event that a representative, agent, employee, or other individual working for a legal person has committed bribery in relation to business, it shall be subject to a fine of up to ₩1 billion in addition to the imposition of sanctions against the culprit. In the event that the profit obtained through the offense exceeds a total of ₩500 million, it shall be subject to a fine of up to twice the amount of the profit. If the legal person has paid due attention or exercised proper supervision to prevent the offense against the act, it shall not be subject to the above sanctions. It should be noted that the article was especially drafted so as to meet the requirements of the convention. An equivalent provision does not exist in relation to the offense of domestic bribery.

Confiscation

If the offender is in possession of the bribe given in the commission of an offense, or the bribe is knowingly obtained by a person other than the offender, after the offense has been committed, the bribe shall be confiscated.

Jurisdiction

The Korean Criminal Code (Article 2) establishes jurisdiction over any offense that has been committed in Korean territory. Thus, Korea has jurisdiction over any part of an act constituting an offense under FBPA related to bribing a foreign public official. Under Article 3 of the Criminal Code, Korea has jurisdiction to prosecute its nationals for offenses committed abroad, including the bribery of a foreign public official.

Mutual Legal Assistance

Korea provides mutual legal assistance to other countries in accordance with bilateral treaties or with the International Mutual Legal Assistance in criminal matters. It also provides mutual legal assistance to those countries with which it has no relevant treaties or arrangements, provided that reciprocity is guaranteed.

Extradition

Korea extradites criminal offenders in accordance with bilateral extradition treaties or pursuant to its Extradition Act. Under bilateral treaties or the Extradition Act, an extraditable offense is one that is punishable under Korean law and that of the requesting country by the deprivation of liberty for a period of at least one year, or by a more severe penalty. The bribery offense, providing for a maximum term of imprisonment of five years under FBPA, is an extraditable offense. Article 4 of the Extradition Act allows extradition to a country with which Korea has not concluded a bilateral extradition treaty, provided that reciprocity is guaranteed by the requesting country. The OECD convention cannot be relied upon as a legal basis for extra-

dition. Decisions concerning whether or not to extradite Korean nationals are discretionary.

Tax Deductibility

According to paragraph 2 of Article 19 of the Corporate Tax Law, expenses or losses that are related to business and commonly recognized as ordinary and normal are deductible. The Income Tax Law has similar provisions on deductible expenses for individual taxpayers.

However, Korea does not allow tax deductions for bribes paid to foreign public officials, as they are not considered to constitute expenses that incur in ordinary and normal business transactions.

Money Laundering

Article 7 of the convention requires that where a party has bribed a domestic public official, a predicate offense for the application of money-laundering legislation, the same terms must apply to bribery of a foreign public official, regardless of where the bribery occurred. In Korea, bribery of a domestic public official is not a predicate offense for the purpose of the application of money-laundering legislation. However, the Government is considering a bill that makes domestic bribery a predicate offense in relation to money-laundering legislation.

Evaluation of Implementing Legislation

The OECD Working Group on Bribery in International Business Transactions, with Germany and Italy as lead examiners, examined Korea's implementing legislation at its meeting on 7-9 July 1999. After mutual evaluation, the working group concluded that FBPA generally conforms to the requirements of the convention. The group also

noted that Korea was the latest country to join OECD, but was one of the first countries to pass legislation implementing the OECD convention. However, several issues, including small payments, bribery of a third party, confiscation, and jurisdiction over a non-Korean bribing a foreign public official for a Korean company were identified for clarification.

The Phase-III evaluation expected to start at end-2000 will cover the application of relevant laws and rules in practice, and its consequences in the business sector. In the process, on-site examinations will be conducted by the secretariat to obtain information on the practice of enforcement and prosecution policies through direct discussion with magistrates and police involved in the implementation of the laws. Through the on-site procedure, Korea's implementation and enforcement procedures will be closely monitored and evaluated.

Why Korea Participates in OECD Anti-bribery Efforts

Korea participates in the OECD convention for three reasons. First, the endorsement of the convention will serve to exert pressure on a domestic level by criminalizing bribery. Given the prevalence of corrupt practices in Korean society, it is crucial for Korea to marshal maximum external pressure to clean up both public and private sector business transactions. The convention can thus be seen not only to dovetail with the Government's efforts to combat corruption but also to prevent foreign nationals from attempting to bribe Korean officials and corporate personnel.

Second, in a world economy characterized by increasing globalization, it is imperative that Korean enterprises and officials follow internationally accepted rules of the game. Given the economic weight of OECD (in 1995, OECD countries accounted for 61 percent of world GDP and 67 percent of world trade), it is not reasonable to believe that

Korea can stand outside of international best practices. By sharing OECD's fundamental values, Korea will not only fulfill its obligations as an OECD member, but also further elevate Korea's credibility in the international community.

Third, foreign direct investment (FDI), which is crucial for Korea's economic recovery, will be more forthcoming once these standards are accepted and widely implemented. Korea's recently liberalized investment regime marks an important step in luring investors, but now needs to be complemented by the eradication of corruption if FDI is to continue to flow into Korea on a sustainable basis. When making an investment decision, investors consider numerous variables, including the size and dynamic nature of the market, geographical proximity, the quality of the infrastructure and workforce, labor and environmental standards, as well as the extent to which the host country investment regime has been liberalized. In addition, investors examine whether or not the host country is close to its own country in economic and political ties, interdependence, tradition of good faith, and respect for international commitment. These factors explain why the majority of investments (88 percent of all outflows and 68 percent of all inflows) take place among OECD members. It bears emphasizing, therefore, that to attract FDI on a predictable and continuous basis, we should meet the conditions enumerated above, including efficient market function and dismantling of unnecessary investment regulatory measures. The elimination of corruption and bribery should be part of these efforts and thus receive high priority. These steps will send a clear signal to foreign investors to have confidence in the Korean economy.

CONCLUSION

Korea fully realizes that being a signatory to an anti-bribery convention or passing anticorruption legislation does

not automatically lead to the eradication of corrupt practices. Laws and regulations are a necessary first step, but must be supported by resolute political will. Accordingly, strong political leadership is crucial, and without it the best of intentions come to nothing as we have repeatedly experienced in Korea's past. Our current Government, however, is different. President Kim Dae-jung has taken a strong stance against corruption and bribery. His commitment to eradicating bribery has been further enhanced by the recent formation of a Presidential Anticorruption Commission as well as of a Special Anticorruption Investigation Headquarters. The President believes that without a firm resolve to root out corruption and bribery, Korea will be unable to fully realize good governance and its considerable economic potential.

In addition to strong political leadership, the presence of highly motivated and well-organized civil-society groups is also of great importance. Korea is currently witnessing the burgeoning of such groups, making these times particularly conducive to fighting corruption. For example, Transparency International, which recently established a contact point in Seoul, and local nongovernment organizations such as the Anticorruption Network in Korea, will serve as effective monitors and provide critical momentum to efforts to eradicate corruption. Indeed, if all three sectors of society (private, public, and civil) work together, corruption in Korea can be substantially reduced relatively quickly, and should continue to decline.

Anticorruption Initiatives of the United States Agency for International Development

ED ANDERSON

A number of factors explain new interest in the corruption issue. Since the end of the Cold War, donor governments have placed less emphasis on ideological grounds for foreign assistance and more on trade and development, both of which are undermined by corruption. At the same time, businesses face intense competition as trade and capital markets are globalized, and have become less willing to tolerate the expense and risk associated with corruption. At the other end of the trade process, highly corrupt countries have found themselves less able to attract investment and to compete in the global market. Meanwhile, as more countries make the transition to democracy, citizens use the vote and their civil liberties to confront corruption, prompting leaders and opposition figures to commit to an anticorruption platform.

Obviously, the root causes of corruption are many. USAID programming recognizes their diversity by taking a broad perspective in its efforts to promote greater trans-

parency and accountability. Its activities range from work on economic reform, such as reducing the opportunities for corrupt behavior; to work on democracy building, such as strengthening civil society, the mass media, and the role of law; to work on good governance. Work on good governance includes (i) supporting activities to improve the climate for investment in Asia by reducing corruption and removing regulatory barriers, (ii) strengthening ties between Asia and international business organizations, and (iii) promoting trade between Asian countries and the United States (US).

Corruption occurs when there is an opportunity to engage in it, and it flourishes when the potential rewards are considered worth the risk of discovery and punishment. The US advocates the use of effective mechanisms to reduce corruption in Asia. On the supply side, it encourages major industrialized countries to stop bribing foreign public officials in international business transactions. On the demand side, through multilateral organizations and with support from nongovernment organizations (NGOs) such as Transparency International, it seeks to increase knowledge about the effects of corruption. Asians themselves are at the forefront of the movement to improve governance, increase transparency and accountability, and fight corruption. USAID strongly supports their efforts, both through its overseas programs and through coordination with the international donor community.

USAID has developed an approach that is incorporated into many of its anticorruption assistance programs. Like any approach to such a complex and sensitive problem, it can serve only as a guide. Ultimately, success and failure rest with broad influences that lie outside the range of assistance that a donor organization can provide. USAID missions develop strategic responses to public corruption. As a first step, in close cooperation with local civil-society organizations, the private sector, and the government, it

attempts to identify causes of corruption and sets out a range of institutional and societal reforms to address them.

The framework then introduces a methodology for selecting a measure, which first calls for an assessment of the opportunities for reform in a given country. Responses to the causes of corruption entail institutional reforms to (i) limit authority, (ii) improve accountability, and (iii) realign incentives, as well as reforms to change attitudes and mobilize the political will for sustained anticorruption efforts. Ways to limit authority include (i) assisting in the privatization of State-owned enterprises, (ii) liberalizing the economy by reducing tariffs and price controls, (iii) adopting competitive procurement procedures, and (iv) introducing competition in public services. Measures to improve accountability focus on greater transparency and sanctions.

Efforts to raise public awareness of the causes of corruption and to mobilize the political will for reform include surveys, public relations campaigns, support for the training of investigative journalists, workshops, and international pressure. A strategy to fight corruption need not or cannot contain each of these institutional and societal reforms. Rather, a strategy needs to fit the particular circumstances of a country, taking into account the nature of corruption as well as the opportunities and the constraints for addressing it. Designing a strategy therefore requires an assessment of the level, forms, and causes of corruption for the country as a whole and for specific government institutions. In particular, strategy formulation requires a hard look at the political will in government and in civil society for anticorruption reform. It entails appraising the opportunities for reform, which can derive from a change in government, an outraged public, scandals, an opposition movement, economic crisis, or external pressure. Then, it is essential to take careful stock of potential supporters and opponents within the ruling parties, the opposition, and the judiciary.

The assessment must consider each party's interest and motivations and how these might play into an effective anticorruption strategy. In addition to institutional reforms, efforts to fight corruption include societal reforms to change attitudes toward formal political processes and to mobilize political will for change. Societal reforms generate new information about the causes of corruption to stimulate demand for change and to provide guidance on what might be changed. Societal reforms also foster structures to facilitate monitoring and advocacy by civil society. If civil society is not mobilized, it is much less likely that governments will follow through on anticorruption reforms once they encounter strong negative sentiment, either from those who stand to lose directly or from average citizens who must endure painful economic restructuring replete with job losses and higher prices.

Civil society, where it is free to organize and to act, can become a vital partner in developing and strengthening ethical practices in the public sector. While a growing number of civic advocacy organizations have emerged to fight corruption, a range of other civil-society organizations can contribute to the cause without being organized specifically for that purpose. Most prominently, business and professional associations can be advocates for reform and champions of professional standards and self-regulation. The USAID Anticorruption Program in the Philippines, for example, has identified public procurement as a commonly cited source of corruption. The mission and its Filipino partners recently completed a comprehensive study of the public procurement system in the Philippines, outlining a series of recommendations for procurement reform that are in accordance with OECD standards and that would sweep away conflicting legislation. The recommendations have been presented to the Cabinet for consideration, in the hope that they will assist in creating an informed national debate on the topic, which will eventually lead to real reform.

On the demand side, USAID has begun working with partner organizations such as the Asia Foundation, the Philippine Center for Investigative Journalism, and the Makati Businessmen's Club to research various facets of corruption in the Philippines. Coalitions of like-minded organizations can use the findings to raise the issues and to discuss them from an informed analytical perspective and not on a simply rhetorical or emotional level.

We have learned that law enforcement by itself is not an effective anticorruption strategy. We have also learned that political will is critical and needs to be bolstered. Multilateral conventions and political leverage through bilateral relations can help to strengthen political will. As a development agency, USAID has a major interest in seeing that bribery does not become commonplace. Events in recent years have demonstrated the importance of democracy and openness in government to long-term economic development. They give average citizens vital tools for uncovering and stamping out corruption and for making sure that economic gains are widely shared rather than siphoned off by a few. It is clear then that the challenges that lie ahead are many, but it is equally clear that with continued and concerted efforts, the global fight against corruption can be won. Not in days or in months, but over an extended period of time, provided that those with the will and the foresight to place the greater good above personal interest are given the support that they need.

Anticorruption Initiatives of the International Monetary Fund

ANTON OP DE BEKE

The International Monetary Fund (IMF) is active in many countries where corruption is a serious issue. It does not have a specific anticorruption policy, but addresses corruption in a broader context by promoting good governance, focusing on (i) transparency of government accounts, (ii) effectiveness of public resource management, and (iii) stability and transparency of the economic and the regulatory environment for private sector activity. Much of its effort creates systems and institutions that minimize the scope for corruption and therefore complements the initiatives of other institutions that address corruption directly.

In 1996, IMF first received a formal mandate from its political leaders to concern itself with good governance in all its aspects, including (i) ensuring the rule of law, (ii) improving the efficiency and accountability of the public sector, (iii) and tackling corruption. The IMF staff subsequently developed a Guidance Note on Governance (see www.imf.org). The internal discussion about the guidance note was a lively one, in which concerns were expressed that IMF should not extend its conditionality into the political sphere and should not interfere with national sovereignty.

The Guidance Note places boundaries around the involvement of IMF staff in issues of governance. First, it makes clear that the responsibility for governance issues lies, first and foremost, with the national authorities. Second, it limits IMF's concerns to the economic aspects of governance such as (i) institutional reforms of the treasury; (ii) budget preparation and approval procedures; (iii) tax administration, accounting, and audit mechanisms; (iv) central-bank operations; and (v) the official statistics function. It also encourages IMF to promote reforms of market mechanisms that limit the scope for rent-seeking, for example, in the exchange, trade, and price systems; and aspects of the financial system. Third, it cautions that IMF should not be influenced in its judgement by the nature of a country's political regime and should not interfere in its domestic or foreign policies. Fourth, IMF may not act on behalf of one member country in influencing another country's political orientation or behavior. Finally, the Guidance Note states that poor governance should be of concern to IMF only when it has a significant, current, or potential impact on macroeconomic performance in the short and medium term and on the government's credibility in pursuing economic policies.

Despite these limits, the Guidance Note nonetheless gives IMF a broad mandate to continue promoting good governance through its policy advice (its so-called surveillance activities), technical assistance, and program conditionality. The recent Asian crisis brought the issue of governance to the fore in a powerful way, and IMF, in cooperation with many other organizations, started to improve the architecture of the international financial system to ensure a more efficient operation of markets, especially the global financial markets, and to make them less susceptible to crises. The effort is on-going, and includes a strong emphasis on the need for transparency. IMF has contributed to the effort by drafting codes of conduct and standards in three

areas. The first is data dissemination. We have seen how poor data dissemination practices contributed to crises in Mexico and Thailand. The second is fiscal transparency, involving budget preparation, execution, and reporting, including independent assurances of the integrity of the information provided by finance ministries. The third is transparency in monetary and financial policies, covering monetary and exchange rate policies, reserves management, and financial sector restructuring.

With the increasing number of codes and standards for economic and financial policies, by international financial institutions as well as standard-setting organizations—for instance for accounting and auditing—an important issue has arisen: how to monitor compliance. The IMF Interim Committee and other bodies have suggested that IMF take on an active role in this area in the context of its regular surveillance since it has almost universal country coverage. IMF has therefore started to experiment with so-called “Reports on Observance of Standards and Codes,” which describe in some detail how countries comply with various codes. These can be found on the IMF web site under “Standards and Codes.”

Thanks to the IMF web site, the amount of information on IMF operations now in the public domain is enormous. Publication of most country-specific information still requires the agreement of the country in question, but our member countries generally allow it. Thus, summaries of the Executive Board discussion on most countries’ economic policies are now posted on our web site. Also available for an increasing number of countries are letters of intent and policy framework papers accompanying IMF programs, and staff reports. The web site also contains a number of internal and external evaluations of various aspects of IMF operations.

In the last couple of years, IMF has had major programs with the Republic of Korea, Indonesia, and Thailand,

in which governance featured prominently. They are based on the premise that the weaknesses in the countries' financial and corporate sectors were due partly to deficiencies that undermine governance and market discipline. Most notable were (i) the lack of well-defined and transparent accounting and regulatory standards; (ii) inadequate disclosure requirements; and (iii) complex ties among government, financial institutions, and corporations. The programs thus aimed for reforms such as (i) dismantling State-sponsored monopolies and cartels, (ii) privatizing State enterprises, (iii) strengthening competition laws, and (iv) improving corporate disclosure requirements. The range of reforms being pursued is probably the broadest in Indonesia. In Korea, policy focuses on strengthening shareholders' rights, eliminating Government interference with bankruptcy, and enhancing transparency in business practices. In Thailand, the emphasis is on privatization.

Corruption is treated in the Guidance Note as a subset of poor governance. The note permits IMF to suspend or delay its support to programs on account of incidents of corruption if there is reason to believe that they could have significant macroeconomic implications, or if they put in doubt the purpose of the use of IMF resources. If corruption incidents seriously erode donor support to a country, then an IMF-supported economic program may no longer enjoy sufficient financing and IMF may be forced to withdraw its support. Even if it withdraws financial support, however, IMF would continue to advise the country authorities on the needed corrective policies and be prepared to give technical assistance.

Most of the corruption that IMF comes across in its operations is not major, but small-scale, endemic, and persistent. As noted, we address it by promoting transparency and pushing for removal of unnecessary regulations and opportunities for rent-seeking in the context of programs and through technical assistance. A good example is our

work in the area of tax policy and tax administration. IMF generally recommends a minimal number of tax rates because the fewer there are, the less need there is for interpretation, face-to-face contact between taxpayers and officials, and discretion in general. Also, IMF generally encourages low rates because they stimulate compliance, and it argues against exemptions. If exemptions are necessary, they should be put into law and not left to somebody's discretionary power. IMF strongly recommends minimizing the number of non-tariff barriers to foreign trade, necessary approvals for foreign trade licenses, and so on. Penalty systems should be designed to be effective. One particular good practice we promote is a one-step tax filing process, where a taxpayer declares taxes and is done with it, minimizing documentation requirements and inconsistent interpretations by the tax administration.

In cases where corruption was found to be macroeconomically significant, IMF suspended programs. Some well-publicized cases are Kenya in 1994 and Cambodia in 1996. Resumption of support is conditional on the government taking measures to address the problems.

One problem we face in dealing with corruption cases is that of identification. We are not an investigative agency and, in the first instance, we must use the macroeconomic data we gather in the course of normal consultations. If a major incident of corruption is suspected, we will raise it with the authorities and may suggest that an independent audit be conducted in order to add credibility to the information they provide. Independent audits have been quite rare, but several of our member countries are urging us to make a more active use of them. If the staff is still not satisfied, it may ask third parties for information.

Anticorruption Initiatives of the World Bank

BERNARD FUNCK

Corruption is not a new issue for the World Bank. Addressing it has always been at the core of its procedures, in part to prevent suppliers from bribing their way into World Bank-financed contracts. But over the last few years, the World Bank has placed increasing importance on anticorruption work as corruption is a significant impediment to development. The new emphasis is also based on the belief that the previous approach—that of maximizing the integrity of World Bank staff and World Bank projects—was insufficient on its own to tackle the problem successfully.

Corruption is a serious matter for the Asia-Pacific region. While it is notoriously difficult to accurately measure corruption, several international surveys as well as the World Bank's own experience suggest two things: (i) the level of corruption in some East Asian countries is particularly severe; and (ii) other East Asian countries serve as international models for combating and reducing corruption at the national and institutional level. The recent economic crisis in East Asia has focused the spotlight far more brightly on corruption in the region and created the political momentum to combat it in several countries.

The complexity of the problem, the interlinkages between its various facets and the multiplicity of players highlight the fact that we see just the tip of the large iceberg that

is corruption. For this reason, the World Bank recognizes the need for a multi-pronged approach to combat corruption. Corruption manifests itself in ways highly specific to different societies, different sectors, and different systems of governance. Specific strategies and programs must therefore be developed on a country-by-country, sector-by-sector basis within the World Bank's framework. Within this framework, the World Bank will address corruption at four levels. The first level is preventing corruption in World Bank projects. The second involves helping countries that request assistance from the World Bank in curbing corruption at the national systemic level. The third involves integrating anticorruption concerns in our country assistance strategies. The fourth concerns supporting international anticorruption efforts.

The first level involves progressively refining procurement and loan disbursement policies to ensure proper use of World Bank resources. Further initiatives are on-going to step up monitoring and to promote borrowers' accountability. In the Philippines, for example, the World Bank is sponsoring training and technical assistance for implementing agencies on procurement and financial management, which specifically includes ethics modules. It has recruited a full financial management and procurement staff, headed by an internationally experienced senior staff member, and supported by a pool of external financial management consultants. Mechanisms are in place to strengthen the detection of fraud and the enforcement of remedies.

In October 1998, the jurisdiction of the World Bank's internal oversight committee on fraud and corruption was expanded to include the review of all allegations of fraud and corruption in World Bank-financed projects. A hotline was launched to provide a toll-free telephone link for the public to report on possible fraud in World Bank projects anywhere in the world. In the Philippines, the World Bank has started an information campaign. Its quarterly news-

letter reaches about a thousand decision makers in the Philippines.

In November 1998, the World Bank created the Sanctions Committee, which reviews the results of investigations and recommends to the bank's president contractors who are eligible for bank-financed contracts. In FY1999, the Sanctions Committee recommended the debarment of seven firms and two individuals, and posted the information in the World Bank's external web site. Internally, the World Bank has developed a knowledge and awareness program for its staff.

The second level involves helping countries that request assistance to deal with corruption at the national systemic level. What is new about this is the emphasis on targeting anticorruption head-on under an explicit national strategy, such as in the Philippines and Indonesia. More specific requests are for assistance in developing a bidding law in the People's Republic of China, for example, and in putting in place an independent Commission Against Corruption in Papua New Guinea.

The third level involves integrating anticorruption programs explicitly in country assistance strategies and projects, as in Thailand, Indonesia, and the Philippines. The Bureau of Customs in the Philippines, for example, is successful in curbing corruption in customs transactions, and the World Bank is proud to be part of that effort.

The final level involves supporting international efforts. This is a new area for the World Bank. The World Bank is strengthening its coordination with other donors, Organisation for Economic Co-operation and Development, and NGOs. The Anti-Corruption Advisory Group advises the bank's regional management on this matter. It is made up of eminent personalities, among whom are members of Transparency International and former Philippine president, Fidel Ramos.

The World Bank espouses seven guiding principles in its approach to corruption:

- Corruption is a vital development issue.
- Corruption is a vital issue for the World Bank as a donor.
- Corruption is only the tip of the iceberg of larger governance issues.
- Corruption can be solved.
- We need to tailor our instruments to the specifics of the country situation.
- We must work in partnership with others.
- We must treat the problem with care and humility, knowing that the anticorruption effort will require much time and that there is no magic wand that will make it disappear.

Developing Effective Approaches to Implement Anticorruption Strategies: A Summary of the Breakout Discussions

THE PUBLIC SECTOR APPROACH

In determining what the public sector can do to transform its anticorruption rhetoric into action, it is important to focus on four key areas: (i) levels and entry points; (ii) strategies; (iii) building new capacities; and (iv) political will and coalition building.

Levels and Entry Points

Action can take place at three levels: (i) the national Government (through anticorruption commissions, for example); (ii) agencies or ministries; and (iii) local governments. No clear consensus exists on the proper or universal entry point. One view is that it is necessary to enter at the topmost level in most developing countries because they are institutionally centralized and their political culture is leadership focused. Another view is that entry should be

at the agency level, where the problem of corruption can be better broken down into specific activities with specific solutions. The third view is that coalitions are best built at the local government level.

At the agency and local government levels, however, sustainability is a potential problem. In agencies, especially, anticorruption campaigns tend to be dependent on a given agent, minister, or agency head. But some believe that it does not really matter, and that anticorruption efforts should focus on wherever change is beginning to occur. A number of filters can help narrow down and sequence actions. One is the determination of what structures, laws, regulations, and institutions are most important. Another is the definition of the main problems—economic and political—that corruption is creating in a country. The third has to do with the existence of political will to combat corruption and build support for an anticorruption process, even if the institution is not the most structurally or economically important.

Strategies

An approach may be educational and centered around changing values, or employ institutional or technical solutions. Opinions vary on which is the best approach. The discussion brought up a number of points. One is that it is important for countries and groups to share their experience, knowledge, and information with each other. Another is that while grand schemes are intellectually satisfying and can help build a broad anticorruption coalition, they are complex. A narrower, simpler focus and an agency and local government approach are more likely to succeed.

The basic elements of a strategy are (i) enforcement, (ii) prevention, (iii) institution building, and (iv) public awareness. Some believe that enforcement—and frying some "big fish" in the early stages of an anticorruption cam-

campaign—is the most important. Others think that concentrating on the other three elements has longer-term results.

The discussion raised an interesting question: Where does one begin building capacity, and does one focus on a single anticorruption approach or have separate approaches for political and administrative or bureaucratic institutions? One point of view believes it important to treat both political and administrative corruption as part and parcel of a single problem with a single set of solutions. Another view suggests that attacking political corruption runs certain risks such as creating powerful political enemies. However, some believe that treating political corruption separately would send the wrong signal to the bureaucracy. It would also extend the lead time to solve political corruption and lose community support, which is critical in the early stages of an anticorruption campaign.

Building New Capacities

Nevertheless, the argument for separate approaches to political and administrative corruption is well articulated. The basic notion is that a politician's power base and kinds of accountability are very different from a bureaucrat's. Two kinds of approaches and institutions are therefore required to deal with two kinds of corruption.

Another view is that there is so much customization needed in building anticorruption institutions that it is impossible, except in a very broad sense, to transfer concepts of institutions or approaches wholesale.

Political Will and Coalition Building

Political will is linked with coalition building. "Political will" is a much-used but undefined concept and means different things to different people, but all agreed that it has to be more than politicians' rhetoric.

Politicians respond to community reactions, so an anticorruption education and information campaign must be waged at the community level to bring pressure to bear on the political leadership. Political will is most important in anticorruption institutions and at the early stages of the anticorruption effort. It is difficult to reverse the capacity of an anticorruption institution once it is in place. The earlier it is established, the greater the likelihood that the institution will continue its work under future administrations.

Some believe that political will is the commitment of various sectors, at the level of civil society and sometimes local government, to eradicate corruption. They focus on building cooperation among sectors that are already committed to the anticorruption effort. Another view is that since the ultimate decisions are made by the top political leaders, political will has to do with their willingness to move forward. The question is: What will make them move forward? The answer is, partly moral conviction but also partly political calculation. Another question is: What coalitions are for and against moving forward? Coalitions must bring together forces that will pressure the leadership to take up the anticorruption cause.

THE PRIVATE SECTOR APPROACH

The private sector approach deals with four issues: (i) integrity in business; (ii) mobilizing political will; (iii) costs versus benefits for the private sector; and (iv) public-private sector partnerships.

Integrity in Business

Multinationals and local companies contribute much to the corruption problem in Asia. The discussions on the topic brought up a number of points:

- While big companies have more consistent standards and tend to adhere to anticorruption policies, there are some glaring exceptions among the companies even from the Group of Seven countries.
- Small companies need the resources to combat corruption.
- Hiring consulting firms presents some difficulties.
- Education is important.
- Codes of practice must be drafted and strictly enforced.

Some oppose the use of codes, maintaining that it will merely produce a lot of codes, pacts, and other impractical arrangements. They believe that existing laws should be enforced, and existing organizations such as federations of accountants and engineers, among other groups, tapped. However, Transparency International presented examples of codes that have been easy to implement. It also cited the case of privatization in Panama, where companies could become privatized only after they proved that they adhered to a certain standard.

Mobilizing Political Will

Discussions yielded the following points:

- While the Organisation for Economic Co-operation and Development has produced anticorruption conventions and instruments, these are just a few tools available and do not constitute the whole anticorruption approach. There is no single solution to the problem.
- In response to criticism from the World Bank and other multilateral organizations in the last few years, accounting firms and "global consultants" are taking a hard look at their standards, and are training

their local partners to bring them up to international levels.

- Ethics centers and, in particular, Hong Kong, China's Independent Commission Against Corruption, are doing a good job of promoting ethics among the chambers of commerce and the business community in general and should be held up as a model.

Costs and Benefits of Corruption

Businesses choose the countries in which they invest, and they choose to invest more in countries with less corruption. Case studies prove that the long-term costs of corruption—environmental damage, greater cost of public services, and extortion by the bribe takers—far outweigh its short-term benefits. A blacklist of consultants, including that employed by the World Bank, has been effective in curbing corruption.

Public-private Sector Partnerships

Transparency International stresses the importance of such partnerships. The Pacific Basin Economic Community has conducted joint operations with the World Bank to give business and governments or multilateral organizations a chance to walk in each other's shoes and thus understand each other's problems. Sustaining a public-private sector partnership requires a clear goal and understanding of the process to reach it.

MASS MEDIA AND CIVIL SOCIETY APPROACH

All agreed on the importance of education, training, and research for journalists. Most journalists know little about the intricacies of corruption, anticorruption laws, how corruption is done, and its impact. Although much research is

available, it not getting to the people who need it the most—journalists, people affected by corruption, and activists, who are not always aware of the details of corruption issues. It is necessary not just to share training and research expertise on corruption itself, but also to train journalists and activists in ethics, because if they are to be effective watchdogs they must be credible as well, with their own rules and codes of conduct.

Efforts to raise public awareness of corruption—particularly its impact on the delivery of public services—should be directed primarily at grass-roots communities, not just policymakers, the elite, or the middle class. Reaching the grass-roots communities may require the use of nontraditional media.

Mass educational campaigns on corruption are needed. In Bangladesh, for example, hundreds, maybe thousands, of nongovernment organizations (NGOs) are involved in sectoral concerns such as the environment, human rights, women's rights, and livelihood development, but not in tackling corruption.

While the mass media are seen as having a key role in educating the public, they operate under certain constraints. Foremost of these is the lack of freedom to report freely about corruption. In Malaysia, for example, journalists may be arrested for reporting on corruption; in other countries, they may be killed. Another constraint is ownership of the media by businesspersons, who are naturally wary about rocking the political boat.

Most journalists are trained only in day-to-day reporting and simply do not have the skills to conduct investigative reporting. Journalists cannot single-handedly take on campaigns against corruption. There is a need for alternative, independent media that can write hard-hitting exposés about corruption. Alternative methods of disseminating information—the internet and grass-roots media, for example—are also important.

It was suggested that an inventory be done of the kinds of media that can reach vast numbers of people, including theater, television soap operas or dramas, and other media that are rooted in traditional culture.

A long discussion on the possibility of donors making anticorruption measures part of the conditionalities of aid concluded that such pressure often boomerangs: it makes good governance look like a neocolonial imposition rather than a demand coming from the citizens themselves.

Other recommendations were the following:

- Mobilize local resources to get public feedback on public service delivery. In Bangalore, India, for example, the Public Affairs Center has a report card reflecting what consumers think. A similar report card could be adopted in countries throughout the region.
- Donors should support anticorruption campaigns and diversify their funding to include NGOs and other nongovernment initiatives, and not just governments, to ensure transparency, accountability, and good governance.
- Donors should open themselves to public feedback via a report card made by the beneficiaries of donor-funded projects. The feedback should be incorporated into future planning.
- Donors should disclose not just broad descriptions of what they intend to do in a country, but also specific details about and their evaluation of specific projects.
- The media, NGOs, and communities should police multinational companies and the private sector in general.
- Broad-based national coalitions against corruption and for good governance should be formed. They should involve NGOs, the private sector and busi-

ness, the Church, and all sorts of nongovernment institutions.

- Transparency International should help form a regional anticorruption network as a clearinghouse of information on corruption, anticorruption initiatives, and research needed for national anticorruption campaigns.
- Legal aid should be provided for journalists and activists in anticorruption campaigns. Journalists, especially, suffer from very expensive libel or defamation suits, as do activists, who also receive threats of violence.
- Civil-society partnerships should ensure that corruption cases are prosecuted and get to court, and that the guilty are punished.