

# U4 Expert Answer



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## Expert Answers Published in 2008

### ***The Political Economy Analysis of Anti-Corruption Reforms***

December 2008

In an effort to understand factors affecting the political will for reforms, donors have started looking at the potential of using political economy analysis to analyse the underlying context of developing countries, factors and processes that promote or block governance reforms. Initiatives such as DFID's Drivers of Change or SIDA's Power Analyse reflect this emerging trend. In the field of governance and anti-corruption, an increasing number of studies supported by the World Bank, the Netherlands or USAID adopt a similar approach to understand the formal and informal dimensions of economic and political processes that are likely to affect the success of anti-corruption reforms. While these studies have generated a wealth of knowledge, the challenge remains to incorporate the findings into operational work and use them to inform the development of effective anti-corruption strategies.

### ***The Effectiveness of Donor Responses to Corruption Deteriorating Environments***

December 2008

The impact of donor responses to governance deteriorating environments has not been systematically documented and there is little empirical evidence available. Experience suggests that exiting a country abruptly for governance related reasons without proper planning and consultation has a disastrous impact on implementing agencies, beneficiaries and bilateral relations. Case studies indicate that using aid conditionality to support anti-corruption reform also failed to induce sustained change due to lack of ownership of reforms. As a result, donors are increasingly turning to corruption risk mitigating strategies such as reinforcing internal controls, adjusting aid modalities to the corruption risks and supporting longer term broader anti-corruption reforms. The impact of such approach varies greatly across countries, due to country specific and contextual factors, illustrating the need to target responses to corruption deteriorating environments strategically according to the local circumstances. Donor coordination greatly enhances the impact and credibility of responses to governance deteriorating situations.

### ***Fighting Corruption in Countries with Serious Narcotics Problems***

December 2008

*U4 Expert Answers respond to corruption research queries posed by U4 donor agency staff*  
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State capture and the criminal infiltration of the public sector is a major feature of drug producing and transit countries. Drug traffickers seriously compromise the effectiveness of anti-corruption and institution building efforts as they permeate political and state administration institutions and build corrupt networks with state officials in order to facilitate or reduce the risks and costs of their operations. Empirical evidence supported by case studies of countries such as Colombia, Mexico, Nigeria and Hong Kong demonstrate the critical importance of strengthening law enforcement authorities and the criminal justice system to effectively combat both organised crime and corruption. Other factors such as the political will, strong and transparent institutions, public confidence in the political process contribute to create a supportive environment for anti-corruption reforms. However, general lessons can not be easily extracted and applied to Afghanistan, as some specific challenges associated with post-conflict countries make the situation in this country very unique. Sequencing anti-corruption reforms based on an in-depth understanding of the local circumstances and promoting greater accountability to the intended beneficiaries of reconstruction aid constitute promising starting points.

### ***Overview of Corruption in Zambia***

October 2008

The late President Mwanasa is credited to have put the fight against corruption high on Zambia's political agenda, with initiatives such as the constitution of a Task Force on Economic Plunder, the design of a corruption prevention strategy and the reinforcement of institutions such as the Auditor General and the Anti-Corruption Commission. In spite of some progress made, most indicators of corruption suggest that these efforts haven't yielded the expected results. Major lessons learnt from recent anti-corruption efforts in Zambia include the importance of adopting a holistic approach to anti-corruption that combines both punitive and preventive approaches as well as the need to strengthen the role of non-state actors and focus on actual implementation of anti-corruption commitment. Prioritisation, sequencing and interagency coordination are important factors likely to facilitate the effective implementation of anti-corruption efforts.

### ***Indicators of Judicial efficiency in Corruption Cases***

October 2008

An inefficient judiciary creates a supportive environment for corrupt practices, providing court users with incentives to resort to bribery to circumvent established procedures. Indicators of judicial efficiency focus on tracking the volume of cases passing through the system. A supporting legal framework and capacity of the judicial system in the form of adequate budgetary allocations, sufficient number of staff, adequate training of staff and good case management systems have been found to enhance the efficiency of the judiciary in handling cases. Judicial integrity and independence are of particular importance in cases of corruption and increased integrity can significantly contribute to efficiency. Checklists of indicators measuring judicial integrity and corruption are used as one of the dimensions of judicial efficiency in handling corruption cases.

### ***Drafting a National Anti-Corruption Strategy for Vietnam***

September 2008

Lessons drawn from the experience of implementing National Anti-Corruption Strategies (NACS) worldwide indicate that key features for successful anti-corruption policy making include national ownership, knowledge base design, stakeholder participation, strategic priority setting and sequencing, effective coordination, and monitoring and evaluation. Factors affecting the performances of the NACS have mainly been found to be lack of ownership, unrealistic planning, inadequate prioritisation of reforms, insufficient involvement of non state actors, lack of coordination and monitoring and other implementation shortcomings. In the specific case of Vietnam, priority areas of intervention could include strengthening institutional coherence between the various

agencies involved, increasing civil society participation and oversight, mainstreaming corruption into other areas of public administration reform as well as giving a greater focus on private sector corruption.

### ***Corruption in Land Administration / Land Management in Kosovo***

August 2008

Ensuring the inviolability of property rights in Kosovo remains a great challenge. The competent public authorities are often accused of corruption, nepotism and failing to react to blatant violations of the existing laws. This expert answer looks at some of the important avenues of corruption in land administration / management in post-conflict Kosovo. It also examines possible institutional reforms involving land management agencies and tools such as property courts, tax authorities and cadastre. Finally, it looks at the institutions that need to be considered in a holistic approach to fighting corruption and abuses in land administration in Kosovo.

### ***Neopatrimonialism, Resource Distribution and Political Corruption***

September 2008

Resource distribution in neopatrimonial systems happens through direct transfer in the form of disbursement of cash, gifts and favours from politicians to their constituents. Political representation through elections constitutes the only formal mechanism of accountability in neopatrimonial systems since other avenues of formal accountability, such as the rule of law, are severely eroded. However, voting is not an effective accountability mechanism in the long run since neopatrimonial systems concentrate power in the hands of wealthy and / or powerful politicians and weaken political opposition and thereby limit voter choices at election time. Pressures by constituents on the leaders can act as an informal accountability mechanism, however, no empirical evidence was found that confirmed the effectiveness of these mechanisms. Neopatrimonialism also damages the long-term development of democratic accountability in a country by eroding the effectiveness and credibility of democratic institutions. Therefore, not only do neopatrimonial systems provide limited accountability for resource distribution to a small group of constituents, it also damages the development of democratic accountability mechanisms in the long run.

### ***Overview of Corruption in Pakistan***

July 2008

Corruption remains a substantial obstacle for Pakistan where it is still perceived to be widespread and systemic. Petty corruption in the form of bribery is prevalent in law enforcement, procurement and the provision of public services. The judiciary is not seen as independent and considered to be shielding corrupt political practices from prosecution. Various efforts over the past years have tried to develop institutional mechanisms to address these problems. A National Anti-Corruption Strategy, which was developed in 2002, offers a comprehensive plan for tackling corruption. The executing agency, the National Accountability Bureau (NAB), is endowed with comprehensive powers to investigate and prosecute cases. However, a lack of political will, coupled with the perceived co-optation of the judiciary and the arbitrariness of many anti-corruption proceedings, are major obstacles.

### ***Mutual Legal Assistance Treaties and Money Laundering***

July 2008

Individual countries cannot fight against corruption alone as corruption and money laundering cases are often and increasingly transnational. This is particularly true for many developing countries that lack the expertise, resources, capacity and legal framework to effectively tackle money laundering offences. Mutual legal assistance treaties (MLATs) could potentially address some of these challenges provided the legal, practical and political obstacles that generally hamper the effective provision of legal assistance can be overcome. In practice, factors such as procedural delays, lack of training on effective means to request cooperation and difficulties relating to differences between legal systems may affect the effectiveness of formal legal assistance.

***Organised Crime and Corruption***

May 2008

Instrumental violence, corruption and money laundering are regarded as key defining characteristics of organised crime. Although there is little empirical research specifically focussing on the link between organised crime and corruption, abundant circumstantial evidence indicates frequent collusion between organised criminals and corrupt officials at all levels of government. Through corruption, criminals can obtain protection from public officials, influence political decisions and infiltrate state structures and legitimate businesses. Case studies of Nigeria, Mozambique and South Africa illustrate the specific characteristics of organised criminal groups in Africa and how corruption is used as part of their modus operandi to facilitate their criminal activities, avoid punishment and infiltrate public institutions.

***Hawala Remittance System and Money Laundering***

May 2008

Hawala remittance systems - also referred to by the Financial Action Task Force as alternative remittance systems – are informal banking arrangements that allow the transfer of funds both domestically and internationally without using formal financial institutions. As a cheap, fast, and reliable money transfer system, they are primarily used by migrant workers overseas sending remittance to support their families in their home countries. Although it is difficult to quantify accurately the volume of funds transferred every year to the developing world through such channels, remittances are very important sources of income for many impoverished households and may play an important role in promoting growth and development. However, in the aftermath of 9/11, there has been growing concern on their potential role in money laundering.

***Supporting Zambian Judicial Capacity to Handle Corruption Cases***

May 2008

Effective prosecution of corruption cases cannot be achieved without an effective and competent judicial system that functions efficiently, independently and impartially. Most initiatives supporting judicial capacity to tackle corruption seek to strengthen judicial independence and accountability through transparent appointment, promotion and disciplinary procedures and the introduction of higher ethical and professional standards. In addition, as corruption cases are more likely to be effectively handled by a well-functioning judiciary with adequate resources and capacity, reforms programs also address inefficiencies through increased resources and capacity, well-trained judges and more efficient ways of handling cases and managing caseloads. Judicial reform must be grounded in a solid empirical basis, tailored to the specific circumstances of the country and locally owned. A holistic approach should be prioritised.

***Corruption and Public Sector Reform Monitoring Systems***

April 2008

While most national anti-corruption strategies (NACS) recognise that anti-corruption efforts and public sector reforms are intrinsically related, the link between NACS and main government policies is often missing at the operational level. Most NACS provide for review mechanisms that primarily focus on monitoring anti-corruption measures as illustrated by the cases of Georgia, Indonesia, Pakistan, Indonesia, Nicaragua or Tanzania. The implementation and impact of such mechanisms has been limited so far, due to lack of capacity, political will, resources and coordination capacity between the various public agencies involved. Civil society has also been insufficiently involved in the monitoring of NACS.

***Donor Responses to Corruption in Deteriorating Governance Environments***

April 2008

There have been some examples of donors disengaging, suspending or reducing aid to a country on account of corruption, human rights abuses or undemocratic regimes. These cases have been extensively covered by the media, such as in Zimbabwe, Chad, Kenya, Uganda, Tanzania and Malawi. As yet, no joint response has been explicitly formulated by the donor community on whether/how to engage with countries where governance deteriorates. In practice, while there is a growing consensus on the need to maintain sustained engagement in fragile states, donors are faced with the challenge of identifying appropriate forms of engagement. Engagement through civil society organisations or UN agencies remains an option with the view to bypassing corrupted government structures.

***Corruption in Fast-Growing Markets: Lessons from Russia and Vietnam***

April 2008

In this query we look at corruption in fast growing markets, using Russia and Vietnam as case studies. A survey of development literature reveals that in these two countries rapid economic growth has put substantial strain on institutional structures that were designed for a centrally planned command economy. The transition process has been characterised by the simultaneous restructuring of the state and building of the market economy which has opened up new avenues of corruption. Both countries have seen increases in administrative, political, judicial and private sector corruption in recent years.

***Overview of Corruption in Rwanda***

April 2008

Various governance indicators indicate that Rwanda performs relatively well in terms of control of corruption, compared to many African countries. The country has also achieved significant progress over the last years in terms of government effectiveness and transparency of the regulatory framework. In spite of these efforts, corruption remains prevalent in the country and there have been instances of tax and public funds embezzlement, fraudulent procurement practices, judicial corruption as well as high ranking officials involved in corrupt practices. Sectors most affected by corruption include the judiciary, public finance management, public administration and public procurements. The Government is reported to conduct a firm fight against corruption and has put a number of measures and institutions in place such as the National Tender Board, the Office of the Auditor General and the Ombudsman's Office.

***Comparative Assessment of Anti-Corruption Conventions' Review Mechanisms***

April 2008

A range of different monitoring processes are currently in operation in connection with several anti-corruption conventions. They all involve to some degree a combination of monitoring methods including self-assessments, expert reviews, peer reviews, country visits and the publication of a report with recommendations for improvement. They also provide avenues for promoting dialogue and discussions with countries under review. The comparative assessment of the review mechanisms established by the OAS, the OECD, GRECO, UNODC or NEPAD indicate that an effective monitoring system requires a serious commitment by governments, adequate resources and expertise, an independent secretariat, and should provide for civil society participation and access to information and documents. Follow-up mechanisms to assess progress made on the review recommendations such as for the OECD and GRECO mechanisms are essential to promote actual changes.

***Corruption and the European Neighbourhood Policy (ENP)***

March 2008

The fight against corruption figures high on the agenda of the European Neighbourhood Policy, with all ENP reference documents including the fight against fraud, corruption and organised crime as part of the reforms partner countries must commit to in their ENP action plans. The two major weaknesses of the ENP as a policy instrument against corruption include the lack of corruption monitoring and benchmarking and insufficient involvement of civil society in the process. No specific anti-corruption mechanism has been put into place to ensure that EC assistance under the ENPI is protected from corruption. As the Commission relies on the regular EU anti-corruption policies and procedures in this matter, ENP funds face similar challenges of transparency and accountability to other EU funds. No public documentation of corruption cases within ENP funds has been unearthed within the time frame of this query.

***African Experience of Asset Declarations***

March 2008

An effective income and asset declaration regime can help prevent abuse of power, reduce corruption and increase public accountability, public trust in institutions and government legitimacy. Research findings indicate that countries where wealth disclosure is combined with content verification and public access to declarations are significantly associated with lower perceived levels of corruption. In Africa, the scope, coverage and level of enforcement of asset declaration laws vary from country to country, according to the local context, political situation and capacity to manage such schemes. However, any credible asset disclosure programme must clearly establish who should declare what to whom and how, provide for content verification and sanctions of intentional failure to declare as well as ensure public access to declarations. Adequate resources and capacity should be allocated to the asset declaration management process.

***Overview of Corruption and Government's Efforts against Corruption in Mali***

February 2008

In spite of firm political will against corruption demonstrated by a series of public anti-corruption reforms and initiatives, Mali continues to perform poorly in terms of control of corruption as shown by its Corruption Perceptions Index and World Bank Governance indicators' scores. Although there are few recent national surveys and studies on Mali specifically focusing on corruption, most sources identify public procurement and the judiciary as the sectors most vulnerable to corruption. Since 2000, the government has undertaken a number of reforms to address corruption in the country. They have mainly focused on establishing a comprehensive institutional set-up to combat corruption, including anti-corruption laws, treaties and agencies and strengthening administrative control mechanisms. Reforms have culminated in the creation of the Office of the Auditor General in 2003.

***Assessing Impact of Anti-Corruption Measures in Burkina Faso***

February 2008

In spite of increased empirical research on corruption, assessing corruption trends and impact of anti-corruption measures on actual levels of corruption continues to face major methodological, political and operational challenges. While comparative composite indexes such as the CPI or the World Bank Governance Indicators play an important role in raising awareness on corruption related issues, they are of very limited value to track change over time and measure the impact of anti-corruption efforts. Looking at the respective advantages and limitations of alternative existing corruption measurement tools such as national surveys, qualitative or quantitative assessments show that there is no single valid and reliable indicator of progress in the fight against corruption. The alternative approach would be to use a range of indicators, data sources and methodologies - both qualitative and quantitative- to track progress and corruption trends over time.