

**INTERNATIONAL ORGANISATIONS AND DONORS  
WORKING GROUP SESSION  
Stakeholders Group 6  
Tuesday 12th October 2004**

**Rapporteur Report**

**Panel**

There was a small change in the panel. Christine Sheckler from USAID Sierra Leone, who was to be the second presenter, did not turn up. Jack Titsworth from DFID Tanzania replaced her.

**Quotes**

1. Donors have tried to use the tool of assistance as carrot and stick in the fight against corruption with little success. - Connie Freeman, IDRC Kenya.
2. We know donors are part of the problem in the fight against corruption. The challenge is how to solve the problem. - Richard Thomas, DFID.
3. When it has been determined where the money is, why can't governments of the countries where the money is stashed work swiftly in helping governments in transition with asset recovery? - Lt General Munir Hafiez, Chairman, National Accountability Bureau, Pakistan.
4. Corruption is not important primarily to the donors. The issue that needs to be brought out and debated is its cost to Kenyans.- Sir Edward Clay, British High Commissioner to Kenya.

**PRESENTATIONS**

*Presenter 1. Brian Cooksey, Tanzania*

Brian's presentation focused on the relationship between aid and corruption. Brian's thesis was that contrary to what donors say (that they help countries that fight corruption and do not condone corruption) the reality is different. He stated that almost every country in Africa suffers from corruption yet there are donors that continue to support such countries.

The fallacy that donors can use aid as a carrot and stick is also not born out by evidence. All that seemed to be used is the carrot and not the stick. Using the Kenyan situation as an example, he posited that despite the horrific corruption and human rights abuse and economic mismanagement that characterized the last decade of the Moi regime, donor agencies rarely resorted to the ultimate sanction of terminating aid and for the World Bank for the whole of the 1990s it was business as usual. By continuing to provide loans and grants, aid agencies effectively underwrote and subsidized corruption and bad governance.

He posited that it is possible that aid provides incentives for senior people in government to be corrupt and promote their own agendas. He gave the example of attempts by the NARC government soon after receiving assurance of renewed donor aid, to transfer John Githongo out of state House and thus reduce his clout and effectiveness in fighting corruption to illustrate that there are influential people in Kenya fighting against anti-corruption crusaders.

He ended by stating that what is needed is more in depth study on the impact of donor assistance on corruption, specifically whether the former fuels the latter.

*Presenter 2. Jack Titsworth, DFID Tanzania*

Jack started by giving his personal experience from the early 90's when he was in Kenya and witnessed the corruption that surrounded the funding of the Turkwell Gorge power project. He and his wife worked with CIDA and they helped to blow the whistle on the corruption involved in the funding of the project.

He suggested that the OECD convention against bribery should be made applicable to all donor agencies.

He suggested that donors need to be well informed about the political economy of the countries in which they operate and provide development assistance. They should try to understand what happens behind the scenes, as this is where most corruption takes place.

He then explained that all donors have a fiduciary responsibility to their taxpayers. They therefore need to track how the money provided to recipient countries is spent and develop mechanisms for tracking it, up to how the money ends up alleviating the poverty of the recipient countries. He then shared with the participants the experience of DFID in developing a risk assessment tool.

He also stated that in anti-corruption efforts personnel management is crucial and pay system reform is essential. Except for the three key reformers in Africa, no other country in Africa has a pay structure that is a deterrent to corruption. This is an area worth supporting.

It is also essential to have a legal and judicial system with teeth.

Revenue collection and public procurement are the two corruption areas that donors need to support new anti-corruption governments in reforming.

A good deal of support should also be given to the demand side, the institutions of parliament, civil society and the media that keep the government in check need to be supported

**Main points:**

The plenary discussion revolved around the double issue of the role of donors in corruption in the countries in which they operate and what donor agencies can do to assist new anti-corruption governments after transition. The following points were made:

1. There is a need for a paradigm shift in understanding and studying the relationship between donor assistance and corruption.
2. Need for employees and all those working for donor agencies to blow the whistle when they notice either colleagues or politicians engaged in corruption.
3. Donors should be well informed when they get involved in development assistance. They should understand the political economy of the country to avoid making elementary but costly mistakes.
4. Pay structure is an important aspect of fighting corruption. It is essential to reform it so that the pay levels are a deterrent to corruption.
5. Revenue collection and public procurement are two key areas of corruption. They need to be dealt with decisively in anti-corruption efforts.
6. Donors should realize that their efforts alone cannot bring about change in anti-corruption efforts.
7. Donors are part of the problem as far as corruption is concerned. It is not just a problem of governments only.
8. Anti-corruption efforts are primarily focused on governments and people of the country. Donors can however, support the effort.
9. Donors face demands from their home countries, which affect also their support of governments and requirements for support.

**Recommendations:**

1. Donors should try to coordinate their support for governments in transition but also have rapid response funds to enable the new governments take quick action.
2. There is a need for more donor coordination to support the fight against corruption.

3. Need for donors to enhance the capacity of those fighting corruption. Donors also need to support building local capacity of staff of recipient countries.
4. Donors should consider supporting transition governments through anti-corruption reform efforts. This could take the form of the IDRC Research Project to the new Kenyan Government to take the ideas of key people in the transition forward.
5. Donor groups should assist in asset recovery by working with their governments in for example. Putting in place legislative frameworks supportive of asset recovery in their home countries and developing supporting coalitions to put pressure on countries where money through corruption has been stashed to have repatriated to the countries they came from.
6. Donors need to plan ahead of a transition and have clarity on mechanisms to support a government in transition before the transition occurs.
7. Donors need to increase assistance to countries for purpose of supporting its assets recovery process.
8. Donors need to be more knowledgeable about the political economy of the country they are in.
9. Reality.
10. Need for research on how assistance aid promotes corruption.

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Rapporteur