Introduction to Anti-Corruption: Concepts, Theories, & Evidence

Workshop on Corruption Risks and Anti-Corruption Strategies in Climate Aid Financing
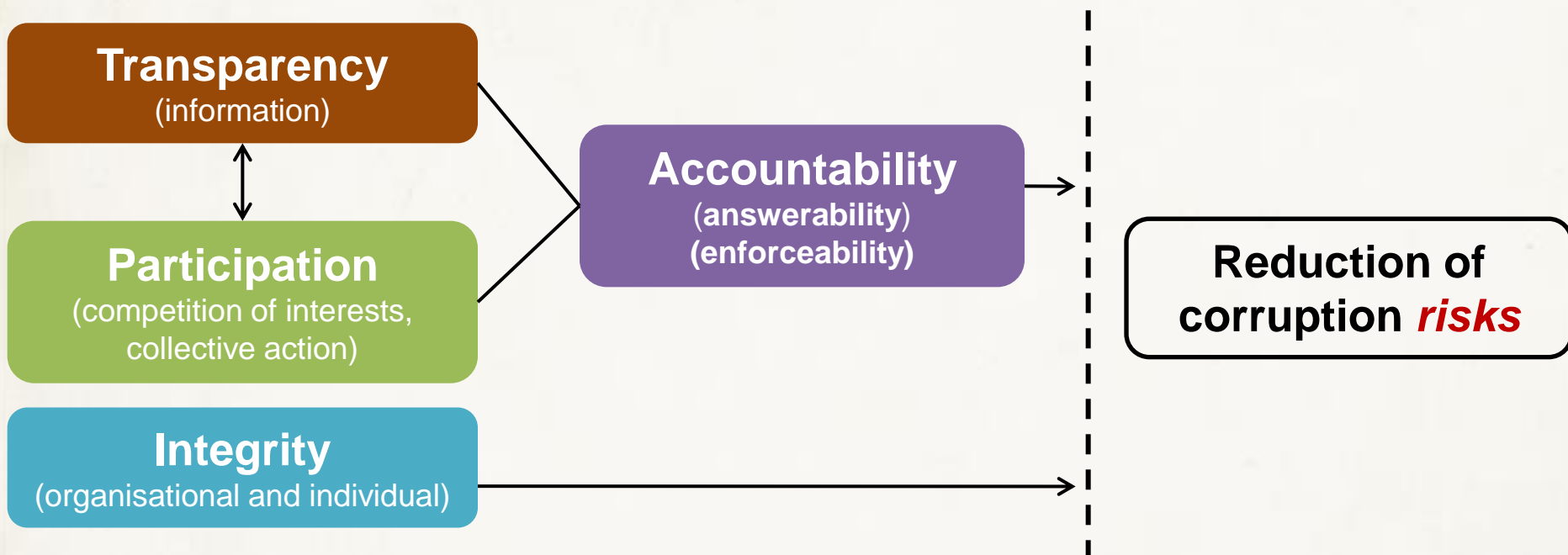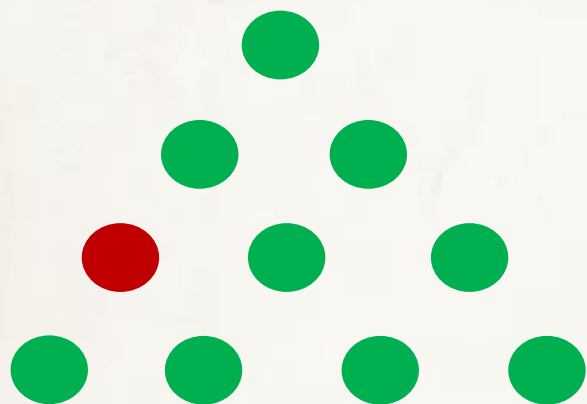
Manila, Philippines

25 to 27 May 2015

Corruption definition & causes

- Definition: abuse of entrusted power for private gain
- Monopoly power plus discretion (limited information) minus accountability (complaints mechanism)
- Low risk, high reward environment
  - Low risk of punishment, high personal gains
- Causes: principal-agent framework
  - Information and power asymmetries due to principal's inability to monitor agent
  - Mismatched interests

The (basic) logic of anti-corruption
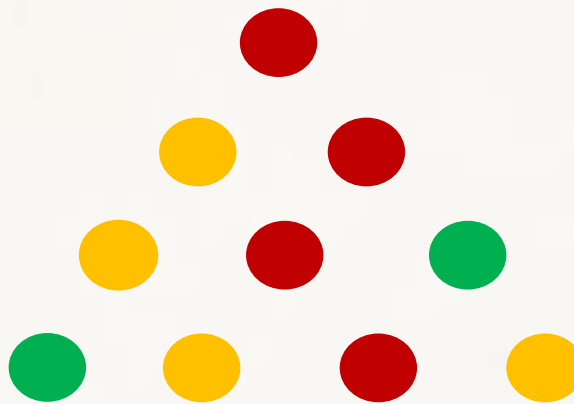
Transparency
(information)

Participation
(competition of interests, collective action)

Integrity
(organisational and individual)

Accountability
(answerability)
(enforceability)

Reduction of corruption *risks*

Different diagnostics, different approaches

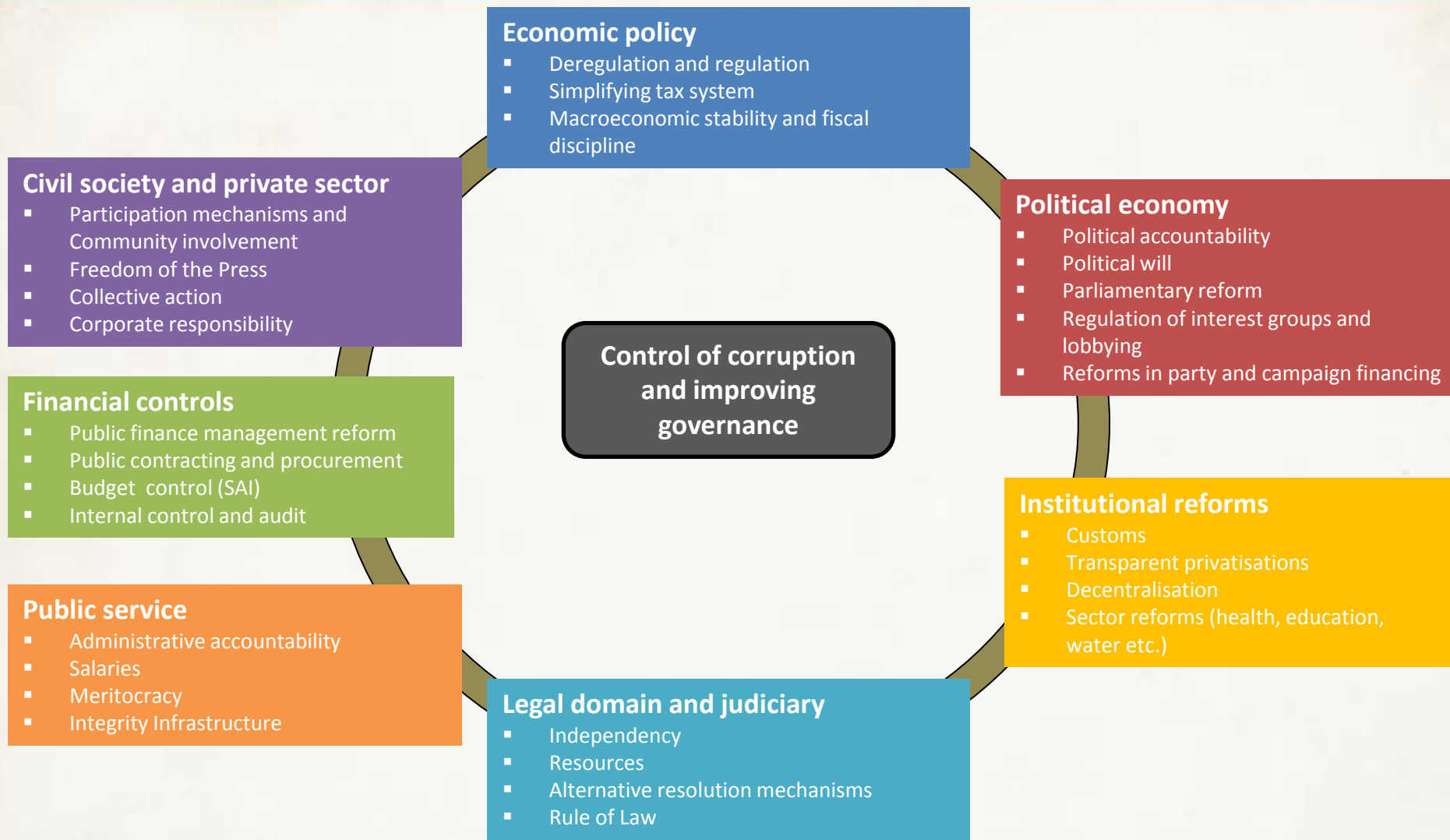|	
🟥	Demons
🟨	Conformists
🟩	Saints

Individual corruption

Systemic corruption

Source:
Inspired by José Luis Ocampo

Ways to control corruption

Economic policy
- Deregulation and regulation
- Simplifying tax system
- Macroeconomic stability and fiscal discipline

Civil society and private sector
- Participation mechanisms and Community involvement
- Freedom of the Press
- Collective action
- Corporate responsibility

Political economy
- Political accountability
- Political will
- Parliamentary reform
- Regulation of interest groups and lobbying
- Reforms in party and campaign financing

Financial controls
- Public finance management reform
- Public contracting and procurement
- Budget control (SAI)
- Internal control and audit

Control of corruption and improving governance

Institutional reforms
- Customs
- Transparent privatisations
- Decentralisation
- Sector reforms (health, education, water etc.)

Public service
- Administrative accountability
- Salaries
- Meritocracy
- Integrity Infrastructure

Legal domain and judiciary
- Independency
- Resources
- Alternative resolution mechanisms
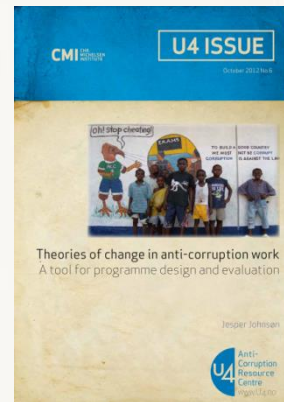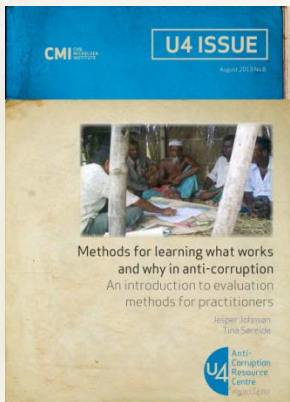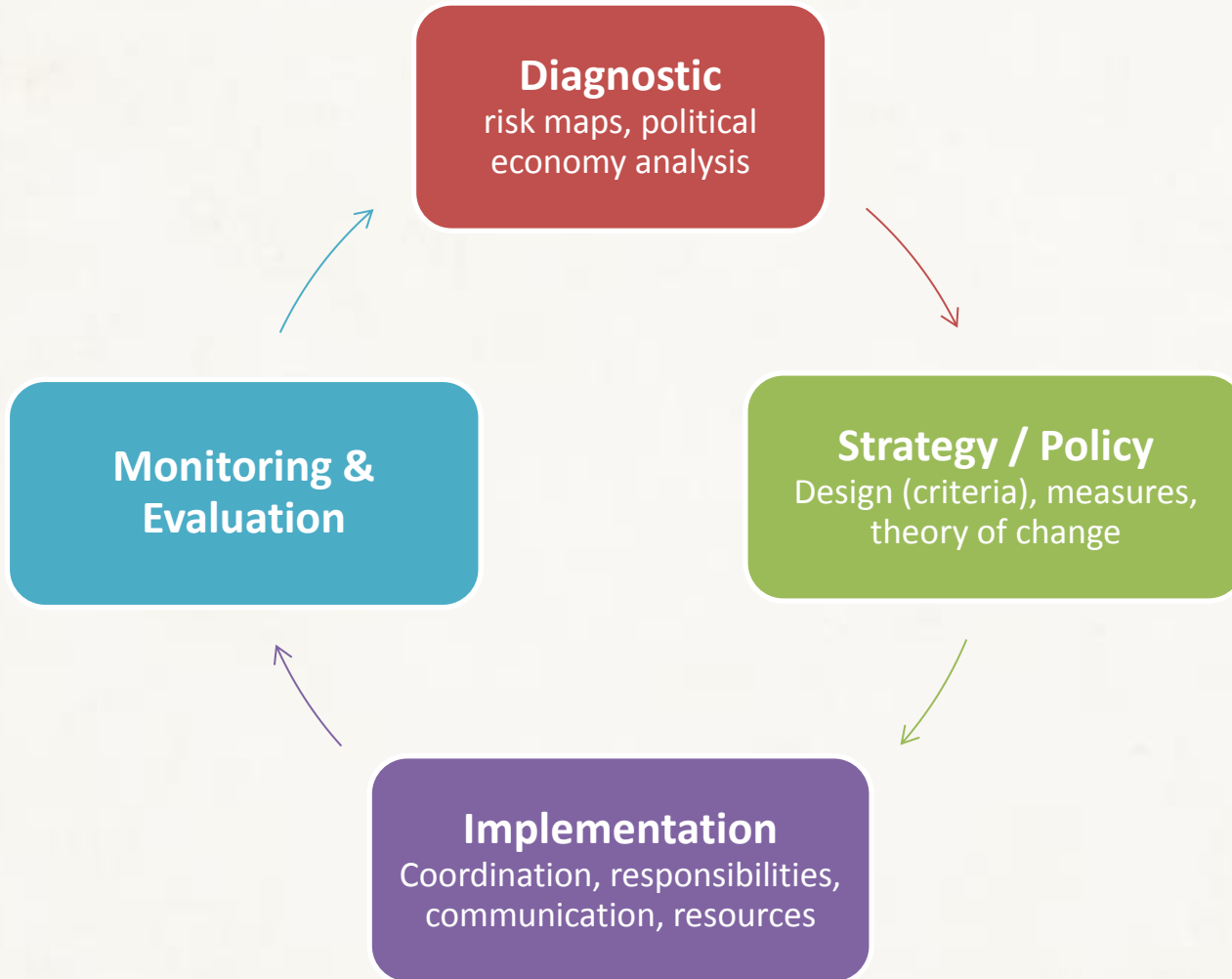- Rule of Law

Source: Based on Cartier-Bresson (2008, 193), and World Bank (D. Kaufmann)

Possible criteria for A-C interventions

- Ample menu of possibilities and scarcity of resources…

- Need to have selection criteria, for instance
    - Feasibility? (avoid *wishful thinking*)
    - Priorities ?
    - Visibility ? (think of creating positive dynamics)
    - Coherence? (between measures and with other policies)
    - Continuity? (avoid yo-yo reforms)
    - Cost – financial, opportunity, transaction?
    - (…)

4 steps to anti-corruption

Diagnostic
risk maps, political economy analysis

Strategy / Policy
Design (criteria), measures, theory of change

Implementation
Coordination, responsibilities, communication, resources

Monitoring & Evaluation

Unintended consequences of AC policies

- Even good intentioned measures may backfire badly…
- Examples:
  - Zero tolerance: policing may crowd-out intrinsic motivation and lead to "three monkeys" – incentives not to report
  - High opportunity cost: can quickly exhaust resources, especially for small organizations and departments
  - May enforce corrupt agreements as people find ways to get around the rules
  - Threat of sanctions lose credibility if not enforced
  - "Good practices": But country context…
- Do you have other examples?