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**Combating Corruption:
What the Ecuadorian Anti-Corruption
Agency Can Learn from International
Good Practice.**

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Word Count:	12,000
Date:	September 2002

Executive Summary

Public sector corruption is a pervasive and global phenomenon that has attracted much attention in the last decade because of its negative effects on the development process of nations. The costs of corruption to the economy, legitimacy and social development of a state are very high, manifesting themselves not only in terms of slow economic growth and inefficiency, but also causing a distortion of development programs, weakening government institutions, increasing economic and social inequality in society, hampering the process of reforms, and undermining democracy and the rule of law.

Governments, aided by international development agencies, have established national anti-corruption strategies to prevent and combat corrupt activities in the public sector.

Some of these initiatives include:

- Structural reforms that focus on streamlining the civil service, strengthening the ethical codes that should guide its work, strengthening financial controls and procurement practices, and re-evaluating the needs and resources that civil servants require to do their job properly.
- Judicial reform and anti-corruption legislation to create a strong and enforceable legal framework to guide the activities of the public and private sector, and to deter and punish corrupt behaviour.
- Economic liberalisation policies that minimise the opportunities for corruption by increasing competition, transparency and accountability, and limit the discretion and monopoly of public sector institutions in economic markets.

- Increasing the participation of civil society organisations and the private sector as allies in the fight against corruption.

Strategies to combat corruption are often led by independent anti-corruption agencies created specifically to spearhead the fight. These agencies have proven to be successful in countries like Hong Kong, Singapore and Botswana. Hong Kong's Independent Commission Against Corruption (ICAC), Singapore's Corrupt Practices Investigation Bureau (CPIB) and Botswana's Directorate of Corruption and Economic Crimes (DCEC) provide useful information on the characteristics and scope of action of anti-corruption agencies that are key to the effectiveness of their work. Some of these include:

- A strong, enforceable legal framework.
- Independence of action, resources and staff, and the power to investigate and pursue corruption at the highest levels of government.
- Political and bureaucratic support, and the capacity to access information, witnesses and documentation.
- Community involvement and support, and adequate accountability mechanisms that involve civil society.

The Ecuadorian Commission for the Civic Control of Corruption (CCCC) is a relatively new agency established in 1997 as a government watchdog mechanism. Unlike ICAC, CPIB or the DCEC, it does not have real independence of action or the power to pursue an effective anti-corruption agenda. In order for the CCCC to be an effective mechanism, a review of the legal framework to support the agency's work is crucial, as is vesting the commission with stronger powers of investigation and the ability to search, seize, arrest

suspects and freeze assets. The agency's participatory model can also be an effective tool in the monitoring and restructuring of key government control agencies and the judiciary, if the commission is given the authority to audit the procedures and processes of institutions, and the power to prosecute corruption cases.

In Ecuador, as elsewhere, the fight against institutionalised corruption is a long and difficult task, requiring a collaborative effort from all the members of society, and a political leadership that is committed to a process of deep reform and continuous change. Corrupt behaviour is not a 'cultural trait' that is inherent in certain societies. It is a problem of distorted ethical, moral and economic perceptions, which can be changed as demonstrated by countries that have been successful in their fight against corruption.

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Introduction

The topic of corruption has sustained increased interest during the past decade as part of the discussion of good governance and government reform. The realisation that corruption is a complex issue that affects both developed and developing countries has triggered efforts at both the international and national levels to develop mechanisms to control corruption. These efforts have included the establishment of international anti-corruption conventions and agreements, (OECD 1997 Anti-Bribery Convention; OAS 1996 Inter-American Convention against Corruption), the work of international development agencies supporting reforms to curb corruption (World Bank 1997a,b; UNDP 1997), and the exposure of corrupt countries and bribe-paying companies by NGOs such as Transparency International.

At the national level, governments have introduced anti-corruption legislation to regulate the activities of both the public and private sector, have enacted economic and civil service reforms as mechanisms to control corruption in the public sector, and have created or strengthened watchdog organisations to investigate and punish the misuse of power by those in public office.

The core of this dissertation is the analysis of one of these watchdog mechanisms, namely anti-corruption agencies and their effectiveness as tools to combat corruption in the public sector. In order to do this, the cases of the national anti-corruption agencies of Hong Kong, Singapore, Botswana and Ecuador are examined, and key variables in their structure and organisational arrangements compared to determine best practices that can

be applied by the Ecuadorian anti-corruption agency in its fight against public sector corruption.

The first chapter of this dissertation provides a brief background into public sector corruption, its costs and consequences. The costs of corruption are examined in three different dimensions: the economic costs, the institutional costs, and the social costs. In each section the consequences to the nation-state of corrupt activities are looked at, utilizing a review of current literature by authors who have analysed the impact of corruption in each of these areas. The first section studies the devastating effects that corruption has on the economic development of the state, hampering investment, creating inefficiency, increasing costs, and especially misallocating resources that are critical to economic growth. From an institutional perspective, the second section considers the effects of corruption on the legitimacy of the state, and the possibility of capture of the state's resources by organised criminal groups, along with the consequences for democracy and good governance. Finally, from a social perspective, the effect of corruption on social development, citizenship and civil society participation is examined.

The second chapter focuses on national initiatives to control corruption. These initiatives include public sector reforms, judicial reform and anti-corruption legislation, economic liberalisation policies, civil society participation and the role of the private sector. Each of these initiatives are considered separately, where they stem from, what are their main components and how these strategies are key in a holistic approach to combat corruption.

The third chapter provides a comparative typology of anti corruption agencies in Hong-Kong, Singapore, Botswana and Ecuador. The comparison includes a discussion of the

background leading to the creation of these agencies, and a matrix of their characteristics: internal structure, legal framework, scope of action, and other key organisational arrangements. From these characteristics, and the analysis of their activities, conclusions are drawn regarding the effectiveness of the institutional arrangements of these agencies that support or impede their work against corruption.

The fourth chapter tries to gather good practice guidelines identified in Chapter 3 that can be applied to the conditions found in Ecuador, suggesting a variety of fundamental considerations relating to the effectiveness of the Ecuadorian anti-corruption institution, and its success.

The research for this dissertation was partially based on the analysis of current literature related to corruption, anti-corruption initiatives and anti-corruption agencies, and a field study, including interviews conducted in Ecuador. The main source for the information on the Ecuadorian anti-corruption agency was provided by the agency itself. I am especially grateful to the Director of Investigations of the CCCC, Rafael Gutierrez, who not only provided relevant public data, but also a candid discussion of the real issues behind the problem of systemic corruption in Ecuador.

Chapter 1 - Costs and Consequences of Corruption

It is now widely accepted that corruption is the ‘cancer’ of the modern state, limiting economic growth, hampering investment, and reducing the effectiveness of development programs, while diverting important, and often scarce public resources, towards distorted political priorities. Although there are many definitions of public sector corruption in the literature, two definitions are very useful in creating a boundary for the discussion of this topic. The first is “the abuse by public sector officials of entrusted power, for personal gain or for the benefit of a group to which they owe allegiance” (Williams and Doig, 2000: 55). The second is more simple and straightforward: “the abuse of public office for private gain” (World Bank, 1997a: 12).

Corruption, as Robert Klitgaard describes it, happens when “agents have a monopoly power over clients, when agents have a great discretion, and when accountability of the agents to the principal is weak”. In different terms, corruption = monopoly + discretion – accountability (Klitgaard, 1988:75). Other authors view corruption as “a meeting of opportunity and inclination”, where the opportunity for corruption depends on the size of the public rents available, the power that the public officer has in bargaining with the private interest, the level of accountability, and the risk involved in the corrupt practice (Langseth, Stapenhurst and Pope, 2000: 54).

The causes of corruption are many and vary greatly from country to country, but are generally linked to ineffective government institutions, poor management practices, a high degree of political and bureaucratic monopoly power, and also to bureaucratic

traditions that support relationships between the public sector and the citizens such as clientelism or patronage. In many developing and transitional countries, there is a dual system of formal rules that punish corruption, and an informal system where corruption is accepted as a normal practice. In such cases, accountability is usually weak, there is no transparency in public decisions, and public service ethics are eroded (World Bank, 1997).

The impact of corruption in the economic and social development of countries has been analysed and researched by many scholars, including Paulo Mauro (1998), who not only points to the negative consequences of corruption on economic growth, but also to the resulting lack of investment in education and human capital that occurs in highly corrupt countries. Authors, such as Ades and di Tella (1995), and Doig and Riley (1998), confirm with empirical studies, that a high degree of corruption leads to political instability, massive human and capital flight, and a general deterioration of social and economic conditions.

Corruption also seems to be more pervasive and have a deeper negative impact in developing countries. As Peter Eigen, Chairman of Transparency International (TI), stated in the launching of the 2001 Corruption Perception Index (CPI), "the world's poorest are the greatest victims of corruption". The 2001 CPI measures the perception of corruption in 91 countries, utilizing surveys from seven independent institutions and reflecting the opinion of business people, academics and country analysts. Countries are ranked from a top score of ten, reflecting a low perception of corruption, to a low score of one or below, suggesting an extreme level of corruption. According to TI's assessment,

fifty-five countries, many of which are among the world's poorest, scored less than five. Additionally, the eight countries perceived as the most corrupt, scoring less than two, are all developing or transitional countries. (See Annex 1 CPI index 2001)

This perception is supported by authors such as Montinola and Jackman (2002) who examine government corruption in a cross-section of countries, concluding that low-income countries, which tend to underpay public sector employees, are more susceptible to corruption. Corruption in developing countries has a perverse effect, deepening poverty, increasing social and economic inequality, and preventing governments from providing essential public services. The costs of corrupt practices in developing countries can be categorized into three main areas: economic costs, institutional costs and social costs.

1.1 Economic Costs

The public sector is a most powerful actor, as it controls and manages the distribution of a country's resources and wealth. Corruption in this management of resources can be present in the demand and the supply side of this monopoly. The demand side stems from public sector employees misusing their power and influence for their private gain, and the supply side refers to the private sector utilizing bribes to win public sector contracts or receive preferential treatment.

According to the World Bank, bribes are one of the main tools of corruption (World Bank, 1997). Bribery can influence the government's decision to allocate benefits, assign contracts, lower taxes or other fees collected by the government, issue licenses,

speed up the time of bureaucratic processes, or change the outcome of legal procedures. The economic effects of bribery and corruption have many dimensions, and have been researched from a viewpoint of short-term and long-term efficiency, and the long-term growth and development of a nation.

Although some literature suggests that from a theoretical perspective, bribes may in the short term enhance efficiency, by circumventing long and cumbersome legalities and cutting red tape in bureaucratic procedures (Lui, 1985), authors such as Bardham 1997, and Rose-Ackerman 1999, argue that corrupt markets are much less efficient than legal markets, as the illegality of transactions, and the presence of bribes, may discourage the most efficient participants from entering into the market, creating a false efficiency, where the willingness to pay a higher bribe is rewarded, rather than the capacity to provide the best product or service.

In the long term, these expectations of bribery completely distort the manner in which benefits are allocated, creating an informal system where nothing works if ‘hands are not greased’, and that encourages citizens to break the law. This not only creates additional costs but also brings losses to the state, as citizens and companies evade taxes, refusing to pay into a corrupt government system that is perceived to be squandering the resources it receives, and where doing business is risky and unpredictable.

In terms of the effects on long-term economic growth and development of a nation, corruption has been shown to significantly reduce private national and direct foreign investment, and to slow economic growth (Mauro, 1995). Corruption has a negative

effect on investment because a highly corrupt country is perceived to be high risk, and investors prefer to minimize risks when considering places where to invest, leading to capital flight as national investors seek certainty for their business arrangements, and foreign investors prefer less risky markets.

1.2 Institutional costs

Corruption has a direct impact on the legitimacy of a government. When the power of the state is misused for political or personal gain, it engenders mistrust and discontent in the political and bureaucratic machinery. In patrimonial states, for example, bureaucratic and political leaders monopolise power and resources, creating a political system to “maximise the rent-extraction possibilities”, effectively robbing the state and its citizens (Rose-Ackerman, 1999). The social groups excluded from the patronage of the state may show their dissatisfaction or frustration with the system outside of the democratic election process, adding to the country’s political instability, and increasing the possibility of internal conflict and violence.

In highly corrupt governments, political power is used to buy elections, weakening democracy and making the state a tool for the reward of supporters, and for the persecution of political opponents. In clientelistic states, political and bureaucratic leaders turn over the management of state resources to allies, who, in practice, dominate and control policymaking, using their power to achieve favourable legislation or policies. As Rose-Ackerman, 1999, argues, in these clientelistic states there is the danger that a corrupt police force, justice system, or political class collude with organised criminal groups to carry out illegal activities, infiltrating legal businesses as well. The domination

that these organised criminal groups can exert over legal businesses and the government is extremely dangerous, creating an atmosphere of lawlessness, uncertainty and violence that threatens to undermine the very existence of the nation.

Authors who have researched the effects of corruption on the state, (Wade,1983; Williams,1987; Hutchcroft, 1997) argue that corruption weakens government institutions, alienates citizens by making them cynical about the political process, and leads to their withdrawal from the political system, in many cases increasing the inequality existent in the system. In developing countries, where government institutions are often ineffective, policymaking is not transparent, civil society is not well organised, and bureaucracies are not accountable, corruption has a devastating effect on the legitimacy of the state, creating political instability that in many cases results in the toppling of governments, and in others, in the establishment of dictatorships.

Even in countries with a strong democratic tradition, corruption erodes the effectiveness of government institutions because it creates inefficiency within these organisations, and poor management practices that affect the capacity of the agencies to perform their functions. Lack of resources breeds dissatisfied civil servants that often work for low wages and receive no incentives, leading them to rent-seeking activities in order to supplement their low income, and to the loss of the best-qualified personnel who are attracted by the private sector (Larbi, 2001).

Corruption is seen by organisations like the OECD not as a cause but as a symptom of systemic organisational failure, which thrives when government institutions are

ineffective, laws are not enforced, and in general poor governance is the norm (OECD, 2000). Corruption is the antithesis of good governance, because key elements of good governance, such as high standards of transparency, accountability and public sector ethics, are not present in a corrupt system. Corruption also becomes an obstacle to the implementation of reforms that seek to establish good governance principles, as entrenched interests in the civil service and in society try to derail the reform efforts that threaten to end their privileged positions. Finally, the resulting lack of public confidence in bureaucratic organisations and in political leaders, also becomes an obstacle to the attainment of good governance, as civil society withdraws from the public arena, resulting in a lack of pressure for reform that allows government institutions to continue operating in the same manner.

1.3 Social costs

It is commonly assumed that the state has a responsibility to protect the weakest and most vulnerable groups in society: children, the elderly, the poor, making policies and carrying out social programs geared at increasing their welfare. The waste of resources resulting from corruption in government activities has a severe negative impact on these social programs, which are usually the first to be cut when resources are scarce, leaving these vulnerable groups unprotected, and increasing their risk of falling into extreme poverty levels.

Even if there are resources available, in corrupt regimes, these are usually re-directed to more politically motivated expenditure, such as infrastructure development (Tanzi and Davoodi, 1997) rather than to education and social welfare programs that tend to have

less opportunities for corrupt practices (Mauro, 1998). This can be clearly seen in many developing countries, where there are multimillion-dollar roads and bridges leading to communities that do not have a clean water source, a proper school, or automobiles to use the new highways, and that gradually deteriorate without maintenance. A lack of investment in education and human capital, results in a nation without a qualified work force, unprepared for the competitive environment of current globalised economies.

Corrupt governments, where patronage and personal preferences dictate government policies, are also subjected to deep divisions within society into regional, ethnic, social and economic groups, where the struggle for power can lead to the confrontation of these groups outside of the law. In this scenario, the less powerful members are systematically cast aside from all policymaking, increasing the inequality existent in the society, and re-enforcing a culture of what authors such as Husted call “power distance”, or an acceptability of the unequal distribution of power that gives special privileges and benefits to the political class (Husted, 2002).

Pervasive and institutionalised corruption has a demoralising effect on citizens, who perceive the state as a ‘black hole’ that swallows all the resources it receives, and where nothing can be done to change or improve the situation. The notion of citizenship as a right and a responsibility is eroded, re-enforcing the predominance of personal interests over the well-being and goals of society.

Institutionalised corruption engenders a culture of illegality in every aspect of public life. Even when government agencies are not engaged in corrupt practices, the perception that

the entire system is corrupt results in suspicion and lack of respect for public authorities. By discrediting all public sector efforts, this perception can also undermine legitimate opportunities to institute reforms. In highly corrupt systems, the tolerance for consistent law breaking erodes the rule of law and leads to a loss of confidence in the legal system, resulting in citizens taking the law into their own hands.

Additionally, endemic corruption in the public sphere leads to what Williams and Doig call the “failure to lead by example”, where citizens perceive that if bureaucrats and politicians are corrupt, there is little reason why they too should not act in a corrupt manner (Williams and Doig, 2000). This ‘legalisation’ of corruption in both the public and private sectors is truly the most dangerous enemy of a nation’s development and progress.

Chapter 2 - Initiatives to control corruption

Controlling corruption is as complex an issue as corruption itself, and some authors such as Robert Williams believe that “eliminating corruption completely from public life is an impossible dream.”(Williams and Theobald, 2000: x). Corruption takes on different forms in every country. However, there is some consensus among academics and policymakers that corrupt activities need to be attacked on several fronts, taking a systematic approach that prevents corruption from occurring in the first place, by making it a “high risk and low return undertaking” (Lanseth, Staphenurst and Pope, 2000: 61).

Anti-corruption strategies are proposed and supported at the international, regional, national and local levels. Although we are concerned mostly with the application of anti-corruption initiatives at the national level, it is important to point out that many of these mechanisms are supported by international agencies such as the World Bank, OECD, UNDP, Transparency International, and by regional development agencies in Europe, Asia, Latin America and Africa.

There are two prominent models of controlling corruption that have come out of these international organisations: the World Bank and Transparency International’s (TI) “National Integrity System” and the OECD’s “Ethics Infrastructure”. Both mechanisms advocate the need for a holistic approach that promotes public sector ethics with the support and participation of the private sector and civil society, highlighting eight main elements in the fight against corruption. These mechanisms have been used here to identify five areas of anti-corruption initiatives: public sector reforms, anti-corruption legislation, economic liberalisation policies, civil society participation and the role of the

private sector, and watchdog instruments, such as anti-corruption agencies. Since the latter strategy is the subject of the next chapter, here we briefly focus on the other four mechanisms and their main components.

Table 1: Summary of Anti-Corruption Mechanisms

Mechanism	OECD's Ethics Infrastructure	World Bank/ TI National Integrity System
Public sector reforms : Civil service reform Financial management/ Budget reform	Political commitment Workable codes of conduct Professional socialisation mechanisms Supportive public service conditions Efficient accountability mechanisms	Public anti-corruption strategies International cooperation
Judicial reform and anti-corruption legislation	Effective legal framework	The judiciary
Economic liberalisation policies		
Civil society participation and the role of the private sector	Active civic society	Public awareness Public participation in democratic processes The media The private sector
Watchdog instruments	Ethics coordinating bodies	Watchdog agencies

Source: Author's elaboration based on World Bank, Transparency International and OECD.

2.1 Public Sector Reforms

Public Sector reforms to tackle corruption necessarily include programs to strengthen public institutions and the creation public sector control, guidance and management mechanisms that prevent or minimise the opportunities for corrupt activities (OECD, 1996). Reform initiatives vary from country to country, but in general, can be characterised into two main areas: civil service reform and financial management/budget reform. Underlining these strategies is the political will, leadership and commitment to carry them out, which is a fundamental requirement for these reforms to be successful.

2.1.1 Civil Service reform.

One of the major goals of civil service reform programs is the need to build a professional civil service with an ethos of public service and high standards of behaviour. It is recognised that a well-trained, well-paid and professional civil service is the basis for effective public institutions. Reform initiatives therefore include the establishment of clear ethical codes of conduct that are enforced by civil service regulations and civil/criminal law. These codes of conduct should promote accountability and transparency by requiring the declaration of assets and income of public sector managers, limiting the types of ‘gifts’ public officers can receive, and regulating the potential conflicts of interest in the public service.

Acknowledging that in many developing countries public sector salaries are inadequate, and that this leads to pressure to engage in corrupt activities, reforms also include improvements to the remuneration of civil servants, establishing fair salary structures and motivating productivity and efficiency through merit-based promotion and other

incentives. Additionally, establishing training programs geared at institutionalising codes of conduct and ethical standards are included, along with mechanisms to protect civil servants from political interference (World Bank, 1997).

Other civil service reform initiatives include organisational restructuring such as separating the operational from the policy arms of institutions, incorporating performance management, streamlining work processes, simplifying bureaucratic procedures, increasing the efficacy of reporting mechanisms, instituting periodical reviews of targets, and reformulating and redesigning public policies and programs to eliminate those that serve no purpose and are riddled with corruption. Eliminating or reducing the monopoly power of bureaucratic institutions is another reform that tackles the potential for abuse when there is too much discretionary power and little accountability (Williams and Doig, 2000).

A number of countries have instituted civil service reforms such as those mentioned above, not only to uncover corrupt activities but also to prevent them. Among them, for example, Poland, Korea and Japan have instituted human resources management controls, such as standardised recruitment policies and disciplinary sanctions for breach of ethic codes across the civil service, while Spain, Hungary and Mexico have established processes for detecting and preventing the conflicts of interest of public sector employees (OECD, 1999). The governments of Uganda, Tanzania, Ethiopia and Ghana have also begun a series of civil service reform programs, with the support of the World Bank, to establish codes of conduct and public service standards, provide leadership training for public servants, and monitor their declaration of assets to prevent conflicts of interest (Larbi, 2001).

In the area of salary improvements, one of the most successful examples is the case of Singapore, where a strategy of gradual pay rises accompanied by strict penalties for fraudulent activities has led to a public service that is considered among the most effective and productive in the world, and where public sector employees are well recognised and highly regarded (Quah, 1999). Another strategy has been followed by the government of Uganda, where the non-monetary benefits of civil servants are being monetarised in order to make their benefits package more real and visible, in the hope that this will highlight the advantages of being a civil servant and the risk of losing the job because of unethical behaviour (Pope, 2000).

2.1.2 Financial Management/ Budget reform

Lack of transparency in the management of state resources, in budgetary processes and resources allocation, facilitates the possibility for corrupt activities. Therefore, reforms in this area are geared at improving financial management systems to serve as tools for preventing, discovering and punishing fraudulent operations (World Bank, 1997).

A key reform initiative entails making the budget a real, open and transparent process, where resources are allocated according to the government's priority policies, programs and targets, and not as the 'wish lists' of its political supporters. Effective financial management systems place clear responsibilities for managing resources, and facilitate the audit of expenditures, reducing the opportunities for the unofficial use of resources. Internal financial management controls and external auditing have been implemented successfully in OECD countries such as Poland, Hungary, Italy, Sweden, Belgium, and

Korea, and in Mexico, Colombia, Chile and Ecuador among developing countries (OECD, 1999; TI, 2000).

Financial reforms are also used to strengthen key institutions such as tax and revenue departments, customs agencies and other government departments that are often susceptible to fraud and corruption (World Bank, 1997). For example, Mexico introduced reforms in the tax and customs service in an attempt to reduce corruption and tax evasion, and additionally raise revenues for the state. Although some of these reforms were difficult to implement, their success has been recognised by both government officials and the business sector (Rose-Ackerman, 1999).

Another reform scheme includes improving government procurement procedures, an area that is especially vulnerable to corrupt practices. In developing countries, government institutions often lack the capacity to manage contracts and the procurement of goods/services, making the development of a code of standardised procurement rules and regulations a key initiative. The consolidation and standardisation of multiple government agency rules into a single public sector procurement code can help to carry out procurement decisions in an efficient, fair, impartial, transparent and accountable manner, and can also facilitate the detection and punishment of corrupt actions (Williams and Doig, 2000). The United States has been particularly successful in instituting procurement reform, some aspects of which have been adopted by Japan and Korea, resulting in the dismantling of a cartel of contractors that regularly colluded to fix prices and tender offers (Rose-Ackerman, 1999).

2.2 Judicial reform and anti-corruption legislation

An effective legal system is crucial for the fight against corruption, just as an ineffective or politicised judiciary is the best friend of corruption. The first step in a judicial reform process is a review of the country's legal framework, to uncover weaknesses and inconsistencies in the laws, as well as out-dated legislation that should be removed from the civil and criminal codes. Other reforms include strengthening the independence of the courts by changing the system of appointments/removal of judges, improving procedures and the administration of cases, giving the citizens better access to the justice system through alternative mechanisms, and countering corruption of court staff by establishing fair pay scales and judicial ethics training (World Bank, 1997).

Where the judicial system is honest and respected, it can counter the activities of a corrupt government, as in the case of Brazil, where former President Collor de Mello was impeached by Congress and the process upheld and monitored by the Supreme Court, leading to his dismissal from office (Geddes and Ribeiro Neto, 1999). In Italy and in Spain, the independence of judges and magistrates has been central to the recent anti-corruption prosecutions and investigations, although the people involved in the scandals were powerful business and government officials (Rose-Ackerman, 1999).

Accountability of the judicial system to the public and to the government is essential in tackling corruption within the courts. Those responsible for the investigation, prosecution and management of corruption cases must have the highest moral standards and be subjected to periodical review of their work, as well as having clear accountability mechanisms to superiors and an adequate system to address complaints. Where there is

widespread corruption in the legal system, judicial misconduct can be investigated by a special prosecutor's office or by a commission of enquiry set up specifically for this purpose (Langseth, Stapenhurst and Pope, 2000).

The fight against corruption requires specific anti-corruption legislation that defines public standards of behaviour and enforces them through investigation and prosecution (OECD, 2000). Anti-corruption legislation should work with the existing civil service rules, regulations and codes of conduct by clarifying and increasing the effectiveness of these legal instruments. In OECD countries such as Belgium, France, Hungary and Italy, for example, bribery is typified as a criminal offence, while in the Czech Republic, Germany, Ireland and Mexico, there is additional anti-corruption legislation that prohibits illicit enrichment, making false statements to mislead officials and interfering with public processes, including procurement bids. While most countries have regulations and other secondary legislation that impose restrictions and sanctions on corrupt activities, Japan and Korea among OECD countries have unique legislation that sanctions actions such as "deserting public office and causing a discredit to the public service" (OECD, 1999: 15).

Regardless of how well-written and well-intentioned anti-corruption laws are, they are completely ineffective without enforcement, making it is essential that civil and criminal laws are used consistently to enforce and penalise corrupt activities. The experience of many developing countries, including Nigeria, suggests that the main weakness of legal reforms and instruments in combating corruption is that they ultimately depend on the will and perseverance of political leaders (Theobald, 1990). Where political power is used to shield corrupt activities of family, friends or political supporters, no laws, codes or punishments will have an impact on corruption.

2.3 Economic liberalisation policies

For many developing countries, economic reform is a strategic component of anti-corruption strategies, in particular for transitional countries, where the state had a complete monopoly over the means of production, such as the post-Soviet states. In these countries, as well as in others with a one party system, or long-standing ruling parties, such as Mexico, Italy and Japan, both substantial state intervention in the economy, and weak political competition have facilitated systemic corruption (Morris, 1991; Heywood, 1997).

Economic liberalisation policies include the privatisation of state assets, deregulation and the expansion of competition in the markets. These economic reforms are supported by public choice theory¹ and a neo-liberal economic model, that views corruption as product of the distortion of the market by the actions of a monopolistic force, the government. In order to reduce corruption, it is therefore necessary to reduce this monopoly and let the market act to promote competition and reduce the opportunities and incentives for corrupt actions (Williams and Theobald, 2000).

2.3.1 Privatisation

Privatisation of state assets involves the sale and transfer of these assets to the private sector. By reducing the discretion of public managers and transferring the responsibility

¹ For an explanation of Public Choice theory see James M. Buchanan et al, *The Economics of Politics* . (London: Institute of Economic Affairs, 1978). For recent public choice literature on corruption, see Susan Rose-Ackerman, *Corruption and Government: Causes, Consequences and Reform* (New York: Cambridge University Press, 1999).

to the private sector, privatisation increases competition and transparency, key ingredients in the fight against corruption (World Bank, 1997). Privatisation should be part of a state reform process that advocates a smaller and more efficient public sector, one that should concentrate its efforts in the areas where, because of the imperfections of the market, it must continue to be involved in order to guarantee fairness and equity in the access of the citizens to basic public goods and services.

In competitive markets and areas such as telecommunications, energy generation and infrastructure development, privatisation of state assets, in the long run, produces benefits that are indisputable, including better products and services, wider availability of these services, reduced costs to the state and the consumers, and additional income to the government that should allow it to invest in priority areas and programs. In the short term, however, privatisation efforts can bring additional opportunities for corruption, if, for example, state assets are sold off in processes that are not as transparent and competitive as they ought to be, resulting in what Williams calls the “licensed theft of state property” (Williams, 2000: xii). Additionally, if the transfer does no more than replace a public monopoly with a private one, and citizens continue to lack access to reliable and effective services, then the change of ownership is irrelevant, and probably more detrimental to the welfare of the consumers than if the assets had stayed in public hands.

In many cases, the corruption that is present in privatisation processes, similar to the corruption present in the contracting of goods and services, is a direct result of the lack of capacity of the institutions managing the processes. It is therefore necessary that these institutions are strengthened, that their negotiation and management skills are developed,

and that an appropriate regulatory framework for the privatised sector is established prior to the transfer, with a strong and independent regulatory authority at the forefront of the process.

The opportunities for rent-seeking and favouritisms in the privatisation process can be minimised by actively encouraging the participation of the best possible providers, making the process publicly known and information widely available. A transparent and credible privatisation process, with clear rules, regulations and a solid legal framework, reduces the opportunities for corruption before, during and after the transfer, and should be the goal of governments wishing to use the privatisation of state assets as a tool to increase competition and minimise corruption.

2.3.2 Deregulation and the expansion of competition

Deregulation, or the removal of ‘artificial’ impediments to free competition is usually considered alongside privatisation and the expansion of competition in an effort to use market forces to regulate the production, distribution and pricing of goods and services, rather than the monopolistic control of the government (Theobald, 1990). Macro and micro-economic policies that encourage the strengthening of markets and free competition restrict the possibility of rent-seeking and the bribing of public officials.

Deregulation entails the lowering or elimination of import restrictions and other barriers to trade, eliminating exchange rate controls, licensing systems, marketing boards, and other systems of monopoly distribution and import/export control, eliminating price controls, cutting subsidies to public and private companies, and reducing burdensome regulations and other barriers to market entry for new firms. Some of these reforms are

fairly easy to implement and can produce visible results in little time, creating a system where the state supports rather than governs markets (World Bank, 1997).

Another type of competition that can be used as a deterrent to corrupt activities is competition within the public service. Competitive bureaucracy, as advocated by authors such as Rose-Ackerman, involves a strategy whereby public officials can provide equal services to consumers, and these in turn have the choice to purchase these services or goods from a variety of sources. This can be applied, for example, to postal services, passports and documents, and other public benefits available to all consumers. When this is the case, discretion is reduced, and if an officer solicits a bribe, the consumer can easily go to another officer for the same service, lowering the possibility for illegal activities, and increasing the risk to the officer of being caught and losing his/her post. For competitive bureaucracy to work, three conditions need to exist: first, that all citizens be entitled to the benefit; second, that officers do not have the discretion to give away more benefits than requested; and third, that bureaucratic hierarchies can easily monitor the activities of their officers and hold them accountable for the revenue collected (Rose-Ackerman, 1999).

2.3 Civil society participation and the role of the private sector

It is commonly accepted that any successful anti-corruption strategy requires the active participation of civil society: organised groups of citizens, non-governmental associations, religious organisations, the media and the private sector. Public support for anti-corruption initiatives is crucial. This is the reason why it is necessary to devise

strategies to increase awareness of the costs and consequences of corruption, not only at the macro level of the state, but also what corruption means to the citizens, and to companies on a daily basis.

Strategies aimed at changing the perception of corruption as a ‘necessary evil’ are required where systemic corruption is present and citizens are accustomed to paying bribes as a normal occurrence. These, have included: informative programs that highlight the citizen’s rights to public services and benefits, and also their duty to complain and report corrupt behaviour in their dealings with public servants. In Tanzania, for example, a survey to understand the perceptions of the public about corruption, and also the civil servants’ idea of what corrupt behaviour entailed, helped to devise campaigns to change perceptions, combat citizen’s apathy, and understand what prevents citizens and public officers from reporting corrupt behaviour (Langseth, Stapenhurst and Pope, 2000).

The media has a specific responsibility in informing citizens, reporting corrupt practices or the success of anti-corruption probes. The work of the press can be very effective in exposing corruption, as they are particularly well placed, have the investigative power and control the means of distributing the information widely, turning issues into public scandals, and generating a sense of outrage and the need to take action on the part of citizens and also of the government (Perry, 1997). Regional media organisations, such as PROBIDAD², a network of journalists who promote free press in the fight against corruption in Latin America, have been particularly successful in publicising news about corruption in the region, and are part of a new wave of journalists that contribute to the

² For information on PROBIDAD go to www.probidad.org. Also contact Periodistas Frente a la Corrupcion, PFC (journalists against corruption) at www.portal-pfc.org

fight against corruption by increasing the awareness of its pervasiveness and its consequences.

Reports of the government's 'moral crisis' can produce reforms. However, they can also result in individualized purges that distract attention from the real organisational issues that permit corruption. It is therefore important that corruption scandals be used to attack, not only the individuals who are guilty, but also the underlying causes and incentives. Additionally, the danger of corruption scandals and subsequent purges is that a corrupt government may use them to discredit and remove political opponents, put up a false "political show" of fighting corruption, and in the process, destroy the legitimacy and credibility of the media as a tool to expose real issues (Theobald, 1990: 139).

The private sector is also an important participant in any anti-corruption strategy, as it is both a victim and an accomplice in public sector corrupt practices. Companies that carry out illegal practices in order to do business with corrupt governments, incur great costs that outweigh the compensation they receive. It is important to highlight these costs, and the advantages of operating in a legal environment with judicial security and clear rules for competition.

The private sector should be part of a coalition of civil society groups, media organisations and reformers within the government to push for policies that promote integrity in the dealings with the public sector. Such coalitions already exist in countries like Ecuador, Colombia and Morocco, where business associations support and participate in government anti-corruption campaigns, helping to disseminate policies and making their employees aware of corrupt practices and how to counter them (OECD,

2000). Additionally, the private sector can use its resources to help combat corruption, as part of the company's commitment to social responsibility, and participate with civil society organisations and the media to help monitor, expose and denounce corrupt activities of both public institutions and private organisations (Irene Hors, 2000).

Corruption in the public sector does not happen within a vacuum, and in order to fight it, there must be a concerted effort by all parties involved in one way or another: the government, civil society, the media and the private business sector. The anti-corruption strategies at the national and international level, although fairly new, are already beginning to bear fruit, with coalitions of businesses, citizens and governments working together to promote ethics, transparency and a culture of rejection of corrupt behaviour.

Chapter 3 - Comparative typology of anti-corruption agencies

A key component in the World Bank/ TI National Integrity System and the OECD's Ethics Infrastructure is the establishment of anti-corruption bodies and other watchdog mechanisms in an effort to monitor, investigate, deter and punish corrupt behaviour. These bodies include: Ombudsman Office, Supreme Audit Institutions and Anti-Corruption agencies. Since the main focus of this Chapter is the role of anti-corruption agencies, using the cases of Hong Kong, Singapore, Botswana and Ecuador, the discussion of the other watchdog mechanisms is limited to a brief analysis of their characteristics.

The office of Ombudsman, called by many names in different countries, is specifically set up to receive complaints from the public regarding the administration and work of public sector institutions. Once a complaint is received, the office investigates the allegations and determines if there is indeed a practice that is illegal, or if the action taken by the public officials is fraught with inefficiency or mal-administration. The scope of action of the office varies from country to country. In some cases they have prosecutorial capacity, while in others their action is limited to passing the information to the appropriate sanctioning body, the police or judiciary. The office can also recommend changes in policies and procedures, thus aiding in the prevention of corrupt practices.

Supreme Audit Institutions include the Auditor General, National Comptroller and other government bodies responsible for the internal financial management and auditing of government expenses and revenues. These institutions are key in guarding the transparent, accountable and efficient use of financial resources, assuring the legality and

integrity of financial transactions, and providing key information on the government's management of its resources. In cases of mal-administration or corruption, these institutions, depending on their statutory functions, can refer the cases to the appropriate authorities for further investigation and punishment if the case requires it. For both the Ombudsman and Supreme Audit Institutions to be effective in their work, they require independence of action, adequate budgeting for their activities, freedom to manage their resources and their staff, and especially protection from the pressures that other agencies, political parties and civil servants may exert upon them (TI, 2000).

In many developing countries, the need to find alternative mechanisms to the conventional law enforcement agencies that may be over-extended in their capacity or may themselves be part of a corrupt system, has resulted in the creation of anti-corruption agencies as specialised bodies to spearhead anti-corruption strategies. These agencies have been created as the enforcement bodies of anti-corruption legislation, with specific powers to detect and deter corruption. The particular scope of action of these agencies varies from country to country, but in general, these agencies have the authority to receive, investigate and detect corrupt activity, and some have prosecutorial powers. Additionally, anti-corruption agencies are usually responsible for creating awareness campaigns, and mobilising and educating citizens about public sector ethics and corruption.

The discussion on the effectiveness of anti-corruption agencies has spurred quite a debate among academics and government reformers (Doig, 1995; Quah, 1999; Pope 1999; TI, 2000). What then, are the characteristics of anti-corruption agencies that have proven to be successful in their fight against corruption, and conversely, what

characteristics make the work of anti-corruption agencies difficult? Four agencies: Hong Kong's Independent Commission Against Corruption (ICAC), Singapore's Corrupt Practices Investigation Bureau (CPIB), Botswana's Directorate of Corruption and Economic Crime (DCEC) and Ecuador's Civic Commission to Control Corruption (CCCC) were examined in order to answer this question. For each of these agencies, we looked at various characteristics: what conditions gave rise to their creation, their legal framework, scope of action, staffing, budget, degree of independence, internal structure, and community relations. The characteristics of each agency are summarised in Table 2.

Table 2 Anti-Corruption agencies: Summary of Findings

Characteristics	Hong Kong ICAC	Singapore CPIB	Botswana DCEC	Ecuador CCCC
Legal framework	Created by statute Reports to the Chief Executive of HK Accountable to Exec. Council, Legislative Council, Secretary for Justice and Review Committees, including citizen committees.	Created by POCA law Located in the PM office Reports to the PM and the Legislature Accountable to PM and Legislature	Created by CEC Act Located in the President's Office Reports to the President Accountable to the President	Created by Presidential Decree, then inserted into the Constitution. Accountable to Congress and civil society groups Reports to Congress
Scope of Action	Receive complaints Investigate allegations Prevention by improving systems Educating the public Capacity to search, seize and arrest	Receive and investigate complaints Investigate misconduct and malpractices Examine public processes and procedures to prevent corruption	Receive, investigate and prosecute corruption cases Capacity to search, seize and arrest Assisting law enforcement agencies Examine procedures and practices of public agencies Educate the public	Receive complaints Investigate allegations Prevention by educating public service and citizens
Degree of independence	Independence of structure, personnel, finance and power	Independence of structure, personnel, finance and power	Limited independence heavily reliable on the will of the President	Independence of structure, personnel. Limited investigative powers
Internal structure	Commissioner Operations Corruption prevention Community relations Administrative Eight regional offices	Director Investigation Corruption Prevention Administration Community relations Finance	Director Investigation Prosecution Intelligence Corruption prevention Public education Administration PMS & training	Commissioners Judicial Dept. Investigation Prevention Administration Finance Information Systems Community relations
Staffing	1,314 officers (2002)	71 officers (1986)	130 (2002)	60 (2002)
Budget	\$94 million (2002)	\$4.33 million (1986)	\$1.7 million (2002)	\$2 million (2002)
Community participation	Active participation Surveys of public opinion. Active use of the media.	Uses public support and opinion. Actively involves the media.	Uses media and public support campaigns.	Publicises activities. CS orgs. are involved in electing Commissioners

3.1 Hong Kong: Independent Commission Against Corruption (ICAC)

ICAC is often cited as an example of a successful anti-corruption agency, and has been used as a model for the establishment of agencies in both developed and developing countries. ICAC's strategy has proven effective because of a combination of factors including its legal framework, budget and staffing capacity, and the work of the commission in both prevention and prosecution (Pope, 2000).

3.1.1 Legal Framework

ICAC was created by statute enacted by the Legislative Council in 1974 and given the prime responsibility of fighting corruption in Hong Kong and restoring public confidence in the government. Its creation came at a time when the public service was regarded as highly corrupt, including the police. Several high-level corruption scandals erupted and there was massive public outcry for action. Essential to the work of ICAC is the legal framework within which it operates: the Prevention of Bribery Ordinance (POBO) enacted in 1971, and amendments made to the Prevention of Corruption Ordinance (POCO), and Corrupt and Illegal Practices Ordinance (CIPO) to make these legal instruments stronger, clearer and more effective.

3.1.2 Scope of Action

At its creation ICAC was given a three-pronged strategy: to investigate allegations of corruption, to prevent corruption by the improvement of public sector procedures and

systems, and to educate the public about corruption and secure their support in the fight against it (ICAC, 2002). Additionally, ICAC's operational arms were given the backing and support of the highest governmental authorities in order to, not only investigate all public officials without regards to their position, but also to pursue corruption in the private sector. ICAC however, cannot prosecute suspects. This is the responsibility of the country's Secretary for Justice, a prosecutorial restriction that is maintained as a safeguard against the possible misuse of power by the commission. It is the Commissioner's responsibility to present the evidence to the Secretary for Justice so he/she can decide whether or not to proceed with a criminal prosecution (De Speville, 1997; ICAC, 2002).

3.1.3 Independence and accountability

ICAC was specifically designed as an independent agency, separate from the police force and other crime prosecution units, with the head of the organisation, the Commissioner, responsible directly to the country's Governor (Chief Executive after 1997). The commission was given the resources and manpower necessary to fund and perform its operations, and provided with independence of action as reflected by:

- the Commissioner's responsibilities
- freedom from the direction or control of any organisation or person,
- accountability directly to the Chief Executive, Executive Council, Legislative Council and to five citizen committees
- freedom in the management of staff and resources,
- total access to vital information,

- the ability to investigate the highest levels of public authority,
- the powers of search, seizure of assets and arrest of suspects conferred to the officers of the commission.

(Quah, 1999; De Speville, 1997; Quah, 2001; ICAC, 2002)

3.1.4 Staffing and Budget

ICAC's success is also derived from the ability of the Commission to employ professional, qualified and unquestionably honest staff. Appointments are made for a fixed 2-3 year period, and the officer's background, including potential conflicts of interest are scrutinised carefully. Officers are restricted from political activity and the highest standards of conduct and discipline are expected. Dismissal need not be justified on the grounds of conduct, as a loss of confidence in the integrity of the officer is enough to remove him/her from the post. In 2002, ICAC has 1,314 officers, of whom over 800 are in the Operations Department, and whose salaries amount to the largest percentage of the budget of USD\$94 million that ICAC managed in the fiscal year 2001-2002³ (De Speville, 1997; ICAC, 2002).

3.1.4 Community participation

From the onset, ICAC sought the public's involvement and support to conduct its activities. It carried out educative and awareness campaigns with the support of community educators, convincing citizens of the need to report and denounce corrupt activities, monitoring public perceptions on corruption, and using the media to publicise

³ Independent Commission Against Corruption, ICAC : www.icac.org.hk/

the achievements of the organisation. In addition, citizens play a vital role in monitoring the commission's actions, as four committees comprised of prominent community members scrutinise the activities of each of the Commission's departments and provide advice to the Commissioner, while the ICAC Complaints Committee handles all public complaints made against the Commission and its officers. (Quah, 1999; De Speville, 1997).

It is ICAC's three-pronged strategy that has merited the attention of other countries, which have tried to copy it and apply it to their own circumstances, specifically, the recognition that prosecution of corruption cannot work separately from a campaign to educate the public and change public perceptions on the dangers of corruption. The successful work of ICAC in controlling a deeply rooted, systemic corruption problem, is recognised to stem from its independence of action and strong legal powers. Apart from its effectiveness in curbing corruption, ICAC's special success lies in the change of public attitudes that has occurred in the Hong Kong community, from a widespread tolerance of corrupt activities to the public's outright rejection of corruption. (De Speville, 1997).

3.2 Singapore's Corrupt Practices Investigation Bureau (CPIB)

Singapore's CPIB is the oldest anti-corruption agency in the Asia-Pacific region, established in 1952 to enforce Singapore's anti-corruption legislation (Prevention of

Corruption Act, POCA). The CPIB has been successful in its fight against corruption due to three fundamental factors:

- The political will of Singapore's political leaders, who are fully committed in their fight against corruption;
- Singapore's anti corruption laws are adequate and provide sufficient punishment to deter corruption; and
- The organization has been given freedom to act against corrupt public officials and private sector individuals irrespective of their social status, political affiliation or power.

(CPIB, 2002; Quah, 2001)

3.2.1 Legal Framework

The extensive enforcement powers of CPIB stem from amendments to the 1937 Prevention of Corruption Ordinance (POCO), that became in 1960 the Prevention of Corruption Act, POCA. POCA increased the scope of action of CPIB, strengthened the provisions against bribery by focusing on reducing both the opportunities and incentives for corruption, and increased the penalties for those found guilty. Currently, any person found guilty of corrupt activities under POCA's definition can be sentenced to five years imprisonment and/or fined US \$100,000.⁴ In 1989, the Corruption (Confiscation of Benefits) Act empowered the court to freeze and confiscate properties and assets obtained by corrupt offenders pursued by CPIB, which can then use these assets to recover the

⁴ Corrupt Practices Investigation Bureau, CPIB: www.cpi.gov.sg

amount of bribes received and the costs to the state of prosecuting the case. In 1999, the Corruption, Drug Trafficking and Other Serious Crimes Act gave CPIB further powers and responsibilities for the investigation and prosecution of drug-related crimes and money laundering (CPIB, 2002).

3.2.2 Scope of Action

CPIB is responsible for monitoring the integrity of the public service, and encouraging the private sector to conduct its activities in a corruption-free environment. The bureau is also responsible for investigating corrupt practices by public officers and reporting such cases to the appropriate government departments and public bodies for disciplinary action. Although the primary function of CPIB is to investigate public sector corruption, it is also empowered to investigate any offence that is disclosed in the course of a corruption investigation (CPIB, 2002).

Apart from its investigative powers, CPIB also carries out corruption prevention by reviewing the work methods and procedures of public sector agencies to identify areas where corrupt practices may be facilitated by weak administrative controls and poor management capacities. The bureau can recommend actions to prevent corrupt practices from occurring in these organizations, and it conducts regular visits, lectures and seminars to educate public officers on the costs and consequences of corruption, and the means to avoid corrupt actions (Quah, 2001).

3.2.3 Independence and Accountability

Although CPIB is located in the Prime Minister's Office, it is independent in its structure, personnel, finance and power. The Director of CPIB is directly accountable to the Prime Minister and to the Legislature, and if required must also present reports to the elected President. As a counter-weight to its investigative powers, the CPIB cannot pursue the prosecution of a suspect on its own. The Director of the bureau is responsible for presenting the evidence to the Attorney General who decides whether or not to prosecute a case. The Director must also seek the consent of the Prime Minister or the President to investigate high-level officials, such as Ministers (Quah, 1999;CPIB, 2002).

CPIB is considered by authors such as Quah, 1999, as even more effective than Hong Kong's ICAC, due to its small size and position within the Prime Ministers Office, which gives it access to essential information for its investigations, guarantees the cooperation of ministries and other public agencies, and also gives the bureau political clout and power to reach the highest levels of both public and private sector organisations.

3.2.4 Staffing and Budget

Compared to Hong Kong's ICAC, CPIB is a small agency, with 71 officers working in its departments (Quah, 1999). CPIB staff is chosen with the highest professional standards, and they adhere to strict codes of conduct with regards to the nature and confidentiality of their work, which must be carried out with total integrity, impartiality and propriety. The bureau stresses the need to achieve results in an expedient manner, reason why CPIB has stringent service standards to act on complaints. For example,

investigations, depending on the nature of the case, must be completed in a maximum of three months, and complaints acted upon within 48 hours, or immediately if the crime is in progress (CPIB, 2002). In 1986, CPIB had a budget of USD \$4.33 million (Quah, 1999).

3.2.5 Community Participation

As one of CPIB's anti-corruption strategies, the bureau carries out prevention work directed at public and private sector employees, stressing the evils of corruption and the punishment that the law establishes for corrupt activities. The initial lack of public support for CPIB's activities stemmed from the scepticism of citizens, and the fear of reprisals. As the work of the bureau demonstrated a real commitment to investigate and punish corruption, and public sector officials were dismissed from offices or resigned, confidence in the work of the CPIB grew among citizens (CPIB, 2002). CPIB's work depends on the cooperation and support of the public, reason why recent incidents where CPIB investigators have been accused of mistreating suspects in corruption cases, and being 'over-zealous' in their jobs has created tension between the public and the bureau, and threatens to undermine the credibility and reputation of the organisation (Quah, 2000).

3.3 Botswana's Directorate of Corruption and Economic Crime, DCEC

The devastating effects of corruption on economic and social development, and the internal and external pressures of democratisation, prompted many governments in Africa to look at anti-corruption agencies as mechanisms to control and prevent corrupt activities in the public sector. One such case is Botswana's Directorate of Corruption and Economic Crime, DCEC⁵, established in 1994, and which has had mixed success in its mandate to curb corruption (Mukum Mbaku, 1996).

3.3.1 Legal Framework

The creation of the DCEC followed a wave of corruption scandals in the 1990s, and the appointment of a series of Presidential Commissions to investigate these cases. Each, concluded that politicians and civil servants were using their positions and powers to enrich themselves illicitly and that the criminal justice system was not being effective in dealing with these corruption cases. As a response, the Government of Botswana enacted the Corruption and Crime Act (CEC) of 1994 with the main objectives of: creating the DCEC, setting-up anti-corruption provisions, and giving the DCEC the power to investigate cases of corruption and economic crimes against the state, such as tax evasion (Quansah, 1994). Additionally, the CEC Act established the powers and duties of the Director, stated the procedures to be followed in handling cases, and specified the offences involving public officers, employees of public bodies, agents, and those in the private sector (DCEC, 2002).

⁵ Directorate of Corruption and Economic Crime, DCEC: www.gov/bw/government/directorate

In 2000, amendments to the Proceeds of Serious Crimes Act were enacted by the National Assembly, making dealing in illegally acquired assets a criminal offence, and empowering the DCEC to investigate suspected money-laundering and related crimes (DCEC Annual Report, 2002).

3.3.2 Scope of Action

The government of Botswana reviewed the approaches taken in other countries, particularly in Hong Kong, and saw that significant results had been achieved by implementing a three-pronged approach of: investigation, corruption prevention and public education, adopting the same mechanisms for the DCEC (DCEC, 2002). The main function of the DCEC is the investigation and prosecution of people suspected of corrupt activities, and such investigation can be either initiated by a public complaint, or by the DCEC itself. The agency has very broad discretionary powers to investigate and obtain information, and under the law any person who fails to provide the requested information or gives out false information can be imprisoned for up to five years and /or given a fine of up to USD\$2,000 (Manga Fombad, 1999). One of the most effective powers of the DCEC is the ability to arrest, search and seize suspects. However, it cannot prosecute a case unless it has the consent of the Attorney General (DCEC, 2002).

Additionally, the DCEC is directed by law to assist any government law enforcement agency in the investigation of crimes against the state revenue. The directorate is able to arrest any person suspected of having committed or being in the process of committing a crime, and remit them to the police for questioning, using 'reasonable' force. (Quansah, 1994).

The DCEC has the mandate to examine the practices and procedures of public agencies in order to prevent corrupt practices, and advise public officials and managers of public institutions on the means to eliminate the potential for corrupt activities. For this purpose, the DCEC created a specialised body, the Corruption Prevention Group (CPG) whose mission is to identify areas in public organisations that are particularly susceptible to corrupt transactions, such as purchasing and tendering, and advise the managers of these areas on work practices that limit the potential for corruption (DCEC, 2002).

3.3.3 Independence and Accountability

The DCEC functions as an autonomous directorate under the Office of the President. The President of the country has exclusive powers to appoint the Director of the DCEC, establish his tenure and powers as he/she sees fit, effectively limiting the independence of the agency's head, and of the agency itself.

In terms of public accountability, the Director must submit annual reports of the DCEC's activities to the President, and no other public or civil society body has the power to scrutinize the activities of the agency. Some authors, such as Manga Fombad, 1999, believe that these immense discretionary powers conferred to the President could be misused by an autocratic leader, who may use the DCEC as an instrument to attack and intimidate political opponents, and cover up cases of corruption among supporters and friends.

Because of this concern, the DCEC has requested the establishment of a Presidential Review Committee to assess its work and reassure the public that it is not misusing the

powers conferred to it by law (Manga Fombad, 1999). Another limit to the DCEC's powers constitutes the inability to prosecute cases without the consent of the Attorney General. Although prosecution is the responsibility of the Attorney General, DCEC officers, in their capacity as public prosecutors, can assist the Attorney General in cases they see fit (DCEC, 2002).

3.3.4 Staffing and Budget

In 2002, DCEC had 130 staff members and a budget of USD\$1.7 million for its eight branches of operation (DCEC, 2002).

3.3.5 Community Participation

The DCEC uses the media to promote its anti-corruption work, conducts public awareness and educational campaigns, and publishes and distributes promotional material on corruption and prevention measures to encourage public support (DCEC, 2002). However, there are no formal arrangements that permit the participation of organised citizen groups or civil society organisations in the work of the DCEC.

Historically, the citizens of Botswana have been sceptical of the work of the agency, and the DCEC has been criticised because of its limited effectiveness in curbing high-level public corruption, as opposed to its efficient work in cutting petty or low-level corruption. This perceived 'double standard' in prosecuting corruption has been detrimental to the agency's public image, casting doubt over the credibility and impartiality of the agency's work (Manga Fombad, 1999). In order to counter these perceptions, and gauge public knowledge on the agency's activities, the DCEC carried

out public awareness surveys in 2001. These showed that more action was needed to reach not only urban, but also rural citizens with the agency's anti-corruption message. The DCEC now regularly visits towns and villages to talk to leaders, teachers, school children and citizens about corruption, anti-corruption mechanisms, and the work of the DCEC in combating corruption (DCEC Annual Report, 2002).

3.4 Ecuador's Civic Commission to Control Corruption (CCCC)

According to TI's 2001 Corruption Perception Index, Ecuador is ranked among the most corrupt countries in the world, with a score of 2.3/10, together with Russia and Pakistan. In contrast, the other countries analysed scored: Hong Kong (7.9/10), Singapore (9.2/10) and Botswana (6.0/10). Needless to say, both grand and petty corruption in Ecuador are pervasive and institutionalised in both the public and private sector, and have become an accepted part of daily life for Ecuadorian citizens. It is not uncommon and quite disheartening that the same people who have worked to establish anti-corruption mechanisms have themselves been accused and later prosecuted for corruption. To name a few, the ex-Vice President Alfredo Dahik, who was responsible for establishing TI's Chapter in Ecuador, fled to Costa Rica after being charged with mal-administration of public funds; Fabian Alarcón, who as interim President established the CCCC, was jailed for mal-administration when he was President of the Congress; ex-President Jamil Mahuad, who supported the CCCC, was ousted from the Presidency in 1999 and 'faces'

the justice system from the United States. Unfortunately for this small country, the list is too numerous to continue.⁶

The CCCC is now in its fifth year of operations, and although it has brought corruption scandals out of the shadows and into the public light, its work has been limited because of several issues, including a weak legal mandate and power, lack of political and bureaucratic support, and limited independence of action.

3.4.1 Legal Framework

In February 1997, amidst public outrage for the level of corruption exhibited by then President Abdala Bucaram and his government, the President was ousted from power by Congress, who declared him unfit to rule. The interim President, Fabian Alarcón, pressured by public opinion, issued an Executive Decree creating the Civic Commission for the Control of Corruption (CCCC), made up of ‘honourable’ members of society selected by the President. This agency was originally created to investigate the activities of the Bucaram government, and was supposed to finish its work by the end of Alarcon’s period in December, 1997. However, the agency was given a new lease of life, when in April 1998, the Constituent Assembly that reformed the Constitution, included the CCCC in Articles 220 and 221 of the new Constitution, making the fight against corruption a policy of the Ecuadorian state (CCCC, 2002).

The work of the Commission in those first months was difficult, to say the least, as there was no anti-corruption legislation to support the legal mandate of the CCCC. The Law

⁶ For a Who’s Who of Corrupt politicians in Ecuador see “Carcel de papel” in: www.comisionanticorruption.com. For a ‘gallery’ of corrupt high level politicians in Latin America see <http://www.probidad.org/regional/recursos/galeria>.

for the Civic Control of Corruption was passed one year later, in August 1999 . From its birth, the CCCC's actions were curtailed by a lack of legal tools to perform its duties successfully, and even though it is established as an independent agency, the powers vested in the commission are limited and weak, making it a 'muzzled and chained dog'.

3.4.2 Scope of Action

The commission, although formally a government agency, is established as a civil society control mechanism with the mission of investigating and preventing acts of corruption, primarily in the public sector, but also at the interface between the public and private sectors, such as contracting, procurement, and concessions. The commission's main activity is the investigation of allegations of corruption. The results of its investigations must be submitted to:

- the appropriate public agency where the corrupt activity has taken place for disciplinary action of those involved,
- the Comptrollers Department (Contraloría) for further investigation and establishing civil responsibility, or
- the Attorney General's office (Fiscalía General) for prosecution if the case is of a penal nature.

(Reglamento a la Ley de la CCCC, 2000.)

The commission has key areas or 'corruption niches' where it focuses a large number of its investigations. These include: procurement procedures, personnel administration, customs/commercial services, banking and finance systems, contracts and bidding, and

privatisation processes. However, the CCCC does not have any ‘teeth’ to conduct its investigations. According to its officials, the agency’s most difficult task is gathering the necessary evidence to support the cases that it pursues. The agency does not have the power to arrest, search, seize documents or evidence, and most of its investigation work is done undercover. A large part of the problem is the lack of cooperation from other public oversight institutions (Contraloría, Superintendencia de Bancos, Superintendencia de Compañías). These agencies see the work of the CCCC as threatening their sphere of competence, and therefore are reluctant to turn over information on suspected corrupt activities of those organisations or individuals that fall under their jurisdiction.

This lack of cooperation is also attributed to the institutionalised corruption in these same organisations, which cover up corruption acts because they involve political appointees at the highest levels and their financial supporters in the private sector. According to CCCC officers, the very agencies set up to control public and private sector activities, are the first to cover-up incidents of corruption, acting with total impunity. This is a sad but true statement of the degree of corruption in all areas of the public sector. Even when a case is investigated and reaches the prosecution stage, it can sit for years at the Attorney General’s Office until the offence can no longer be prosecuted due to time limits, is somehow resurrected by the CCCC or the media, or is completely forgotten.

The second area of work of the CCCC is corruption prevention and education. The work of the agency in this area has proven effective at the level of the general public, which has become more aware and interested in anti-corruption mechanisms. However, at the

level of public sector organisations, the CCCC has not been able to penetrate into agencies to review procedures and practices, or recommend actions to prevent corruption. This is due to two main factors: first, the CCCC does not have a legal mandate to intervene in other public agencies. In fact, the law establishes that the agency *must not* intervene in the jurisdiction of other agencies, except in cases where it is investigating corrupt activities; and second, there is professional jealousy and outright rejection of the intervention of the CCCC in other agencies by bureaucrats, who view CCCC officers as ‘trouble makers’. Needless to say, the CCCC has had no significant effect on the practices of the private sector.

3.4.3 Independence and Accountability

Although by law the CCCC is independent in terms of its actions, resources and staff, in reality its power is severely curtailed, as we have seen, by the inability to perform its functions properly. As a civil society control mechanism, the commission’s model is different from other anti-corruption agencies. The CCCC does not operate under any government agency or department, and does not have a statutory responsibility to respond to any public body, although it reports its activities annually to Congress as a means to publicize its work and provide transparency and accountability of its actions to the government.

The mandate of the commission requires it to be directly accountable to citizens through the highest level of its management, the Commissioners, who are elected by civil society organisations representing a wide variety of interests. Each Commissioner is accountable

to the organisation that elected him/her and is responsible for presenting the work and results of the CCCC to the respective organisation.

3.4.4 Staffing and Budget

In 2002, the CCCC had 60 staff members of whom one-third work in the investigations and prevention departments. The agency has independence in the hiring and firing of staff, who are selected from the public and private sector as needed, and become public sector employees subjected to the civil service code. The CCCC staff is guided by a code of ethics and values that includes the following: honesty, truth, justice, independence, equity, solidarity, efficiency, excellence and team-work (CCCC, 2002).

For fiscal year 2001-2002, the budget of the agency was USD\$ 2 million, assigned by the government in its annual budget. The limited resources of the agency allows it only to pursue cases that are deemed a priority, after a lengthy review to determine the agency's competence and caseload. The commission must balance the resources available to work against the accusations received and also the pre-programmed investigation, prevention and education activities. This results in the commission focusing on grand corruption scandals, and leaving very little room for action on petty corruption or mal-administration issues.

3.4.5 Community Participation

As mentioned before, the CCCC is by statute a civic anti-corruption control commission, and therefore the ongoing participation of the community takes place at the highest level of the agency. Currently, the agency has seven Commissioners, each representing one of

the seven “Electoral Colleges” (Colegios Electorales): the National Congress of Universities and Polytechnic Institutes, the National Collegiate of Professionals, the National Association of Newspaper Editors, TV, Radio and Journalists, The National Federation of Chambers of Production and Commerce, Worker Unions and Indigenous, Afro-Ecuadorian and Farmers organisations, National Women’s Rights organisations, and Human rights organisations and consumer groups. The Commissioners, selected by each of these bodies, are responsible for maintaining the organisations informed of the commission’s work, and mobilising the support of these organisations in the public education and awareness campaigns that the agency carries out. The commission has also established a network of citizen groups (Veedurías Ciudadanas) to act as ‘watchdogs’ in specific public organisations and processes highly susceptible to corruption, such as the upcoming 2002 Presidential elections. These official monitors act as ‘the eyes and ears’ of the wider community, and report on the transparency and legality of public sector activities.

The commission also participates in anti-corruption initiatives and projects with national and international NGOs and civil society organisations. It publishes materials on corruption and corruption control, and has been instrumental in mobilising the media to expose corruption scandals.

Chapter 4 - Anti-corruption Agencies, Good Practice Guidelines

What lessons can the Ecuadorian Civic Commission for the Control of Corruption (CCCC) learn from the examples of Hong Kong, Singapore and Botswana's specialised anti-corruption agencies?

4.1 Clear, strong and enforceable legal framework

The basis for an effective anti-corruption agency, is the support of a legal framework that clearly sets the scope of action of the agency, provides it with all the tools necessary to perform its functions effectively, and that can be enforced by the agency through the justice system. In the case of the CCCC, even though the agency's creation is embedded into the Constitution, the regulations that normalize the work of the CCCC are too general, and give it limited powers to conduct investigations, weakening its mandate and virtually 'tying its hands'.

In order to give the CCCC the 'teeth' it requires, the regulations must be modified to give the Commission complete accessibility to information for its investigations, including a mechanism, possibly through the courts, to force agencies to collaborate with the investigations when these organisations are unwilling to do so through regular channels. The CCCC should have the ability to monitor the assets and incomes of politicians and top-level bureaucrats, the power to freeze assets of suspects under investigation, to seize documents, property and passports to prevent the accused from fleeing the country, and to arrest suspects if necessary. Currently the CCCC does not have any provisions to protect informers or 'whistleblowers'. The ability to provide legal as well as physical

protection to witnesses is required in order to encourage civil servants and citizens to denounce cases of corruption.

A key and possibly contentious issue is the need to grant the commission prosecutorial powers. This recommendation is not easy to formulate. However, in light of the current situation where the cases that the agency investigates are seldom prosecuted by a politicised Attorney General's Office and those guilty of corruption are set free by a corrupt judiciary, this may be the only alternative available to actually make sure that those found guilty of corruption are punished according to the law. There are, on the other hand, difficult issues regarding an agency that has both investigative and prosecutorial powers that must be considered. There is the potential misuse of power by the CCCC's prosecutors, overzealous behaviour in prosecuting corruption, and the potential capture of the agency by political or bureaucratic forces for the prosecution of opponents.

However, in the particular case of the CCCC, its structure as a civic commission with the highest levels of administration and decision-making in the hands of civil society and its representatives, the potential for these dangers to occur may be less. Additionally, the CCCC could establish 'popular justice tribunals', whereby members monitor the prosecution of cases and the performance of the judicial system, reporting any corruption or mismanagement of cases, and in the process, helping to root out corruption within the courts as well.

4.2 Independence and freedom of Action

Hong Kong's ICAC and Singapore's CPIB have been very successful because, among other things, their independence of resources, structure and power guarantees their freedom of action. In the case of Ecuador's CCCC, although it is free from political and bureaucratic interference and has the ability to hire and fire its staff, its independence is curtailed by the lack of power and limited resources. The power and independence of the agency could be expanded by allowing it to supplement its formal budget with proceeds from the sale of assets and properties of those found guilty of corrupt and illegal acts. This additional income could help to finance the recruitment and training of specialised prosecutors for its prosecution department, as well as financially rewarding the work of members of the "popular justice tribunals". Additional resources could also serve to improve the salaries and working conditions of the staff, and deter CCCC officers from becoming corrupt themselves.

4.3 'Four Point' System for fighting corruption

The fight against systemic and institutionalised corruption is a long-term commitment. The agencies in Hong Kong and Singapore have travelled down this road for a long time, while Botswana's DCEC and the Ecuadorian CCCC are just beginning their journey. A model similar to Hong Kong's ICAC three-pronged approach should be followed by the commission, adding a fourth dimension, **prosecution**, making it a *'four point system'* where the concepts of education and prevention complement investigation and prosecution, making these four areas interdependent and supportive of each other. It is important that in pursuing its 'four point system' for combating corruption, the CCCC

adopt a systematic but flexible and proactive position of learning and changing as the conditions of its tasks alter. The need is evident, as the agency becomes better positioned, stronger and more successful, so will the corrupt find more complex mechanisms to continue avoiding the law, forcing the commission to focus on more effective investigative instruments.

The commission should place special emphasis on strategies to prevent corruption, for if the structural conditions that give rise to corruption in the first place are not tackled, the agency's work of merely punishing corruption will not have a lasting and positive effect. The CCCC must act as an advisor to government reformers, the political and bureaucratic leaders who need to pursue a holistic process of systematic public sector reforms to minimise the opportunities for corrupt and illegal activities in government agencies. First and foremost, this reform process should be directed at changing and strengthening the structure of the key government control agencies: Attorney General's Office, Comptroller Department, Banking Superintendence, and Companies Superintendence, in order to guarantee their independence from political influence and interference. Other key areas, similar to the "corruption niches" identified by the CCCC, should be the focus of a review of procedures and administrative processes, and then subjected to structural reforms to eliminate the opportunities for corruption.

4.4 Cooperation, community involvement and accountability

The CCCC must recognise that in the fight against corruption it cannot act alone, nor can it can single-handedly eliminate corrupt behaviour. It must be the leader and key instrument of a national anti-corruption system, made up of all the government agencies

that have the mandate to regulate public and private sector activities, together with private sector and civil society allies. Cooperation among all of these organisations is crucial for the success of the national anti-corruption strategy.

In terms of community involvement and accountability, the CCCC's model of having seven Commissioners, responsible and accountable to each of the constituencies that elected them, provides an innovative mechanism to involve civil society and to ensure public support for the anti-corruption agency's work, as well as offering a strong accountability mechanism. In this structure, the CCCC's Executive Director, elected by the seven Commissioners, cannot be easily subjected to political or other types of pressure, as she/he does not owe its position to any individual or bureaucratic organisation, and therefore does not have hidden loyalties to maintain.

Apart from being accountable to citizens, the CCCC should also be legally accountable to Congress and maintain a good relationship with the President's office, which in Ecuador, as in many presidential systems of government, is a very powerful political and bureaucratic organisation.

Chapter 5 - Conclusion

Corruption is not a 'necessary evil'. On the contrary, its immorality is heightened because of its effects on the poorest and most disadvantaged members of society. However, it is not just a moral issue. The economic cost of corruption is staggering. In 2000, it is estimated that corruption costs governments hundreds of billions of dollars annually (TI, 2002.) In Ecuador alone, the Civic Commission for the Control of Corruption (CCCC) estimated that corruption represented a loss to the state of over USD\$ 2,000 million, enough resources to build dozens of hospitals and schools, thousands of kilometres of roads and water supply mains, and enough to support productive programs that provide employment and welfare to hundreds of communities. On the other hand, the costs to the moral fabric of a nation are far beyond what any organisation can express in monetary terms.

The fight against pervasive, institutionalised corruption is a daunting task, yet it is as necessary as breathing for the survival of a government, a state, or a civilised society. This fight needs to be systematic, incremental and collective, guided by a national anti-corruption strategy that institutes structural reforms to minimize the opportunities for corruption in institutions, establishes ethical codes of conduct and strategies that stigmatise corrupt behaviour, and uses the power of punishment to effectively deter corrupt activity.

Anti-corruption agencies in countries such as Hong Kong, Singapore and Botswana have proven to be successful operational arms of this national effort to reduce corruption. The experience of these agencies suggests that their efforts must not be isolated from other

anti-corruption mechanisms, but that they must work simultaneously to enforce, prevent and punish illegal activities in both the public and private sectors. Their success is also based on a strong legal framework that provides them with the power to conduct their strategies, the cooperation and determination of other government agencies to fight corruption, the political willingness and leadership to support the agency's actions, and the involvement and support of the wider community in expanding, disseminating and practicing the anti-corruption message.

Perhaps the most inspiring lesson that countries fighting institutionalised corruption can learn from the experience of Hong Kong, Singapore and Botswana, is the fact that public perceptions can be changed and 'cultural' traits, such as 'gift giving', which are usually used as examples to justify some types of corruption, can be modified to conform to ethical codes of conduct that inhibit corrupt behaviour and to promote legality, transparency and accountability in public and private institutions.

Annex 1

The 2001 Corruption Perceptions Index

Country Rank	Country	2001 CPI Score	Standard Deviation	High-Low Range
1	Finland	9.9	0.6	9.2 - 10.6
2	Denmark	9.5	0.7	8.8 - 10.6
3	New Zealand	9.4	0.6	8.6 - 10.2
4	Iceland	9.2	1.1	7.4 - 10.1
	Singapore	9.2	0.5	8.5 - 9.9
6	Sweden	9.0	0.5	8.2 - 9.7
7	Canada	8.9	0.5	8.2 - 9.7
8	Netherlands	8.8	0.3	8.4 - 9.2
9	Luxembourg	8.7	0.5	8.1 - 9.5
10	Norway	8.6	0.8	7.4 - 9.6
11	Australia	8.5	0.9	6.8 - 9.4
12	Switzerland	8.4	0.5	7.4 - 9.2
13	United Kingdom	8.3	0.5	7.4 - 8.8
14	Hong Kong	7.9	0.5	7.2 - 8.7
15	Austria	7.8	0.5	7.2 - 8.7
16	Israel	7.6	0.3	7.3 - 8.1
	USA	7.6	0.7	6.1 - 9.0
18	Chile	7.5	0.6	6.5 - 8.5
	Ireland	7.5	0.3	6.8 - 7.9
20	Germany	7.4	0.8	5.8 - 8.6
21	Japan	7.1	0.9	5.6 - 8.4
22	Spain	7.0	0.7	5.8 - 8.1
23	France	6.7	0.8	5.6 - 7.8
24	Belgium	6.6	0.7	5.7 - 7.6
25	Portugal	6.3	0.8	5.3 - 7.4
26	Botswana	6.0	0.5	5.6 - 6.6
27	Taiwan	5.9	1.0	4.6 - 7.3
28	Estonia	5.6	0.3	5.0 - 6.0

29	Italy	5.5	1.0	4.0 - 6.9
30	Namibia	5.4	1.4	3.8 - 6.7
31	Hungary	5.3	0.8	4.0 - 6.2
	Trinidad & Tobago	5.3	1.5	3.8 - 6.9
	Tunisia	5.3	1.3	3.8 - 6.5
34	Slovenia	5.2	1.0	4.1 - 7.1
35	Uruguay	5.1	0.7	4.4 - 5.8
36	Malaysia	5.0	0.7	3.8 - 5.9
37	Jordan	4.9	0.8	3.8 - 5.7
38	Lithuania	4.8	1.5	3.8 - 7.5
	South Africa	4.8	0.7	3.8 - 5.6
40	Costa Rica	4.5	0.7	3.7 - 5.6
	Mauritius	4.5	0.7	3.9 - 5.6
42	Greece	4.2	0.6	3.6 - 5.6
	South Korea	4.2	0.7	3.4 - 5.6
44	Peru	4.1	1.1	2.0 - 5.3
	Poland	4.1	0.9	2.9 - 5.6
46	Brazil	4.0	0.3	3.5 - 4.5
47	Bulgaria	3.9	0.6	3.2 - 5.0
	Croatia	3.9	0.6	3.4 - 4.6
	Czech Republic	3.9	0.9	2.6 - 5.6
50	Colombia	3.8	0.6	3.0 - 4.5
51	Mexico	3.7	0.6	2.5 - 5.0
	Panama	3.7	0.4	3.1 - 4.0
	Slovak Republic	3.7	0.9	2.1 - 4.9
54	Egypt	3.6	1.5	1.2 - 6.2
	El Salvador	3.6	0.9	2.0 - 4.3
	Turkey	3.6	0.8	2.0 - 4.5
57	Argentina	3.5	0.6	2.9 - 4.4
	China	3.5	0.4	2.7 - 3.9
59	Ghana	3.4	0.5	2.9 - 3.8
	Latvia	3.4	1.2	2.0 - 4.3
61	Malawi	3.2	1.0	2.0 - 3.9
	Thailand	3.2	0.9	0.6 - 4.0
63	Dominican Rep	3.1	0.9	2.0 - 3.9
	Moldova	3.1	0.9	2.1 - 3.8

65	Guatemala	2.9	0.9	2.0 - 4.2
	Philippines	2.9	0.9	1.6 - 4.8
	Senegal	2.9	0.8	2.2 - 3.8
	Zimbabwe	2.9	1.1	1.6 - 4.7
69	Romania	2.8	0.5	2.0 - 3.4
	Venezuela	2.8	0.4	2.0 - 3.6
71	Honduras	2.7	1.1	2.0 - 4.0
	India	2.7	0.5	2.1 - 3.8
	Kazakhstan	2.7	1.3	1.8 - 4.3
	Uzbekistan	2.7	1.1	2.0 - 4.0
75	Vietnam	2.6	0.7	1.5 - 3.8
	Zambia	2.6	0.5	2.0 - 3.0
77	Cote d'Ivoire	2.4	1.0	1.5 - 3.6
	Nicaragua	2.4	0.8	1.9 - 3.4
79	Ecuador	2.3	0.3	1.8 - 2.6
	Pakistan	2.3	1.7	0.8 - 4.2
	Russia	2.3	1.2	0.3 - 4.2
82	Tanzania	2.2	0.6	1.6 - 2.9
83	Ukraine	2.1	1.1	1.0 - 4.3
84	Azerbaijan	2.0	0.2	1.8 - 2.2
	Bolivia	2.0	0.6	1.5 - 3.0
	Cameroon	2.0	0.8	1.2 - 2.9
	Kenya	2.0	0.7	0.9 - 2.6
88	Indonesia	1.9	0.8	0.2 - 3.1
	Uganda	1.9	0.6	1.3 - 2.4
90	Nigeria	1.0	0.9	-0.1 - 2.0
91	Bangladesh	0.4	2.9	-1.7 - 3.8

Source: Transparency International, CPI, 2001.

Annex 2 Letter to Dr. David Pryor, Director, John F. Kennedy School of Government, Harvard University.

Birmingham, April 22, 2002

Dear Dr. Pryor:

Below, please find a short article and web link to Probidad, an international anti-corruption agency that I think you will find interesting regarding corruption at the highest levels in Latin America.

I decided to write to you because I understand your Institute has Dr. Jamil Mahuad, former President of my country, Ecuador, as a fellow, who has had the privilege of teaching students at your Institution regarding politics and government.

As a MSC student at the International Development Department, School of Public Policy, of the University of Birmingham in the U.K. I am currently writing my dissertation about corruption in Ecuador, and find it difficult, to say the least, that Dr. Mahuad has anything positive to contribute to your prestigious organisation under the circumstances that surrounded his Presidency, from his election to his flight from the country amidst a scandal of corruption and the worst economic crisis brought on by his (and his team's) management of the country's affairs.

Dr Mahuad has been accused by the Supreme Court of Justice of receiving over 3 million dollars towards his presidential election, in return for covering up and salvaging Banco del Progreso, whose owner, Dr. Fernando Aspiazu is currently in jail facing charges of mismanagement of funds, fraud, among others. His illegal acceptance of funds from Dr. Aspiazu led to the dissolution of his political party and the indictment of fellow party leaders that are now facing trial.

This is only one of the formal accusations against Dr. Mahuad, whose lack of leadership, mediocrity and false image of rectitude, led the country to an economic crisis as the financial institutions that he supported collapsed, leaving millions of people without their live savings, even causing many to commit suicide out of desperation.

As new information about his dealings with fellow President Fujimori of Peru (also ousted on corruption charges) begin to emerge regarding the famous "peace process", the country is bracing for what we all suspect, that there were more than diplomatic negotiations transcending behind the scenes.

Dr. Mahuad has no moral authority to be teaching anything, except maybe how to destroy a country in less than a year. If he had any moral character, he would go back to Ecuador to face the justice system and the consequences of his actions as the worse President in the history of Ecuador.

Respectfully yours,

Maria del Mar Landette M.

Attachment: <http://probidad.org/regional/recursos/galeria>

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