

Aid, Donors and Corruption: Emerging Issues

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Anti-Corruption in development: Evolution of practice

1st generation: the principal-agent problem

Corruption = Monopoly + Discretion – Accountability

“Technical” responses—laws and institutional reforms

- bureaucratic reform – PFM, civil service reform
- horizontal accountability—ACAs, audit authorities

Problem #1: institutional weakness, lack of knowledge/capacity

Problem #2: political will

Second generation: the “demand side” and transparency

- civil society: advocacy and awareness raising
- access to information: FOI laws, transparency initiatives (budget transparency)
- social accountability

Problem #1: Political will

Problem #2: Power asymmetry & impunity

Third generation: Now what?—facing the political logic of corruption

- Internationalizing the effort
 - International standards: UNCAC & regional conventions
 - Targeting the “supply side”: Natural resource revenue transparency/ governance initiatives (EITI, Kimberly, timber)
 - Targeting impunity: Asset recovery, cross-national prosecutions (UK, USA, EU), illicit financial flows
- Can we really deal with political finance?
- Sectoral approaches: defusing the politics?

What we “know” now

- Maybe not so much; standard of “evidence” is low
- Technical approaches are rarely successful
 - PFM *might* have a positive impact on corruption levels; SAIs
 - ACAs, AC strategies & AC laws have produced few meaningful changes & consumed a lot of time/money/attention
- Corruption is a political phenomenon, and solutions are political
- Donors have a hard time taking this on board

Fragile situations

- Peacebuilding: tradeoff between buying the peace and building legitimacy?
 - Definition and measurement: what do people see as “corruption,” “legitimate”?
 - most surveys only capture petty corruption
- Is aid part of the problem?
 - Inverse relationship between aid resources and local capacity
 - Dynamics of inclusion/exclusion in aid programmes
 - Managing expectations
- Social accountability
- “Mainstreaming”



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