



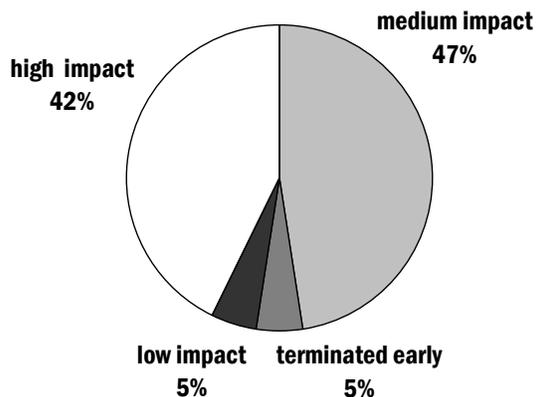
CENTER FOR INTERNATIONAL PRIVATE ENTERPRISE

Evaluation of Anti-Corruption Programs

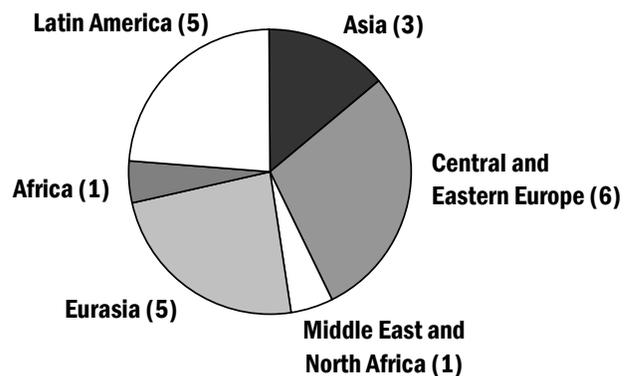
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This paper discusses the development and the main elements underlying the Center for International Private Enterprise's anti-corruption programs. It also provides the methodology behind CIPE's evaluation of the projects' impact and offers an evaluation scorecard for easy reference. Since 1995, CIPE has undertaken 21 anti-corruption projects and an additional 7 are on-going. The completed projects were reviewed and evaluated for their impact.

Program Effectiveness



Programs by Region



The Center for International Private Enterprise is a non-profit affiliate of the U.S. Chamber of Commerce and one of the four core institutes of the National Endowment for Democracy. CIPE has supported more than 700 local initiatives in over 80 developing countries, involving the private sector in policy advocacy, institutional reform, improving governance, and building understanding of market-based democratic systems. CIPE programs are also supported through the United States Agency for International Development.

Introduction

Corruption is a subject matter that a large number of CIPE's projects touch upon, mostly under the rubric "corporate governance" and the "informal sector." However, in 1995 CIPE addressed the issue of corruption through a project entitled "Reducing Transaction Costs in Brazil" when it took a leading role in developing "Combating Corruption" as a related, but separate thematic area. Since, CIPE has undertaken 21 anti-corruption projects, both in-country and in-house, and achieved remarkable success with significant project impact. Seven projects are currently under way in China, Serbia and Montenegro, Kazakhstan, and Lebanon, as well as three global projects.

CIPE's anti-corruption projects address a fundamental aspect of developing democracies. When democracies begin to liberalize their economies, the mixture of low government wages and economic stagnation makes public and other officials particularly vulnerable to corrupt practices. CIPE's projects in Azerbaijan, Serbia and Montenegro, and elsewhere attest that corruption is rooted in the complex and frequently changing patterns of laws and regulations. Indeed, corruption thrives in markets where legal structures are vague and the rule of law is not strictly enforced. A major breeding ground for corruption is in the area of governmental applications of laws and regulations including tax rules, customs and currency regulations, labor law, and health and safety laws.

CIPE defines corruption as the abuse of public office for private gain. This most often is associated with bribery, but CIPE also includes under corruption cronyism (giving contracts to supporters), insider trading (abusing privileged information to buy or sell stock), nepotism (hiring relatives), and similar related practices. CIPE is sympathetic to treating the idea of "business-to-business" corruption, although that has not emerged as a focal point of anti-corruption programs.

CIPE follows a five-stage strategy for combating corruption. These are not completely separate steps, and may involve two or more as the project progresses. Accordingly, CIPE is trying to organize its strategy in a particular country or a region by judging which step the grantees are in the process. The five stages are:

- (1) Breaking the taboo about corruption.
- (2) Demonstrating how corruption occurs.
- (3) Mobilizing key anti-corruption constituencies and building anti-corruption coalitions.
- (4) Preparing action plans with specified anti-corruption policies.
- (5) Implementing anti-corruption policies.

The Structure of CIPE's Anti-Corruption Projects

Structurally, CIPE anti-corruption projects fall in two categories: (1) Those aimed at improving the skill set and organizational capacity-building of targeted groups or organizations (through exchanges of best practices and other valuations) to enable them to effectively address corruption; and (2) Those aimed at directly reducing or eliminating corruption in specific country, region, area, or industry.

Substantively, CIPE's anti-corruption work is based on the premise that the root causes of corruption *cannot* be neutralized by merely weeding out corrupt individuals without affecting changes on the system itself. Thus CIPE's programs address both the "demand" and the "supply" sides of corruption.

On the demand side, the projects emphasize that discretionary or unsupervised power of government officials to interpret these laws and regulations presents opportunities for corrupt practices to occur. Thus those projects that address the demand side of corruption seek to reform ambiguous legal systems, the standards of government agencies, make a link between cultural norms and rule of law, and change laws and judiciaries to negate government employees' opportunities to exert discretionary (and unsupervised) authority throughout various levels of government.

CIPE also champions supply side reforms for businesses and industries that pay bribes or seek illegal favors from government officials. These projects aim to change the business environment through advocacy to affect systemic changes and by promotion of principles of sound corporate governance. They seek to improve the transparency in corporate transactions, accounting, and audit procedures, thus making corrupt activities more difficult to hide. CIPE also seeks to enable businesses to avoid or reject demands for payments, especially for those in the informal sector.

To emphasize the importance of supply side reform, CIPE conducted a survey of grantees investigating corporate governance and anti-corruption perceptions among its network of think tanks, business associations, and policy development institutes around the world. The findings support a direct link between corporate governance mechanisms as key tools in anti-corruption work, including: accounting standards, financial market and ownership regulations, independent judiciary, privatization and public sector restructuring, among others.

Originally, CIPE's projects sought and continue to dispel the myths that sustain corruption (such as that corruption is inseparable from tradition in certain countries and that it is part of the "natural order of things"). To counter the myths, CIPE has consistently championed the message that in all countries: (a) corruption squanders valuable resources; (b) discourages needed entrepreneurship and investments; (c) corruption is a direct drain on profits and economic efficiency; and (d) undermines political stability and economic growth. This approach is important because research and experience have shown that effective change could only be achieved by tackling the underlying assumptions that sustain corruption.

Consequently, by 1998-99 CIPE also began building a critical mass of key anti-corruption constituencies—journalists, businessmen, and key government reformers. As it trained the first wave of those constituencies through customized programs, it then charged ahead to directly address anti-corruption policies in such corruption-ridden countries as Albania, Azerbaijan, Bulgaria, Ecuador, Slovakia, and Ukraine. By 2003, CIPE tackled corruption as *the* major barrier to business in Uzbekistan, Kyrgyzstan, and Tajikistan.

In Central and Eastern Europe for example, CIPE helped initiate a comprehensive and all-encompassing public-private anti-corruption initiative in Bulgaria called *Coalition 2000* funded by USAID. The initiative developed two major instruments for achieving its goals: a Corruption Monitoring System, which measures corruption attitudes, practices, spread, and expectations, an annual Corruption Assessment Report (CAR), which presents major successes and setback areas in countering corruption on the one hand; and an annual Political Forum, which gathers all stakeholders from government and the private sector to endorse the CAR and accept measures for further action. By 2003, the Bulgarian government adopted a National Anti-Corruption Program and Action Plan in 2002, while the country moved up in Transparency International CPI from 66th in 1998 to 45th place in 2002 out of a list of 102 countries. In addition, among the key results of *Coalition 2000*'s work is a changed anti-corruption institutional set up in which a government Anti-corruption Commission was established in 2001 and the President has initiated a national anti-corruption agency. The main provisions of the government's National Anticorruption Strategy and the Program for its implementation were elaborated in the public-private framework of *Coalition 2000*.

An important functional aspect of CIPE's anti-corruption work is the support for women entrepreneurs' initiatives such as the Georgian Association of Business Women's project "Expanding Economic Reform Information." The work of this association was featured in CIPE's quarterly magazine *Economic Reform Today* (ERT) under the heading "Combating Corruption." Indeed, so devoted is CIPE to treating the corruption theme from all angles that in 1998 it devoted an entire ERT issue entitled "Business Views on Combating Corruption."

CIPE gained further recognition for combating corruption in 1999 when it participated in organizing a comprehensive conference together with OECD, USAID, and PriceWaterhouseCoopers entitled "Fighting Corruption in Developing Countries and Emerging Economies: The Role of the Private Sector." It addressed the role of public-private partnerships in rooting out corruption and the critical role that business associations play in fighting questionable business practices, in creating "watchdog" groups to monitor compliance by government officials with local laws, and in affecting the policy debate.

Indeed, one of the major platforms from which to attack corruption emphasized by CIPE is the recent OECD "Convention on Combating Bribery of Foreign Public Officials in International Business Transactions." By ratifying the convention, governments pledge to

remove the tax deductibility of bribes and payments and to make it a criminal offense to pay bribes. Once these countries actually adopt legislation and put the convention into practice in their countries, the supply side of corruption is expected to be significantly reduced as well.

An illustrative example of CIPE's anti-corruption work may be Ukraine, where over-regulation of the business sector, high taxes, and frequent government inspections often result in companies bribing officials to pass inspection. Firms must respond to an average of 78 government inspections annually, and some can experience as many as 100 inspections. Furthermore, business activities are regulated by as many as 32 laws, 30 presidential decrees and more than 80 resolutions. Thirty-two ministries and departments have the authority to issue licenses for various business activities. Estimates vary regarding the size of the informal sector, ranging from 40% to 75% of Ukraine's GDP.

CIPE worked with a leading public policy institute, Ukrainian Center for Independent Political Research (UCIPR) to address the problem. As a result, UCIPR has produced a bi-weekly "Corruption Watch," organized roundtable discussions on key economic policy concerns, and published "Research Update," a weekly bulletin intended to influence policymakers on vital reform issues. Through its research UCIPR has documented that during the communist period business managers responded to inefficiencies in the central planning system by cultivating personal relationships with government officials. These relationships with public officials have persisted and tend to be more predictable—and thus used to cut through administrative hurdles—than the government's highly unstable policies.

Similarly, CIPE has used its expertise to lead the way in addressing corruption in areas where it traditionally has no mention, such as in parts of Africa or in the Middle East. In Ghana for example, CIPE supported the initiative by the African Capital Markets Forum (ACMF) to work with an advisory committee of key business sector stakeholders and analyze the linkage between corporate governance and corruption. Weak corporate governance systems breed corruption, and ACMF sought to demonstrate the effectiveness of sound corporate governance practices in reducing the incidence of corruption. The ACMF's analysis generated recommendations for strengthening corporate governance for the private, public, and government sectors, and also combated private-sector driven supply-side corruption.

Evaluation of Anti-Corruption Projects

CIPE recently developed five functional anti-corruption evaluation criteria — in addition to its existing overall project evaluation criteria — to assess the impact of its anti-corruption programs. The criteria are as follows:

- (1) Effect in dispelling the perception that corruption is the “natural order of things” and that combating corruption is a lost cause.
- (2) Success in creating a constituency that may include key government reformers, the business community, the media, and the general public that is committed to combating corruption and building a consensual new system of values in civil society.
- (3) Success in instituting legal, judicial, regulatory, or administrative reforms to combat corruption.
- (4) Increasing private sector capacity (including business associations, etc.) to advance anti-corruption practices, strategies and initiatives, and thus further political and economic reform.
- (5) Success achieved in decreasing the level of corruption in a targeted area based on individual project impact indicators.

The purpose of these criteria is to define a sustainable strategy, complete with indicators and action step measurements that will measure transparency and accountability of government and business employees, with the goal of supporting the growth of market-oriented democracy. An additional goal is to undercut corruption from impeding the development of markets, discouraging investment, increasing the costs of doing business, and stalling overall democracy-building efforts.

Each anti-corruption project was reviewed individually by Zlatko Kovach, CIPE’s evaluation officer, in collaboration with Steve Rogers, Deputy Director for Operations and Policy Reform. A determination was made using the criteria and indicators, and a Project Scorecard was created. The degree of impact was broken into five categories: exceptional, high, medium, low, and not indicated. When assigning a level of impact, a consideration was given to the degree of difficulty of the environment (DD), and a numerical score added based on rankings on civil and political freedom by Freedom House. The Transparency International Corruption Perception Index (CPI) ranking is added to the scorecard for available countries for comparison purposes.

Catalogue of CIPE's Anti-Corruption Projects

The following is a list of CIPE anti-corruption projects by strategy. CIPE follows a five-stage strategy for combating corruption. These are not completely separate steps, and may involve two or more as the project progresses. Accordingly, CIPE is trying to organize its strategy in a particular country or a region by judging which step the grantees are in the process. The five stages are:

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Breaking the Taboo About Corruption

Brazil – Project Impact and Cumulative Rating: Medium

In 1995-96, CIPE supported the Liberal Institute of Rio de Janeiro (LIRJ) create a project entitled “Reducing Transaction Costs in Brazil.” It documented that cumbersome bureaucracy and lack of transparency created much higher costs for business and much lower benefits for consumers than needed be the case. Policymakers adopted 7 of the ILRJ study’s policy recommendations and one was incorporated into a draft bill. The policies included: better dissemination of bidding rules, reduction of discretionary power of bureaucrats, better definitions of decision-making authority, more competition among contract bidders, broader criteria for evaluating proposals, and waiving bidding requirements only in urgent cases.

This project resulted in passage of significant legislative changes in Brazil to reduce transaction costs. Perhaps the most important is the passage of a law to reduce the ability of bidders to collude and fix prices in the public contracting process. Another piece of legislation was passed that streamlined the judicial process in labor law proceedings that effect more than 2 million cases annually. The law reduced the number of judges on each case labor law case from three to one, significantly reducing the cost of these procedural transactions.

China – Project Impact and Cumulative Rating: Medium

CIPE held a groundbreaking anti-corruption conference together with the Carnegie Endowment for International Peace in Beijing in April 2002. Several high-ranking government officials attended, including one Supreme Court Justice and four Vice Ministers. It was the first private-sector conference in China on fighting corruption, and it made a major impact upon the policymaking community—creating for the first time an open debate within government and Communist Party circles over the problem of corruption. Speakers delivered several lectures at government and Communist Party training meetings. Additionally, research papers and articles were published in *Zhongguo Guoqing Fenxi Yanjiu Baogao* (Chinese National Condition Analysis and Research Reports), a Communist Party publication circulated to provincial cadres and party officials.

This project helped broke the taboo about corruption in China. It represents a major step forward for creating an open environment in the government and media to discuss corruption and in securing greater political and economic freedoms in China. The project’s partner organization, the Tsinghua Research Center, has become a central resource on anti-corruption whose research activities gain great media coverage. Regarding policy changes, the Communist Party has

decided to issue rules to monitor its members and officials – which was one of the conference’s recommendations put forth.

Asia-Regional – Project Impact and Cumulative Rating: Medium to High

CIPE and the Center for Media Freedom and Responsibility (CMFR) conducted a project in six southeast Asian countries (Cambodia, Indonesia, Malaysia, Philippines, Thailand, Singapore) to improve free access to economic information in the region, and analyze the link between transparent access to business information and reduced corruption and greater accountability in governance. In the first phase of the project, CIPE and CMFR conducted focus groups discussions with government officials, business leaders, academics, and member of the media in each of the six capitals. In the second phase, a regional forum was convened in Manila in October 1997, presenting the results of the focus group discussions and drafting a regional strategy for reducing corruption and cronyism through transparent access to business and economic information.

This project succeeded in drawing attention to the importance of free access to information in all of the countries involved – the first such media-oriented effort in Southeast Asia. Subsequently, a Manila workshop participant, Sheila Colonel, developed a regional survey of the level of access to information in Southeast Asia. CMFR and CIPE cooperated to produce a second project in April 2000, with a conference in Jakarta on the same subject.

Demonstrating How Corruption Occurs

Albania – Project Impact and Cumulative Rating: Low

The Albanian Center for Economic Research (ACER) worked in 1999 on identifying key government policies that act as barriers to business. The failure to control widespread corruption in Albania is a major factor in anchoring what could be legitimate business outside the formal sector. Through its project, the Albanian Center for Economic Research (ACER) publicly communicated the negative effects of corruption and other criminal economic activity and formally brought 16 recommendations to government officials on needed reforms in reducing informal trade, corruption, the proliferation of economic crime. As a result of the public awareness created by the program, ACER’s Director Zef Preci was asked to join the government as a minister in the short-lived attempt to introduce transparent procurement and licensing systems. However, deep seated nature of corruption effectively blocked both Dr. Preci’s efforts as well as limiting the implementation of the recommendations.

Azerbaijan – Project Impact and Cumulative Rating: Medium

The entrepreneurship Development Foundation (EDF) also undertook “Building a Coalition of Business Associations to Promote Reform in Azerbaijan” in 2002. In order to find the best approach to solving the corruption problem, the EDF analyzed various attempts to combat corruption made by the government, political parties, NGOs, and the media. After conducting the analysis, the EDF concluded that these efforts lack coordination and decided to create an anticorruption coalition of business associations and organizations and create an advocacy strategy. In order to determine several specific goals of the coalition, the EDF held a series of roundtables. In the end, the coalition gathered 22 leading NGOs as well as business leaders and media outlets.

Latin America-Regional – Project Impact and Cumulative Rating: Medium

CIPE worked in partnership with the Trust for the Americas of the Organization of American States to develop a training program for Latin American journalists on their role in combating corruption. Between 1999-02, CIPE’s contribution to this initiative was to train journalists at

three international conferences in Costa Rica, Colombia, and Mexico on the fundamentals of corporate governance and investigative journalism into financial transactions. The project also laid the foundation of a electronic journalist network to continue the learning process among participants that later became the Journalists Against Corruption (PFC) network.

The Journalists Against Corruption Network continues to be managed by Probidad, the El Salvador-based anti-corruption and free press advocacy organization with whom CIPE worked to launch the network. Probidad continues to train journalists and promotes the adoption of freedom of information laws in Latin American countries. It receive funds for the PFC program from the Norwegian and Danish Governments, as well as from the International Freedom of Expression Exchange headquartered in Canada.

The PFC Web site, providing one of a kind services and innumerable resources, now receives nearly 46,000 visits per month. In 2001 and 2003 it was among the finalists for the international Betinho Award, recognizing excellence in the use of Internet to promote social justice.

Since September 2000, PFC has responded to over 700 requests from journalists for investigative assistance related to specific cases of corruption, conducting Internet searches, developing tailored network systems, and encouraging and facilitating mutual cooperation between journalists. Some 70% of the cases involved cross border connections. During the same 40 month period, PFC has responded to another 250 requests from journalists, providing them information and strategies on how to investigate such topics as government slush funds, nepotism, the illicit use of government resources in election campaigns, and report on access to information and other press and anti-corruption laws and non-compliance.

This investigative assistance has facilitated breaking and continuing news coverage by national press in Latin American countries leading to government investigations of corruption of ex presidents Arnoldo Alemán (Nicaragua), Luis González Macchi (Paraguay), and Gustavo Noboa (Ecuador), and of presidents Alfonso Portillo (Guatemala), Enrique Bolaños (Nicaragua), Abel Pacheco (Costa Rica), and Lucio Gutiérrez (Ecuador). Former President Alemán was convicted for multiple corruption charges and sentenced to twenty years in prison in December 2003.

Mobilizing Anti-Corruption Constituencies & Bringing Anti-Corruption Coalitions Together

Armenia – Project Impact and Cumulative Rating: Medium to High

The Association for Foreign Investment Cooperation (AFIC) conducted in 2001 a case study to combat corruption in the area of customs regulation. AFIC focused on customs because it is a particularly visible and effective way to combat corruption. After analyzing how customs practices inhibit trade and investment, AFIC publicized the results and built a coalition of business associations to advocate needed reforms. In order to combat corruption, AFIC together with the Center for Regional Development/TI initiated the creation of a broad coalition including besides various business associations such diverse members as the Association of Journalists and “Soldier’s Mother” and gaining recognition and support from such international organizations as the European Commission, OSCE and the World Bank. Because of the intensive media campaign and AFIC’s efforts to develop a dialogue with government decision makers, it became a major source of information for many government officials and the Coalition’s recommendations were taken into account by several government agencies and parliamentary committees.

Through its “Customs as a Case Study for Combating Corruption in Armenia”, the Association for Foreign Investment and Cooperation was successfully able to consolidate the efforts of 23 Coalition member organizations and associations who have begun to advocate for needed anti-corruption reforms. Through the Coalition’s activity, AFIC put forward 10 policy recommendations regarding the customs and 4 of them were included in the National Anti-corruption Strategy paper draft. One recommendation resulted in legislative change in the Customs Code regarding definition of customs value. Because of that reform, customs value is defined based on the invoice and not on decision of customs officers. The Coalition is now regularly consulted by the government on a variety of measures and has achieved credibility as an expert body in the area of corruption and reform. In October 2003, 26 Coalition representatives were invited by the President to participate in providing recommendations to the National Anti-corruption Strategy, organize public discussions, awareness, and campaigns by civil society.

Central and Eastern Europe-Regional – Project Impact and Cumulative Rating: Medium to High

In 2002, CIPE hosted the comprehensive Balkan-Black Sea Anti-Corruption Conference as an effort to promote anti-corruption initiatives throughout Eastern Europe and the Caucasus and capitalize on the similarities between the two regions. The Conference brought together business leaders, policy makers, and experts in the field of anti-corruption from the Balkans, the Caucasus, and Central Asia. Emphasis was put on identifying key lessons learned from combating corruption in Southeast Europe, and how they can most effectively be applied in the Caucasus and Central Asia. The workshop also promoted the exchange of effective advocacy strategies and successful institutional reform and coalition building. As a result of the conference, the invited participants and their respective organizations began a much closer cooperation in combating corruption.

Ghana – Project Impact and Cumulative Rating: Medium

The African Capital Markets Forum (ACMF) worked in 2001 with an advisory committee of key business sector stakeholders to analyze the linkage between corporate governance and corruption in Ghana. ACMF sought to demonstrate the effectiveness of sound corporate governance practices in reducing the incidence of corruption. The ACMF’s analysis generated recommendations for strengthening corporate governance for the private, public, and government sectors. Key recommendations focused on combating private-sector driven “supply side” corruption. Widespread media publicity (both print and electronic) of project events and publications demonstrated the relevance of corporate governance and anti-corruption measures to the general public and greatly contributed to shaping the debate in Ghana.

As a result, participating representatives of the private and public sectors initiated programs and policies to improve corporate governance. PEF, the umbrella organization of business associations, is following project recommendations to suggest necessary reforms to the Companies Code in Ghana. The State Enterprises Commission, a member of the project’s advisory board, initiated corporate governance training programs for all directors of state-owned enterprises. Furthermore, the newly drafted Financial Sector Strategic Plan, which is to be implemented by the Ministry of Finance during 2003 – 2008, is advocating that the Securities and Exchange Commission’s (SEC’s) code of best practices on corporate governance become mandatory for all publicly listed companies. The SEC is also instituting training programs and measures to improve shareholder rights.

Lebanon – Project Impact and Cumulative Rating: Project in process of being evaluated

In 2002, CIPE supported the Lebanese Transparency Association (LTA) to create a basic report on “Business Principles on Countering Bribery” to which any company wishing to implement change can turn to. Lebanon is highly corrupt while corporate governance procedures and family-owned SMEs weak. That combination may lead to total economic ruin as globalization advances. Consequently, LTA also organized workshops and media outreach to engage leading

companies, civil society organizations, and individuals not to accept corruption as the natural order of things. However, the Report is a joint initiative of Transparency International and Social Accountability International.

As a result of LTA's efforts, at a conference in Beirut, the Report was introduced by LTA as a tool to reform the supply side of corruption — a new approach in Lebanon. LTA distributed the Report and launched a nation-wide debate geared towards tailoring the document to meet the specific needs of the Lebanese private sector. LTA's project – a new approach in Lebanon – attracted substantial media coverage. Under LTA's leadership, the Corporate Governance Task Force of Lebanon was formed to sustain the work launched by the presentation of the Report and to draft an anti-corruption-oriented code of corporate governance based on the debates surrounding it. At the time of the Beirut workshop, the initiative reached global proportions as the document was presented simultaneously in Kuala Lumpur, London, and New York. The project's impact is yet to be determined, but it is clear that the Private Sector Task Force has engaged the debate on corporate governance as antidote to corruption in Lebanon.

Since launching the Business Principles project, LTA has expanded its level of collaboration with CIPE and in 2003 launched the Private Sector Initiatives towards Accountability and Transparency project under a CIPE grant. The project will build on LTA's previous gains.

Turkey – Project Impact and Cumulative Rating: Low to Medium

The Turkish Economic and Social Studies Foundation (TESEV) studied in 2000 attitudes and values on patronage and bribery in the Turkish economy. TESEV thus surveyed 7,000 Turkish citizens to document the perceptions and reality of corruption via a series of nation-wide surveys of businesses, government officials, and the general public. It has organized workshops, focus groups, and conferences to develop policy prescriptions. Anti-corruption grassroots network, comprising of civil society groups, business associations, and trade unions, has been established as a complementary activity to advocate reforms in the country.

As a result, the project received substantial media attention both in Turkey and abroad as it contributed to a resurgent demand for accountability and transparency in government actions. The survey results were disseminated through radio broadcasts, television shows and the printed media and sparked a public debate on the taboo topic of corruption in all sectors of Turkish society. The public's participation in the debate was substantial with an overwhelming number of attendees at each of the five conferences on corruption held by TESEV throughout the country. As a consequence, TESEV formed a Corruption Project Advisory Board, uniting diverse civil society organizations, including business associations, think tanks, and trade unions, under the umbrella causes of fighting corruption, investigating claims of corrupt and unjust practices, and advocating for reforms in Turkey. In addition, TESEV's advisory board of anti-corruption activists gained a seat in the Prime Minister's anti-corruption task force which is tasked to tackle corruption within institutions of governance. TESEV serves as a resource for the AK Party, and the latter's anti-corruption program continues to refer to the corruption research TESEV has undertaken.

Preparing Anti-Corruption Action Plans & Promoting Policy Recommendations

Azerbaijan – Project Impact and Cumulative Rating: Medium

The Entrepreneurship Development Foundation (EDF) addressed issues of transparency of the legislative process and corruption through the "Institution-Building and Anti-Corruption Strategies for Azerbaijan" project in 2001. EDF aimed to address the issue of transparency in the

legislative process. EDF published 12 Bulletins focused on current legislation being proposed to the Parliament, and economic reform with policy recommendations. EDF organized businessmen and attorneys to analyze 16 laws and regulations to discover those provisions that foster corruption. Their recommendations have subsequently been incorporated into new legislation. EDF also provided training to journalists and how best to report on the dangers of corruption. As a result, the EDF was able to successfully train 21 business association leaders on identifying and combating corruption and printed and distributed 4 issues of the “Reforms in Azerbaijan” bulletin (600 copies per issue) focusing on a variety of topics dealing with corruption and reform. The bulletins were very well received by key members of government, business, and the NGO community. EDF continues to publish the bulletin under different funding.

Ecuador – Project Impact and Cumulative Rating: High

The National Association of Entrepreneurs (ANDE) initiated reform in 2000 to change the direction of business and institute “clean” practices. The ANDE studies showed that there are over 92,250 legal norms with overlapping, unclear, and contradictory laws to the discretion of government officials. Because Ecuador is legally a civil code country, the courts have not been able to reconcile the law or create precedents. ANDE recommended creating a 7-member judicial commission empowered to codify and reconcile law and draft and executive decree to eliminate overlapping and duplicative regulations from the records. The Commission for Legislation and Codification has been appointed in the National Congress and works to ensure future laws are consistent with the Constitution.

Despite the political turmoil that plagues relations between the private sector and government in Ecuador, ANDE has been able to eliminate approximately 1,310 outdated and conflicting laws regarding commercial transactions in the country. More important, perhaps, was the clear enunciation of the guiding principles underlying the legal simplification effort, including the importance of creating and maintaining juridical security; the primacy of the Constitution as the basis for the validity of subsequent rules, norms and decrees; consistency across executive branch agencies in their rule-making; and better transparency and accountability for the decisions reached by public sector officials. ANDE . continues to work with the Chamber of Commerce of Quito to pressure the government into adopting legislation that would eliminate still more conflicting laws now on the books.

Indonesia – Project Impact and Cumulative Rating: Medium to High

The Center for Media Freedom and Responsibility (CMFR) organized a conference in Jakarta in April 2000, bringing together Indonesian leaders from business, media, and government to discuss how expanding access to economic information would help inhibit corruption and create a more level playing field for business. The program highlighted the benefits of freedom of information laws and management of information as an important dimension of good governance in both the public and private sector. Indonesia participants favored promoting greater accountability of government and encouraging the more active engagement of all stakeholders in the political process.

The most important outcome of the CMFR Indonesia project was the beginning of debate over a Freedom of Information Act. As a consequence, the effort to develop FOIA legislation in Indonesia is ongoing, and at least two conference participants assist in producing the draft. The new FOIA and the need for transparency in Thailand was a major topic of discussion, and the Indonesian journalist groups who were present began to press their case in favor of an FOIA after the meeting. Since then, legislation has been drafted in Indonesia, written in part by conference participants, and is being considered by the parliament. Also, the restrictive Anti-subversion Law has been repealed. In addition, the conference also served to establish a network of domestic and

international organizations dedicated to increasing transparency and freedom of information in Indonesia.

Serbia and Montenegro – Project Impact and Cumulative Rating: Medium to High

The Center for Liberal Democratic Studies (CLDS) has spearheaded an education, policy, and advocacy campaign to address corruption in Serbia and Montenegro. In the first comprehensive assessment of corruption, CLDS has offered policy recommendations to combat its wide-ranging negative effects. Together with CIPE, CLDS pursued two anticorruption programs of which “Corruption is Serbia” addressed general public’s attitudes toward corruption, developed policy initiatives to combat it, and educated the populace about costs of corruption and its implications. The project also included a roundtable that determined the best ways to implement the proper reforms. Under its “Corruption in Serbia” project, CLDS conducted the first survey of corruption in Serbia and was able to demonstrate to representatives of government the perception of the Serbian people and the actual negative effects of corrupt practices.

The survey and results helped to support the reforms championed by the Serbian government in reducing corruption and developed an effective surveying technique that CLDS has continued to utilize in assessing corruption. The overall impact of the project is that the Serbian Government established an Anti-corruption Council consisting of a group of influential people (20 of them) which provides checks and balances to government policies regarding corruption. In addition, two new pieces of the legislation has been initiated: the Public Procurement Act and the Conflict of Interest Act. The first was adopted in 2002, and the second is still on hold. The project won the 2002 Sir Anthony Fisher International Memorial Award.

Implementing Anti-Corruption Policies

Bulgaria – Project Impact and Cumulative Rating: High

In 1998, the Center for the Study of Democracy (CSD) in prepared a comprehensive Action Plan to combat corruption through *Coalition 2000* — a partnership of Bulgarian NGOs working in coalition with government agencies and individuals. CIPE provided “seed” money under the privatization program in 1996-97. The funds were used by *Coalition 2000* to explore the issue of transparency in government and the privatization process. This led to *Coalition 2000*’s efforts to promote public awareness of corruption, establish mechanisms that support anti-corruption efforts, contribute to the development of democratic institutions, and serve as a “watchdog” over reform process.

As a result of *Coalition 2000* work, a tangible reduction in the level of corruption and corruption pressure has taken place in Bulgaria. The Bulgarian government adopted a National Anti-Corruption Strategy in 2001, with substantial input from *Coalition 2000*, and Action Plan in 2002, while the country moved up in Transparency International Corruption Perception Index (CPI) from 66th in 1998 to 45th place in 2002 out of 102 countries (a drop in the ranking in 2003 has occurred because of increased number of countries listed, while the index value has remained by and large the same). Corruption transactions have been reduced from a monthly average of 250,000 in 1998 to 100,000 in 2003. In this respect, Bulgaria has outperformed such countries as the Czech Republic, Latvia, and Slovakia, and was the only EU applicant country to achieve significant improvement of its Transparency International corruption rating. In addition, among the key results of *Coalition 2000*’s work is a changed anti-corruption institutional set up in Bulgaria – a government Anti-Corruption Commission was established in 2001 and the President is initiating a national anti-corruption agency. The main provisions of the government’s National

Anti-Corruption Strategy were elaborated in the public-private framework of *Coalition 2000*, largely based on its 1998 Action Plan.

Colombia – Project Impact and Cumulative Rating: Medium, Medium to High

CIPE has on-going projects with Colombia's Confederation of Chambers of Commerce (Confecámaras) between 2001 and 2003 (better known as the Probidad project) to combat corruption by fostering the growth of open and transparent markets and by encouraging business to adhere to an ethical code of conduct. The current Confecameras project is building off of successes of the previous two projects in addressing the problem of corruption in the procurement procedures used by the Colombian government in contracting goods and services from the private sector. It engages business leaders and policymakers to develop legislative and regulatory solutions to reduce the opportunities for corruption to occur in these processes.

As a result, the government made public the Decree No.2170 establishing new rules to prevent corruption in the public procurement process, made mandatory for all public agencies thereby attaining much more competitiveness and transparency in procurement of goods and services. This Decree includes 5 recommendations made by the business community, gathered by Confecameras, which were made into a mandatory requirements: publicizing the terms of reference of each public bid; public awareness; participation of civil society; objective selection on direct purchases; strengthening electronic contracting procedures. At the local level, significant progress has been made in the Colombian city of Manizales where the municipal government made mandatory the application of Probidad Pacts on the most important public bids – a move well received by the local business leaders – and one that has helped to take the lead in revamping the procurement process and boost the confidence level of the private sector in dealing with a more transparent city government.

Serbia and Montenegro – Project Impact and Cumulative Rating: High

The Center for Liberal Democratic Studies (CLDS) undertook “Corruption in the Customs Administration.” It surveyed individuals linked to the Customs Administration and to establish an anti-corruption task force to help implement necessary institutional reforms. In the first comprehensive assessment of corruption, CLDS offered policy recommendations to combat wide-ranging negative effects of corruption. The research forced Serbian government to both acknowledge and to pay closer attention to the problem of corruption within the Customs Administration. CLDS’s findings and suggestions were widely publicized in the Serbian media. As a follow up to the general “Corruption in Serbia” project, CLDS focused on a specific government body, the Customs Administration, notorious for its corrupt practices.

As a result, a new Customs Law was passed in Parliament, effective January 1, 2004. The recommendations of the project regarding anti-corruption have been implemented in the new law. The CLDS survey and assessment revealed such a high level of corruption that the ensuing public reaction forced the head of the Customs Administration to publicly promise reforms during a CLDS press conference. He was nonetheless replaced soon thereafter. Additional impact elements include: automatization of the customs paperwork/inspection procedure (now a “depersonalized” procedure has been specified in the Law; selective inspection of shipments; risk-control selection of shipments for the inspection; stricter punishments, and easing the expelling process of corrupt government officials.

Slovakia – Project Impact and Cumulative Rating: High

The Center for Economic Development (CED) implemented a “Clean Hands” program (officially termed “Promoting Transparency in the Slovak Economy”) to eradicate corruption from Slovakia’s public and private sectors. CED surveyed local entrepreneurs and business leaders to analyze the levels of corruption they face. Based upon survey results, a series of articles detailing the effects of corruption and the need for reform were published in CED’s Slovak Economic

Sheet. Following the fall of the Meciar government, the new government introduced many of the policy recommendations in the areas of public procurement and auctioning of licenses. Government reforms are planned to address corruption, tax rates, and the growth of the informal sector.

The CED accomplishment is that it raised awareness in the need for transparency in government and business. Between training a total of 600 participants through 3 seminars on transparency, ethics, and corruption, and providing extensive amounts of media coverage through television, radio, newspapers, and the publication and distribution of their own material, CED was able to significantly assist in the reforms that the Slovak government was embarking on. As a result of the project, a Freedom of Information Act was passed in Slovakia.

Ukraine – Project Impact and Cumulative Rating: High

The Ukrainian Center for Independent Political Research (UCIPR) and the Coordinating Analytical Center for Business Associations of Ukraine (CAC) embarked on an advocacy program in 2000 to attack the problem of multiple inspections and burdensome tax systems in Ukraine. UCIPR and CAC, together with similar minded organizations, contributed through advocacy and via creating forums for expert discussions to improved legislation that introduced a flat tax for small firms and reduced inspections from 100 to 22 per year. Adopting a proposal repeatedly voiced at CIPE-funded roundtables, the State Committee for Enterprise Development also created an Inspection Register, requiring every inspector to sign the Register giving his or her name, position, name and position of the superior officer who authorized the inspection, its purpose as well as other relevant information.

Ukraine – Project Impact and Cumulative Rating: Not rated

In 2003, COPE embarked on a project with the Association of Entrepreneurs “Infobusiness” (AEI) in Ukraine to combat corruption in the areas of taxation and customs. In an effort to promote dialogue about legislation and regulations that are ambiguous and that encourage bribetaking by officials, AEI monitored Ukrainian taxation and customs legislation to disclose areas that leave room for corruption, and then held regional seminars to discuss specific pieces of ambiguous legislation and to seek official explanations from the government supervisory bodies.

In the first four months of the project, AEI succeeded in raising awareness about several discrepancies that exist in Ukrainian laws through its seminars and via print media and television. However, the project was not recorded in our database because the CIPE grant was terminated prematurely because of a legal dispute for control within the organization of AEI. Mr. Bogdan Rubak has reported that his organization is continuing to implement project activities on a reduced basis at the organization’s own expense.

Evaluation Methodology

Criterion No. 1

Effect in dispelling the perception that corruption is the “natural order of things” and that combating corruption is a lost cause.

Indicators:

Movement of public attitudes against corruption (measured by establishing a baseline, using focus groups, surveys, *and/or* utilizing similar means)

Shifts in attitudes of opinion leaders, key government officials, representatives of the media, and of the business community toward corruption

Increase in media coverage of corruption which enlarges public awareness of the costs of corruption — its origin, magnitude, mechanisms, and consequences.

Degree of impact: ___ Low ___ Medium ___ High ___ Exceptional

Level of Impact Grading Scale:

Exceptional: Evidence of systemic change that results in a significant increase in the level of support for market economics and democratic systems.

High: Promotion of recommendations or other measures, and substantial media or other coverage in support of democratic, market-based economy as a result of project activities (verified by polling and/or survey of key decision-makers)

Medium: Decision-makers demonstrated willingness to participate in advocacy activities; requested advocacy materials, research, policy recommendations.

Low: Project activities satisfactorily completed, but had little effect on increasing support for market economics and democratic systems.

Criterion No. 2

Success in creating a constituency that may include key government reformers, the business community, the media, and the general public that is committed to combating corruption and building a consensual new system of values in civil society.

Indicators:

Formation of coalitions, networks, and alliances among public and private institutions to collaboratively advocate to combat corruption

- (a) Measure magnitude and significance of target audience participation
- (b) Measure degree of support for and/or demand to participate in the program
- (c) Establishment of written codes of conduct, position statements, etc., that are adopted by members of coalitions

An increase in the level of anti-corruption activities in key sectors of society

- (a) Track government initiatives and position statements on corruption
- (b) Track business initiatives and position statements on corruption
- (c) Track opinion-editorial pieces or similar statements in the media.
- (d) Other

Degree of impact: ___ Low ___ Medium ___ High ___ Exceptional

Level of Impact Grading Scale:

Exceptional: Evidence of systemic change that results in a significant increase in the level of support for market economics and democratic systems

High: Promotion of recommendations or other measures, and substantial media and/or other coverage in support of democratic, market-based economy as a result of project activities (verified by polling and/or survey of key decision-makers)

Medium: Decision-makers demonstrated willingness to participate in advocacy activities; requested advocacy materials, research, policy recommendations.

Low: Project activities satisfactorily completed, but had little effect on increasing support for market economics and democratic systems.

Criterion No. 3

Success in instituting legal, judicial, regulatory, or administrative reforms to combat corruption.

Indicators:

Modification, enactment, or repeal of legal, judicial, regulatory, and administrative structures that precondition corruption and implement instruments that reduce it by weighing their:

- (a) relative importance
- (b) quantity
- (c) scope
- (d) responsiveness to private sector/civil society concerns

Achievement of government agencies to effectively implement and enforce the law(s) or regulation(s), institute policies for, and introduce or add, enforcement measures and checks and balances for punishment of violators

Measurement of policy recommendations that were not accepted but that created significant amount of debate

Degree of impact: ___ Low ___ Medium ___ High ___ Exceptional

Level of Impact Grading Scale:

Exceptional: Evidence of systemic change that has significantly improved the legal and regulatory structures

High: Advocated the passage of significant policy recommendations; debate around policy issues clearly advanced; key policymakers influenced

Medium: Policy recommendations brought issue into public debate; gained support and participation of key stakeholders; recommendations put forth

Low: Project activities satisfactorily completed, but had little effect on changing or improving the legal and regulatory structures

Criterion No. 4

Increasing private sector capacity (including business associations, etc.) to advance anti-corruption practices, strategies and initiatives, and thus further political and economic reform.

Indicators:

Increased number of organizations armed with the skills and understanding of best practices for combating corruption

Development of activities to promote anti-corruption activities and policies among members and/or in their communities

Increased frequency of contact by the organizations with legislators and their staffs, regulatory agencies, and the media

Development and successful advocacy of policy positions on issues related to anti-corruption policies

Development of key organizational anti-corruption texts:

- (a) Mission statements; strategic plans; by-laws and statutes
- (b) Appointment of officers tasked with anti-corruption work that reflect democratic governance and participation
- (c) Written internal procedures governing staff operations, policymakers, committee structures and operations, finances and communications, with regards to corrupt activities and practices.

Degree of impact: ___ Low ___ Medium ___ High ___ Exceptional

Level of Impact Grading Scale:

Exceptional: Evidence of systemic change that has significantly improved private sector participation in public policy decision-making

High: Mechanisms that permit stakeholders to widely participate in decision and law-making process firmly established; fundamental change in the way stakeholders participate; often leads to policy change

Medium: Established participatory mechanisms, built relationships with key constituencies, and engaged in advocacy activities that fostered participation in the public policy decision-making process; voice inserted into policy-making process; recognized as a leader; broad support for work

Low: Project activities satisfactorily completed, but had little effect on improving participation in public decision-making

Criterion No. 5

Success achieved in decreasing the level of corruption in a targeted area based on individual project impact indicators.

Indicators:

Anti-corruption effects are difficult to measure to definitive conclusions; our goal is to establish cost-effective methods proportionate to the projects' funding to determine whether products and outcomes have really reduced the scope and incidents of corruption:

- (a) Shift of public opinion and of officials' practices toward corruption before and after a CIPE anti-corruption program is conducted
- (b) Expert opinion from qualified individuals or business groups in the field on the level of corruption changes after a CIPE anti-corruption program is conducted
- (c) Results of agencies' audits in-country (if available)
- (d) Hard data analysis that may be related to the project (if available)
- (e) Other

Degree of impact: ___ Low ___ Medium ___ High ___ Exceptional

Level of Impact Grading Scale:

Exceptional: Evidence of systemic change that has significantly improved the legal and regulatory structures

High: Advocated the passage of significant policy recommendations; debate around policy issues clearly advanced; key policymakers influenced

Medium: Policy recommendations brought issue into public debate; gained support and participation of key stakeholders; recommendations put forth

Low: Project activities satisfactorily completed, but had little effect on changing or improving the legal and regulatory structures

CIPE Anti-Corruption Project Impact Scorecard (by region)

Project	DD	CPI	Criterion 1	Criterion 2	Criterion 3	Criterion 4	Cumulative Criterion 5
Africa							
Ghana	2-3	50	Medium	Medium	Medium	Medium	Medium
Asia							
China	3-4	59	Exceptional	High	N/A	N/A	Medium
Indonesia	3-4	96	Medium	Low to Med.	Low	N/A	Med. to High
Asia Regional			High	Med. to High	Med. to High	Med. to High	Med. to High
Central and Eastern Europe							
Albania	3	81	Medium	Medium	N/A	Medium	Low
Bulgaria	1-2	45	High	High	High	High	High
Serbia and Montenegro	1-2		High	High	High	High	Med. to High
Serbia and Montenegro	1-2		High	High	High	High	High
Slovakia	1	52	High	High	High	High	High
CEE Regional			High	High	N/A	High	Med. to High
Eurasia							
Azerbaijan 2001	3	95	High	High	Medium	Medium	Medium
Azerbaijan 2002	3	95	High	Medium	Medium	Medium	Medium
Armenia	2		High	High	High	N/A	Med. to High
Ukraine	2	85	High	High	High	High	High
Ukraine			/	/	/	/	/
Latin America and the Caribbean							
Brazil	1-2	45	High	High	N/A	Medium	Medium
Colombia 1999	2-3	57	Medium	Medium	Medium	Low	Medium
Colombia 2001	2-3	57	High	Medium	Medium	Medium	Med. to High
Ecuador	1-2		Exceptional	High	High	High	High
LAC Regional			High	High	N/A	N/A	Medium
Middle East and North Africa							
Turkey	2-3	65	Medium	Med. to High	TBD	N/A	Low to Med.

Abbreviations

DD = Country degree of difficulty score

1 = not difficult 2 = moderate difficulty 3 = difficult 4 = extreme difficulty

CPI = Corruption perception Index ranking by Transparency International (2003)

N/A = not applicable

TBD = to be determined

CIPE Anti-Corruption Project Impact Scorecard (by strategy)

Project	DD	CPI	Criterion 1	Criterion 2	Criterion 3	Criterion 4	Cumulative Criterion 5
Breaking the Taboo About Corruption							
Brazil	1-2	45	High	High	N/A	Medium	Medium
China	3-4	59	Exceptional	High	N/A	N/A	Medium
Asia Regional			High	Med. to High	Med. to High	Med. to High	Med. to High
Demonstrating How Corruption Occurs							
Albania	3	81	Medium	Medium	N/A	Medium	Low
Azerbaijan 2002	3	95	High	Medium	Medium	Medium	Medium
LAC Regional			High	High	N/A	N/A	Medium
Mobilizing Anti-Corruption Constituencies & Bringing Anti-Corruption Coalitions Together							
Armenia	2		High	High	High	N/A	Med. to High
CEE Regional			High	High	N/A	High	Med. to High
Ghana	2-3	50	Medium	Medium	Medium	Medium	Medium
Turkey	2-3	65	Medium	Med. to High	TBD	N/A	Low to Med.
Preparing Anti-Corruption Action Plans & Promoting Policy Recommendations							
Azerbaijan 2001	3	95	High	High	Medium	Medium	Medium
Ecuador	1-2		Exceptional	High	High	High	High
Indonesia	3-4	96	Medium	Low to Med.	Low	N/A	Med. to High
Serbia and Montenegro	1-2		High	High	High	High	Med. to High
Implementing Anti-Corruption Strategies							
Bulgaria	1-2	45	High	High	High	High	High
Colombia 1999	2-3	57	Medium	Medium	Medium	Low	Medium
Colombia 2001	2-3	57	High	Medium	Medium	Medium	Med. to High
Serbia and Montenegro	1-2		High	High	High	High	High
Slovakia	1	52	High	High	High	High	High
Ukraine	2	85	High	High	High	High	High
Ukraine			/	/	/	/	/

Abbreviations

DD = Country degree of difficulty score

1 = not difficult 2 = moderate difficulty 3 = difficult 4 = extreme difficulty

CPI = Corruption perception Index ranking by Transparency International (2003)

N/A = not applicable

TBD = to be determined