

Fredrik Eriksson, Senior Advisor, U4
Manila, 22 March 2016

Opportunities and obstacles to anti-corruption reform

This is not an ADB material. The views expressed in this document are the views of the author/s and/or their organizations and do not necessarily reflect the views or policies of the Asian Development Bank, or its Board of Governors, or the governments they represent. ADB does not guarantee the accuracy and/or completeness of the material's contents, and accepts no responsibility for any direct or indirect consequence of their use or reliance, whether wholly or partially. Please feel free to contact the authors directly should you have queries.

OBSTACLES TO ANTI-CORRUPTION

- CONFLICT WITH VESTED INTERESTS
- PATRONAGE IS STRONG –WEAK LOYALTY TO LAWS AND PROFESSIONAL STANDARDS
- HIGH LEVEL OF CORRUPTION
- LACK OF INDEPENDENCE IN JUDICIARY
- WEAK CAPACITY TO ENFORCE FORMAL RULES
- LACK OF INDEPENDENCE/AUTONOMY IN BUREAUCRACY
- SOCIETAL DISTRUST
- DISTRUST IN STATE-CITIZEN RELATIONSHIP
- LACK OF RESOURCES
- LACK OF EFFICIENT ALTERNATIVE MEANS TO CONDUCT TRANSACTIONS
- SOCIETAL EXPECTATIONS/LEGITIMACY OF CORRUPTION
- VIOLENCE OR RISK OF VIOLENCE
- LACK OF PLAUSIBLE DOMESTIC AGENTS OF CHANGE

THE NATURE OF THE PROBLEM?

COLLECTIVE ACTION PROBLEM

When a certain problem exists that can only be resolved through collective action of people and/or institutions, but disincentives exist that discourage joint action by individuals/institutions to resolve the problem.

PRINCIPAL AGENT PROBLEM

A conflict arising when individuals (agents) entrusted to act in the interests of others (principals) use their authority or power for their personal interest rather than the benefit of principals.



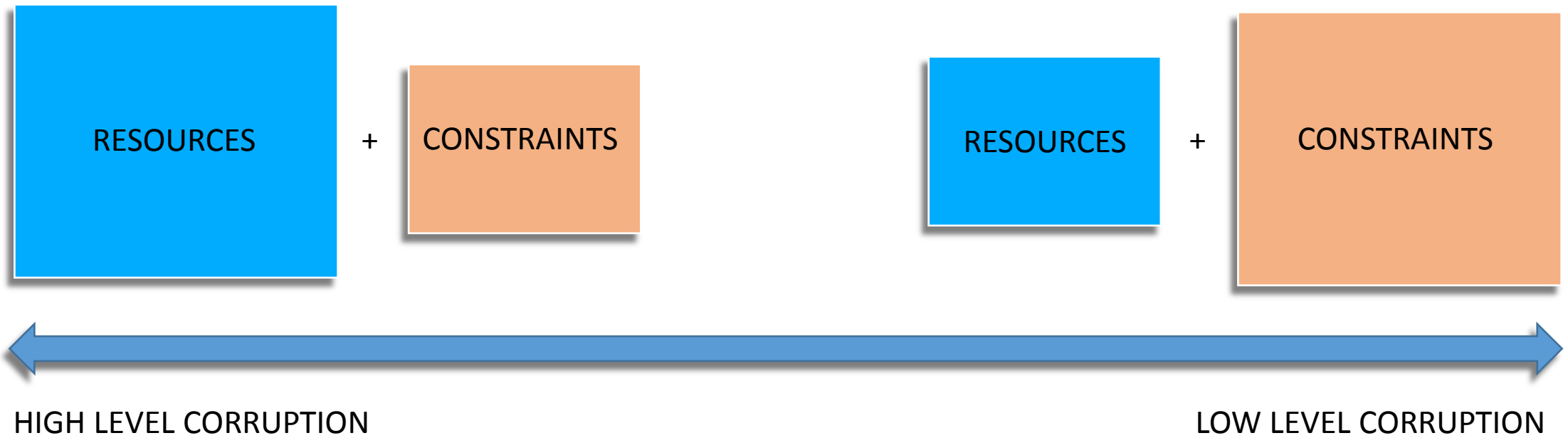
Assumes 'principled principals'

HOW TO BREAK STATUS QUO?

1. INDIVIDUAL BEHAVIOUR IS STRONGLY **BOUND BY CONTEXT** –MOST PEOPLE SIMPLY FOLLOW THE “RULES OF THE GAME” IN THEIR OWN SOCIETIES
2. THE RULES OF THE GAME FOR SOCIAL ALLOCATION RESULT FROM A GIVEN SOCIETY’S DISTRIBUTION OF POWER RESOURCES
3. THIS IS REFLECTED IN THE MODEL OF CORRUPTION AS **AN EQUILIBRIUM BETWEEN RESOURCES AND CONSTRAINTS**
4. TRANSITION FROM HIGH LEVELS OF CORRUPTION TO LOWER LEVELS WHERE THE ACCESS AND CONSTRAINTS FOR THE USE OF PUBLIC RESOURCES IS STRENGTHENED IS LARGELY A POLITICAL PROCESS
5. THE MAIN ISSUE IS **POWER INEQUALITY**, WHICH MAINTAINS STATUS QUO

(Mungiu-Pippidi 2015)

RESOURCES AND CONSTRAINTS MODEL



OPPORTUNITIES?

OPPORTUNITIES/RESOURCES

DISCRETIONARY POWER RESOURCES:

- Monopoly
- Administrative discretion/'red tape'
- Status groups
- Cartels
- Privileged access under power arrangements

MATERIAL RESOURCES:

- State assets
- Discretionary budget spending
- Natural resources
- Public sector employment
- Public contracts
- Subsidies
- Loans from state banks
- Preferential laws to influence markets
- Any other resources turned into spoils, etc.

DETERRENTS/CONSTRAINTS

LEGAL CONSTRAINTS:

Autonomous, accountable and effective judiciary able to enforce laws, as well as a body of effective and comprehensive laws that limit the use of entrusted authority and public resources to serving the public interests, and equality and impartiality in the distribution of burdens and benefits. Control agencies able to monitor their implementation.

NORMATIVE CONSTRAINTS:

Societal norms endorse equality and impartiality in the distribution of burdens and benefits by the state and serving the public interests. Permanent and effective monitoring of deviations: **public opinion, media, civil society, critical citizens/voters and professionals. Autonomous and critical citizens capable of collective action.**

STRATEGY

- SOCIETAL CONTROL OF CORRUPTION IS REACHED WHEN THERE IS AN OPTIMAL BALANCE BETWEEN **OPPORTUNITIES/RESOURCES** FOR CORRUPTION AND **DETERRENTS/CONSTRAINTS**
- A CHANGE CAN OCCUR GRADUALLY THROUGH A SUCCESSION OF **RADICAL ACTIONS** AND **DISEQUALIBRIA**
- CONTEMPORARY ACHIEVERS IN IMPROVING THE CONTROL OF CORRUPTION: A RESULT OF **STRONG DOMESTIC AGENCY** AND **BROAD REFORMS** FOLLOWING EXCEPTIONAL CIRCUMSTANCES –Transition to democracy Ex: Georgia, Estonia, Uruguay

STRATEGY: ALIGNMENT OF TOOLS/MEASURES WITH ALREADY EXISTING DOMESTIC MOVEMENT IN FAVOUR OF A CHANGE –INSTITUTIONAL MEASURES ARE EFFECTIVE WHEN ACTIVE AGENTS USE THEM TO ACHIEVE SUCCESS.

CONTEXTUAL SITUATION?

WHAT TO MEASURE TO FIND THE OPPORTUNITIES FOR ANTI-CORRUPTION REFORM?

- 1. THE GOVERNANCE CONTEXT** – What is the exception and what is the norm in social allocation? Public-private separation? Power distribution? Winners and losers from social benefits? Degree of transparency in allocation decisions? Degree of equality before the law? Is governance socially perceived as legitimate? Importance of patronage for governance? What arrangements maintain status quo? Why have previous efforts failed?
- 2. ACTORS IN FAVOUR OF OR AGAINST STATUS QUO** –who are the plausible agents of change?
- 3. TIMING** –what window for situations of crises are there (elections, revolution, international status update)?

Tools to assess the potential for successful reform

GOVERNANCE ASSESSMENT

PURPOSE

Measuring the performance, accountability, responsiveness and capacity of formal institutions –specifically, *the gaps*.

POLITICAL ECONOMY ANALYSIS

PURPOSE

Situate development interventions within an understanding of the prevailing political and economic processes in society – specifically, *the incentives, relationships, distribution and contestation of power between different groups, individuals and institutions.*

Political economy analysis aims to understand **why deficits exist in formal governance.**



POLITICAL ECONOMY ANALYSIS

WHAT DOES IT PROVIDE?

- What the ***prevailing macro level context of power*** looks like (*the incentives, relationships, distribution and contestation of power between different groups, individuals and institutions*) and its influence on the performance on the formal governance framework. Identify the governance regime type.
- ***How status quo is maintained*** as regards corruption and why there is lack of progress in improving the control of corruption through the formal governance framework.
- ***Charting the position of actors in favour of our against the status quo*** –does a plausible principal exist who can be the main actor in a coalition for change?
- Identify ***where change is most likely to occur*** and ***which types of reform will have the greatest impact*** given prevailing societal interests and the structures that support them.

POWER & INFLUENCE ANALYSIS

PURPOSE

Mapping informal relationships and networks of institutions and stakeholders, and analyses how these relationships impact the operation of the formal legal and regulatory frameworks.

Assumes that positive change is possible even in endemically corrupt contexts as long as real political constraints are accounted for. Such political constraints include informal agendas as well as other factors such as the evolving need for maintaining legitimacy on the part of ruling elites.