



## Mapping evidence gaps in anti-corruption

Assessing the state of the operationally relevant evidence on donors' actions and approaches to reducing corruption

Jesper Johnsen, Nils Taxell and Dominik Zaum

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## Abstract

This paper charts the current evidence on effectiveness of different anti-corruption reforms, and identifies significant evidence gaps. Despite a substantial amount of literature on corruption, this review found very few studies focusing on anti-corruption reforms, and even fewer that credibly assess issues of effectiveness and impact.

The evidence was strong for only two types of interventions: public financial management (PFM) reforms and supreme audit institutions (SAIs). For PFM, the evidence in general showed positive results, whereas the effectiveness was mixed for SAIs. No strong evidence indicates that any of the interventions pursued have been ineffective, but there is fair evidence that anti-corruption authorities, civil service reforms and the use of corruption conditionality in aid allocation decisions in general have not been effective.

The paper advocates more operationally-relevant research and rigorous evaluations to build up the missing evidence base, particularly in conflict-afflicted states, in regards to the private sector, and on the interactions and interdependencies between different anti-corruption interventions.

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## List of Acronyms

ACA	anti-corruption authorities
BEEPS	Business Environment and Enterprise Performance Surveys
CPI	Corruption Perception Index
CSO	civil society organization
EITI	Extractive Industries Transparency Initiative
FATF	Financial Action Task Force
FIU	Financial Intelligence Unit
FoI	Freedom of Information
GDP	Gross Domestic Product
IEG	Independent Evaluation Group
IMF	International Monetary Fund
M&E	monitoring and evaluation
NACS	national anti-corruption strategies
NGO	non-governmental organization
OECD	Organisation for Economic Co-operation and Development
PEFA	Public Expenditure and Financial Accountability
PETS	Public Expenditure Tracking Surveys
PFM	public financial management
SAI	supreme audit institution
SSCI	Social Science Citation Index
StAR	Stolen Asset Recovery Initiative
UNCAC	United Nations Convention against Corruption
UNODC	United Nations Office on Drugs and Crime





# 1. Introduction

Corruption has been identified as a major challenge to development and security,<sup>1</sup> and is a key policy priority for donors.<sup>2</sup> In fragile and conflict-affected countries, corruption risks are particularly pertinent.<sup>3</sup> Although the focus of donors and academics on corruption has prompted extensive research over the last 15 years, there remain significant gaps in our understanding of how to address corruption. Put simply, there is a large number of studies on corruption, but few on anti-corruption, and even fewer that answer questions around effectiveness and impact. Currently, there is no overview and assessment of the strength of evidence across the whole spectrum of anti-corruption reforms. Recent reviews of donor-supported anti-corruption efforts have highlighted the need for stronger evidence (Hanna et al. 2011; Norad 2011). Operationally, anti-corruption practitioners want evidence for what works, when, where, and why; and they also need to understand which interventions do not work in certain contexts, and why.

## 1.1 Methodology

This review focuses on the evidence for whether donor-supported interventions have succeeded in reducing corruption in recipient countries. These interventions can be both *direct* (with the primary purpose of reducing corruption) and *indirect* (the primary purpose is distinct from reducing corruption, but interventions are thought or have shown a reduction in corruption). They occur at the international, national, and sub-national levels, and encompass different understandings and strategies for how to fight corruption (such as normative change, better accountability and control, and changed incentives).

The paper takes a systematic approach to identifying and evaluating the evidence, with the aim of identifying both gaps for future research, and of supporting anti-corruption practitioners in their assessments of the appropriateness of different policy and programming options. The breadth of the anti-corruption field and its overlap with a number of other areas (including but not limited to political economy analysis, governance, economic growth, and aid management processes), and the resources that could be devoted to this paper have required a trade-off between a comparative approach to the quality of the evidence for a comprehensive range of donor-supported anti-corruption interventions, and an in-depth examination akin to a systematic review. Given the objectives of this paper, the emphasis has been on the former. It is also expected that an intervention-focused perspective will yield the operationally most useful overview of the evidence, and help to identify relevant gaps and weaknesses in the literature.

## 1.2 Selecting interventions

Based on a review of the scope of donor-supported anti-corruption practices, and extensive discussions with anti-corruption practitioners, the review and evaluation of the evidence is structured around six intervention areas:

- Public sector reform
- Oversight institutions

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<sup>1</sup> See for example World Bank (2010).

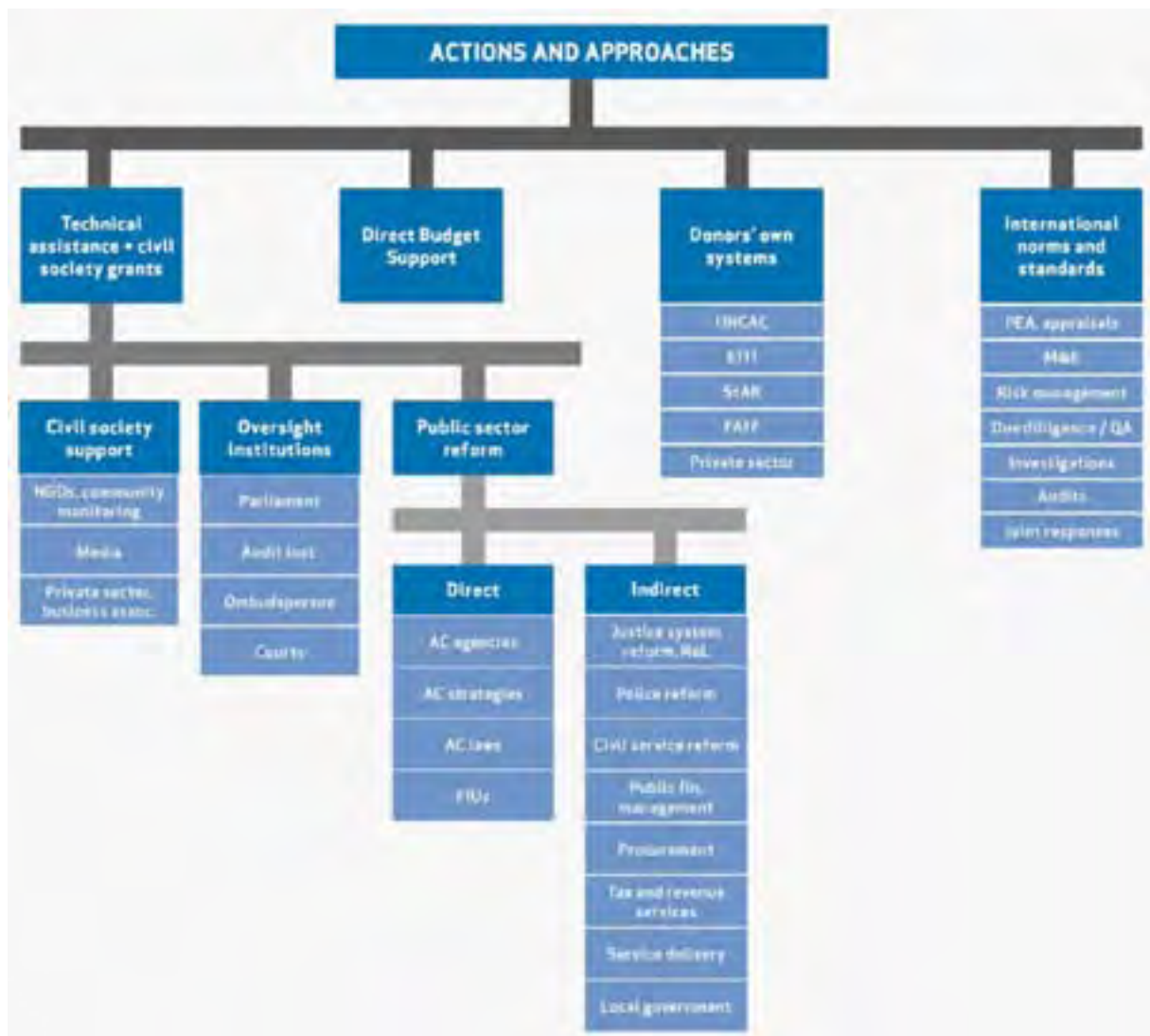
<sup>2</sup> For example, the UK Independent Commission for Aid Impact (ICAI) has emphasized the risk corruption poses to the impact of aid programmes, highlighting both the fiduciary risks and the risks that corruption poses to the wider impact of aid programmes (2011).

<sup>3</sup> An indicator of this is the prevalence of conflict-affected countries in the bottom of a range of corruption indices. Sixteen out of the bottom 20 countries in the 2011 Transparency International Corruption Perception Index (CPI) have experienced conflict during the last five years.

- Civil society support
- General budget support
- Donors' own systems
- Multilateral agreements on international anti-corruption standards

These areas were chosen on the basis that they covered the main direct and indirect anti-corruption activities that are supported by donors.

**Figure 1: Anti-corruption interventions pursued by donors<sup>4</sup>**



<sup>4</sup> Source: Adapted from Johnson (forthcoming).

### 1.3 Sampling and assessing the evidence

This paper does not constitute a full systematic review of the evidence. The relative lack of relevant literature required the authors to focus on key studies on the particular interventions, and then include evidence generated through different methods to maximize confidence in the robustness of the findings. The relevant evidence for each intervention has been identified by three sampling methods:

- Expertise of anti-corruption scholars and personal knowledge of the literature;
- Database searches (U4 website, Social Science Citation Index, World Bank Research Website, Google Scholar) for keywords, followed by analysis of abstracts; and
- Meta-reviews and review articles,<sup>5</sup> based on which a limited snowball sampling method was used to identify primary research and key studies.

The only sampling criterion was relevance to the particular intervention, which was ascertained through the review of titles, abstracts, and if necessary a quick review of the paper. The annex to this paper gives information on the search processes used with regard to the six anti-corruption intervention categories. Generally, the number of relevant papers was relatively small so that no further sampling (i.e., according to methodology or type of study) was necessary, and all studies identified as relevant under the search criteria (rather than just key studies) were included.

Throughout the paper, the authors have used a common approach to critically appraise the strength of the evidence. While systematic judgements on the strength of individual pieces of research were made, the paper itself only rates the strength of evidence regarding particular interventions, rather than individual papers. Assessing the overall evidence for a particular intervention was deemed more useful both to identify gaps and areas that require further inquiry, and to provide guidance for anti-corruption practitioners.

The assessment of the strength of the evidence *for individual studies* is based on the following criteria:

- **Type of data:** we have differentiated between the following studies: (1) Quantitative, using existing dataset, (2) Quantitative, using own data, (3) Qualitative, interview-based or ethnographic observation, and (4) Other primary sources. Preference has not been given to any particular method (such as randomized controlled trials). However, at the intervention level the existence of studies with different methodologies (i.e., using both quantitative and qualitative data) that examine a particular type of intervention has been seen as a strength if such analysis is complementary and allows for the confirmation of research findings.
- **Quality of the methodology:** the strength of the study's methodology with regard to factors such as validity, transparency, acknowledgement of bias, conceptual relationships and wider context, and conclusions has been assessed.<sup>6</sup> The insights of studies lacking a strong methodology have been included, but with caveats about the robustness of the findings.

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<sup>5</sup> Such as McGee and Gaventa (2001); Norad (2008); Fjeldstad and Isaksen (2008); Kolstad, Fritz, and Tam O'Neill (2008); Erickson and Hills (2007); and Andvig and Fjeldstad (2000).

<sup>6</sup> These factors are operationalized in the following way:

- **Validity:** Do indicators accurately capture the phenomenon the author is drawing conclusions about?
- **Transparency:** Does the author provide sources of data used and/or describe data collection processes?
- **Acknowledgement of bias:** Are potential biases acknowledged explicitly, is missing data identified and explained, and are interviewer/interviewee biases controlled for?
- **Conceptual relationships:** Does the author distinguish between associations and correlations on the one hand, and causation on the other? Are "reverse causality" and spurious correlation issues addressed, and robustness checks conducted for quantitative data?

Based on the experience of full systematic reviews, we chose to adopt a “best possible” criterion instead of a “threshold” approach. In other words, studies have not been excluded even if they do not have a strong methodology, only if they are seen to be so weak as to not produce useful insights. Instead, judgement was made so as to include the best possible studies, allowing for some methodological flaws.

The assessment of the strength of evidence for *each category of interventions* is based on:

- *Study relevance*: whether studies address the relevant research questions;<sup>7</sup>
- *Study quality*: judgement on the collective quality of studies, based on the strength of the individual key studies’ methodologies;
- *Size of the body of evidence*: the amount of credible and relevant evidence.

The paper qualitatively assesses the strength of the evidence for each intervention, rather than numerically grading it. There are several reasons for that. First, a qualitative assessment allows for less formulaic assessment and exclusion criteria, and in this way should help to capture findings from the grey literature, which we expected to be important in particular to better understand the contextual factors that shape the impact of anti-corruption interventions. The qualitative assessment enables the paper to explicitly identify the particular methodological weaknesses associated with this part of the literature, and the implications of that for the robustness of the findings. Second, given that the overall assessment of the evidence is at the intervention level, not at the level of individual pieces of research, using a numerical grading system would raise problems of aggregation and would require attaching different weightings to individual pieces of research. It is not feasible to do so in a rigorous and transparent manner in the context of this paper, and any weighting would introduce biases into the assessment of the evidence.

The qualitative grading categories regarding evidence used in this paper are:

- **Strong**: five or more studies with strong research methodologies, using different research methods, show the effectiveness or ineffectiveness of a category of interventions.
- **Fair**: Three or more studies with acceptable research methodologies show the effectiveness or ineffectiveness of a category of interventions.
- **Weak**: Fewer than three studies with acceptable methodologies can be identified to show either effectiveness or ineffectiveness of a category of interventions.

In some cases the majority of studies present evidence for either the effectiveness or ineffectiveness of interventions, but in most cases the evidence was *mixed*, and in some cases the evidence was *contested* as individual papers arrived at contradictory conclusions. These terms refer to the consistency of the body of evidence. “Mixed” means that studies arrive at different but not contradictory conclusions. “Contested” refers to different and contradictory conclusions.

## 1.4 Structure of the paper

The paper is divided into 10 sections (including the introduction). Section 2 discusses problems of measuring corruption, which affect the ability to generate robust evidence for the impact of anti-

- 
- **Consideration of wider context**: Is the broader literature contextualized, and the degree of generalizability considered?
  - **Conclusions**: Are conclusions supported by the analysis and its data?

<sup>7</sup> For each type of intervention the relevant research question was whether and how this intervention contributed to the reduction to corruption. See Annex 1 for details.

corruption interventions. Section 3 briefly examines what this mapping has not addressed (e.g., the wider political economy of aid and corruption), setting the context for the evaluation of the evidence on specific anti-corruption interventions in sections 4 to 9. Section 10 concludes with observations on the overall quality of the evidence, and key evidence gaps revealed by this paper.

## 2. Measurement problems

It is conceivable that the relatively limited amount of operationally oriented research and rigorous evaluations of anti-corruption efforts found in this paper may be linked to the view that corruption measurement problems (due to its clandestine, hidden nature) make it impossible to draw valid conclusions on the effectiveness of anti-corruption programmes. However, both the limited research that exists and the innovative methodologies some scholars have developed for measuring corruption suggest that establishing credible evidence for the effectiveness of many anti-corruption interventions is possible, if methodologically challenging (Kaufmann 1997; Olken and Pande 2011; Kaufmann, Kray, and Mastruzzi 2006).

The three principal measurement problems with regard to corruption are:

- Precisely measuring the scale of corruption;
- Measuring change in corruption levels; and
- Establishing causality between anti-corruption reforms and changes in corruption levels, and plausibly attributing changes to reform initiatives.

### 2.1 Measuring the scale of corruption

Problems related to the first challenge, precise measurement of corruption, are well documented and recognized in recent anti-corruption scholarship.<sup>8</sup> These include the continued reliance on perception-based data (and related problems of societally specific understandings of corruption that challenge cross-country comparison), and problems of aggregating data from different surveys into a single figure used in corruption indices like Transparency International's Corruption Perception Index (CPI).

To overcome these problems, studies have increasingly relied on surveys measuring the *experience* of corruption, which provide more reliable data, especially for so-called petty or administrative corruption.<sup>9</sup> Such experience or victimization data, however, not only measures *differently* (by focusing on experience rather than perception), but measures also something *different*, as such surveys track individual corrupt practices such as bribery, not "corruption" as an overarching concept.<sup>10</sup> Corruption in the public sector is not just bribery, but also fraud, embezzlement, patronage, and so forth.

Other ways to overcome the problem of measuring the scale of a clandestine activity like corruption have been the reliance on indirect measurements, for example through Quantitative Service Delivery Surveys or the Business Environment and Enterprise Performance Surveys, which are considered to provide a reliable measure of petty corruption.<sup>11</sup> Such methods, however, are still poorly utilized in the literature (Reinikka and Svensson 2003). It continues to be challenging for surveys to capture (a) estimates for grand corruption that is not directly experienced by large number of ordinary people and

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<sup>8</sup>See for example Galtung (2005) and Heller (2009).

<sup>9</sup>Daniel Treisman suggests that "[...] indices do not correlate as highly as one might expect with citizens' actual experiences with corruption as measured by surveys of business managers and other victims" (2007, 213) and recommends that one needs to "[...] refine and gather more experience-based measures of corruption" (2007, 241). See also Olken (2009).

<sup>10</sup>See for example Clausen, Kraay, and Nyiri (2011).

<sup>11</sup>Petty corruption entails all the (mostly financial) demands from low- and mid-level officials to expedite a public service (such as issuing a license or document) or to grant access to services (such as healthcare or education). It is often contrasted with grand corruption that takes place at the level of the political leadership, involving individuals who have the capacity to change and make instrumental the institutions of the state towards their own private benefit.

cannot be captured through experience surveys, and (b) practices such as nepotism, the impact of which is difficult to quantify and also have highly societally specific definitions.<sup>12</sup>

## 2.2 Measuring changes in corruption

The second challenge concerns the measurement of change. In some cases it can be relatively straightforward to identify indirect measurements of changes in corruption at the micro-level of specific corrupt practices and in response to particular interventions (e.g., by whether procurement costs for particular services have declined, or whether salaries are no longer skimmed off by superiors). Measuring changes in overall levels of corruption, however, is challenged in particular by a lack of longitudinal data, especially panel data. Furthermore, the data from popular corruption indices is not always comparable over time, as the kind of data that is aggregated to form the indices can change over time.

A related problem is that different anti-corruption interventions target and affect different kinds of corruption. Some civil service reform interventions might be able to reduce bribery, but not nepotism or patronage. If measurements do not distinguish between the two types of corruption, data values will be distorted.

## 2.3 Establishing causality

The final challenge is that of establishing causality between an intervention (actions of a programme, policy, or institution) and changes in levels of corruption, arising in particular from a lack of intervention-specific data. There are three main reasons for this.

First, it can be difficult to insulate the impact of a particular anti-corruption intervention from wider governance reforms within which such interventions are frequently embedded, unless a systematic impact evaluation design is integrated into the programme design. This review found no impact evaluations of donor-funded anti-corruption programmes.

Second, as donor evaluations are often short-term exercises that have no or few indicators/data to work from, they often reveal little about how and why an intervention has succeeded or failed.<sup>13</sup> Academic studies are also rarely focused on question of effectiveness or impact, and few of them have incorporated comparison groups or counterfactual scenarios in their methodology, which limits their ability to prove that observed changes could safely be attributed to the intervention (Schmidt 2005). To provide credible evidence for how and why a strategy, programme, or institution has succeeded or failed, it is generally necessary to establish unique indicators for that particular intervention, gather data over time, and evaluate whether the relevant outcomes/impacts have been achieved. As observed by Schmidt, most studies focus “on explaining the lack of success rather than studying the very anti-corruption measures in systematic and comparative ways” (2005, 216).

Third, without specific data on the outputs and outcomes of projects it is not possible to assess their effectiveness, or to attribute that performance to impact-level changes. Lacking intervention-specific data, studies often rely on popular data sources such as the Corruption Perceptions Index, the Worldwide Governance Indicators, or the Global Corruption Barometer. However, these indices do not take the performance of a particular intervention as their point of departure. As such, they can only

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<sup>12</sup> An interesting effort to capture the scale of grand corruption is through the stock-exchange values of politically connected firms. See in particular Fisman (2001) and Faccio (2006).

<sup>13</sup> To provide credible evidence for how and why a strategy, programme, or institution has succeeded or failed, it is generally necessary to establish unique indicators for that particular intervention, gather data over time, and evaluate whether the relevant outcomes/impacts have been achieved.

inform whether corruption levels have changed in a country, or whether the institutional set-up is more likely to be “corruption-proof.” One cannot automatically draw the conclusion that a project has performed well just because these indices show positive changes, or vice versa.



### 3. What this paper does not capture

Evaluating the evidence of donor-supported anti-corruption interventions in developing countries requires attention to the wider political economy of corruption in such environments. Such a perspective provides a framework for understanding many of the contextual factors that contribute to the success or failure of different anti-corruption interventions. Ill-defined concepts such as “political will” that are identified in a range of studies as a central facilitating or (if lacking) obstructing factor for reforms cannot be adequately accounted for in a review, nor can for example bad implementation of otherwise good reforms. A review would ideally also assess the underlying principles, strategies, corruption types, and contexts of the reforms (as shown in the vertical columns in figure 1). This is however not possible with the large majority of studies.

The study focuses on anti-corruption interventions, not the drivers of corruption. The work did however reveal a blind spot in the literature regarding the impact of aid itself on corruption. Popular discussions of aid and governance often associate the substantial aid inflows into developing and conflict-affected countries with heightened corruption, and attribute the ineffectiveness of particular aid efforts to corruption.<sup>14</sup> Such arguments are mostly based on anecdotal evidence of the impact of aid on corruption, or on detailed investigations of single cases.<sup>15</sup> Aid can distort the economies of developing countries, especially conflict-affected countries. If aid flows exceed the country’s capacity to absorb these funds, they fuel rent seeking<sup>16</sup> and provide incentives for corruption in the process (Collier and Hoeffler 2004). However, systematic evidence of the impact of aid on corruption is conflicting, identifying both positive and negative impacts of aid,<sup>17</sup> not least because of poor data especially in conflict-affected countries, and because of the problems of meaningfully measuring corruption, and the difficulty of comparing different proxy variables used in country-specific corruption research.<sup>18</sup>

What recent research has highlighted is that in fragile states in particular, aid spent off-budget and bypassing the state are often found to further weaken state authority; and that aid and informal social service delivery by NGOs or communities at the local level often revives and reinforces the patronage power of local elites, who become the gatekeepers to aid and services (Ghani and Lockart 2008; Jackson 2005; Nakaya 2008).

The following sections (4 through 9) set out to evaluate the evidence on specific anti-corruption interventions identified through the mapping exercise, with each section concluding with observations on the quality of the evidence for each category of interventions.

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<sup>14</sup> For example, see Moyo (2009).

<sup>15</sup> Good examples of such detailed studies include several studies on Afghanistan by the Feinstein Centre. See for example Fishstein (2010) and Gordon (2011).

<sup>16</sup> Rent seeking describes behaviour where individuals or organizations capture income and resources, normally through political connections and influence, for private benefit rather than productive use.

<sup>17</sup> Thus, one study finds that aid increases corruption (Knack 2001), while another suggests that it helps to reduce it (Tavares 2003).

<sup>18</sup> For a more detailed discussion, see von Billerbeck (2011).

## 4. Public sector reforms

The majority of donor-funded anti-corruption programming targets public sector institutions. It aims to protect public funds from theft and fraud, public office from nepotism and favouritism, and public institutions from capture by elites. Anti-corruption reforms have therefore traditionally been centred on corruption risks in bureaucratic institutions to limit public servants' discretion and institute control measures. Decades of research, pioneered by scholars such as Rose-Ackerman (1978) and Klitgaard (1988), have shown that control and sanctions have an effect on individual incentives to be corrupt. Principles such as transparency, accountability, and competition—and specific incentives such as whistleblowing—have been documented to work if the right preconditions were present (Rose-Ackerman and Truex 2012; Lambsdorff 2007; Klitgaard 1988; Rose-Ackerman 1978). Donors have built their public sector support programmes on these insights. The sub-sections below review the evidence for whether these public sector support programmes have been effective in reducing corruption, focusing on both the major direct and indirect public sector reforms pursued by donors.

Before proceeding, it should be noted that there has been a general re-orientation of donor focus from direct anti-corruption interventions towards addressing corruption in sector-based service delivery, through a strategy labelled “mainstreaming.” Given that this is a relatively recent focus, not much evidence has actually been produced on the effectiveness of mainstreaming approaches. Some rigorous studies have been conducted in sectors such as education,<sup>19</sup> health,<sup>20</sup> water and sanitation,<sup>21</sup> or transport.<sup>22</sup> Individually these studies provide important contributions to understanding how (petty) corruption risks in sectors are best mitigated. However, as they are spread over many sectors and countries, firm generalizable conclusions are hard to draw at this stage. In sum, sector-specific, operational evidence is not available. A few rigorous studies produce evidence, but one should be careful to generalize from these beyond their sector, target reform, and context.<sup>23</sup>

### 4.1 Direct reforms

In total, the literature search identified hundreds of studies examining public sector reforms aimed directly at addressing corruption. Sixteen studies were identified as relevant and of sufficient quality. The majority of these are qualitative single case studies or output-oriented donor evaluations. A few quantitative studies were found, in particular on the impact of anti-corruption laws. Very little comparative and longitudinal work was found.

#### Anti-corruption authorities

A large number of qualitative case studies examine the effectiveness of anti-corruption authorities (ACAs). No studies using a quantitative research design could be found. Moreover, donor evaluations of ACAs are few and not of a sufficient quality to draw general conclusions on the effectiveness of ACAs.

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<sup>19</sup> For example, see Reinikka and Svensson (2005) and Duflo, Hanna, and Ryan (forthcoming).

<sup>20</sup> For example, see Bjorkman and Svensson (2009).

<sup>21</sup> For example, see Davis (2003).

<sup>22</sup> For example, see Olken (2007).

<sup>23</sup> The health sector is arguably the sector that has received the most attention when it comes to the effectiveness of various interventions. Many other very important sectors, including the natural resources sectors, have little evidence on intervention impacts. An example from education highlights the challenges. Many rigorous studies have been conducted on reforms to decrease teacher absenteeism, and some evidence produced on positive effects on such “quiet corruption.” However, teacher attendance is only one component of an education programme, and there are many other corruption risks in the education “value chain” that can affect development outcomes.

There is general agreement across the studies that ACAs, which are considered to have been highly successful in reducing corruption in Hong Kong and Singapore, have generally failed to replicate such success in developing countries. The reasons for this include:

- Uneven or insufficient financial support (Tangri and Mwenda 2006; Doig, Watt, and Williams 2007);
- Limited independence from political influence (Husmann, Hechler, and Peñailillo 2009);
- Weak mandates (Husmann, Hechler, and Peñailillo 2009; Heilbrunn 2011); and
- Lack of political will (Quah 2000).

While the general agreement on their ineffectiveness might suggest that this is a robust finding, the evidence suffers from two important methodological limitations. First, the vast majority of studies take the ineffectiveness of ACAs as their point of departure, and focus on explaining this lack of success. This *a priori* assumption of failure is an obvious methodological problem, as few studies explicitly measure the effectiveness of such institutions. To the extent that explicit criteria for success or failure of ACAs are used, they either rely on performance metrics such as the number of investigations initiated, or responses to complaints. A few also link the success of an ACA to the country's ranking on the CPI index (Heilbrunn 2004; Quah 2010; Meagher 2004). These indicators of effectiveness oversimplify reality and do not provide a fair assessment, as they only measure parts of what would constitute an effective ACA.

Second, while the studies identify a range of different causes contributing to the limited impact of ACAs, what is lacking is a systematic evaluation of these different factors, indicated in particular by the lack of comparative work. It is therefore not possible to generalize whether the failure of ACAs is predominantly a problem of design, implementation, or the conditions within which they operate.

Recent studies argue that earlier research and evaluations of ACAs have not sufficiently grasped all the aspects of these complex and varied institutions (Johnsøn et al. 2011; Recantini 2011). Most theories would predict that ACAs would not be effective in poor governance / high corruption environments (Shah and Shacter 2004), and studies rarely account for this in their assessment of effectiveness.

While there is therefore a substantial amount of evidence for the very limited impact of most ACAs, the methodological weaknesses of this evidence—with regard both to their baseline for asserting failure, and to the actual causes contributing to their ineffectiveness—mean that the strength of the evidence can only be regarded as fair.

### Anti-corruption strategies

The development of national anti-corruption strategies (NACS) has been a central element of donors' anti-corruption efforts in developing countries, not least because article 5 of the United Nations Convention against Corruption (UNCAC) has been interpreted to require its member states to develop such NACS.<sup>24</sup> Few studies have been conducted on the effectiveness of NACS,<sup>25</sup> so claims to their effectiveness or ineffectiveness rest on a weak empirical foundation. The few studies that do give some insight into this tool are mostly part of the "grey" literature, such as working papers. A key obstacle to building evidence is the tendency of producing broad NACSs with little focus on

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<sup>24</sup> Whereas, in fact, the UNCAC does not require the existence of an explicit anti-corruption strategy, merely that anti-corruption is addressed in policy, for example via integrating relevant stipulations into existing acts.

<sup>25</sup> While we recognize the importance of sector strategies, the limited scope of this paper meant that these could not be included in the review.

implementation or measurement of success, for example through Monitoring and Evaluation frameworks (Hussmann 2007). This only enables the few available qualitative case studies to document “experiences” and shortcomings in the design process, but not whether a NACS has had a positive effect.<sup>26</sup> Most studies warn against a one-size-fits-all approach to NACS, showing how this leads to failure (McCusker 2006; Doig and Riley 1998). There are few cases where success is claimed but empirical data supporting this is weak (Kwok 2006).

Nevertheless, some insights can be derived. In general, case studies suggest that most NACS fail because they are incomplete, poorly designed, and/or badly implemented.<sup>27</sup> However, such studies often conflate the tool of NACS, coordinating and directing various anti-corruption institutions and reforms, with the combined efforts of these institutions and reforms. The impact of a good NACS should of course be to reduce corruption, but cannot be assessed independently from the external factors in play. Failure might be due to poor implementation, not a flawed strategy. No studies explored the effectiveness of NACS as a tool to coordinate and direct anti-corruption reforms, and whether that has an impact on corruption. It was beyond the scope of this study to assess individual elements of policies, but some such as staff rotation and e-government have been proven to work in some contexts (Abbink 2004; Andersen 2009). Overall, the evidence for this category is considered weak.

#### Anti-corruption laws

UNCAC defines areas where laws should be in place to criminalize acts of corruption such as bribery, embezzlement, misappropriation, trading in influence, illicit enrichment, money laundering and obstruction of justice, witness protection, and freezing of assets.<sup>28</sup> Additional domestic laws often regulate issues such as access to information, conflict of interest, whistle-blower protection, political party financing, freedom of expression, and media freedom.

In general, few studies have assessed the effectiveness of anti-corruption laws to reduce corruption, though the existing studies offer a good mix of rigorous qualitative and quantitative work. Most of the studies focus on the specific area of Freedom of Information (FoI) laws rather than the criminalization of particular corrupt acts, arguably reflecting the prominence of the international transparency agenda. The existing studies highlight that in the wake of the adoption of UNCAC there has been a concerted effort to get anti-corruption legislation onto the statute books of developing countries (ADB/OECD 2006), and in particular civil society organizations promoting the transparency agenda have documented positive experiences with regard to FoI legislation (RaaG/RTI 2008). However, it is unclear whether such legal changes have translated into reduced corruption. Several quantitative studies examine the impact of FoI legislation on corruption, but have produced contrasting results: while one study finds that countries adopting such laws do not become less corrupt (Tavares 2007), others suggest that some elements of FoI and asset declarations are associated with lower corruption (Mukherjee and Gokcekus 2006; Djankov et al. 2010).

These studies assessing cross-country data rely on International Country Risk Guide and CPI data, the problems of which have been discussed earlier. Furthermore, they do not clarify how causality is established between the introduction of a law and changes in corruption over time, and do not address the possibility of reverse causality. One randomized experiment from Banerjee et al. (2011) shows how public disclosure and provision of information reduced incidences of vote buying. Peisakhin and Pinto (2010) show in a randomized experiment that a FoI law can offer well-informed citizens an alternative to bribery.

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<sup>26</sup> For example, see Asamoah (2003).

<sup>27</sup> For example, see Hamilton-Hart (2001).

<sup>28</sup> UNCAC, articles 15–25.

Also, case studies suggest that failure has often been due to a lack of attention to actual implementation, lack of enforcement, and political will/ownership (World Bank 2001b; Coldham 1995). Most other studies focus on comparing laws to “best practice,” not the effectiveness of individual laws.<sup>29</sup>

In sum, most studies focus on “benchmarking” existing laws to best practice standards, or are cross-country studies with research design problems. No studies could be found which provided an impact assessment of an anti-corruption law. The evidence has been graded as “fair” since a handful of strong studies produce evidence, but this is mainly in the area of FoI. Other areas of anti-corruption laws have weak evidence. In some areas, such as political party financing laws, the evidence is non-existent.

### Financial Intelligence Units

Financial Intelligence Units (FIUs) have been established as specialized units to combat money laundering all over the world. While they have a very specific focus on one criminal activity, they are part of the overall institutional framework for anti-corruption.

Their role in, and impact on, curbing corruption has so far remained largely unexplored. The few existing studies limit themselves to assessing formal legislative compliance, governance arrangements, or a limited number of outputs, but not explicitly their impact on levels of corruption or particular corrupt activities (World Bank and Egmont Group 2010; Sathye and Talen 2007). A joint IMF/World Bank report shows a low level of formal compliance to the recommendations from the Financial Action Task Force (FATF) (IMF and World Bank 2004). Although Strauss (2010) points to the very low number of convictions of money launderers in his study of the Central and Eastern European countries and Commonwealth of Independent States region, a lack of data prevents the study from passing a robust judgement on the performance of FIUs.

These limitations are compounded by data problems in the existing studies, which rely either on the data compiled by FIUs, or on FATF evaluation reports that do not contain sufficient information to assess FIU performance. No studies could be found on the FIUs’ broader role and value as part of the wider institutional framework to fight corruption.

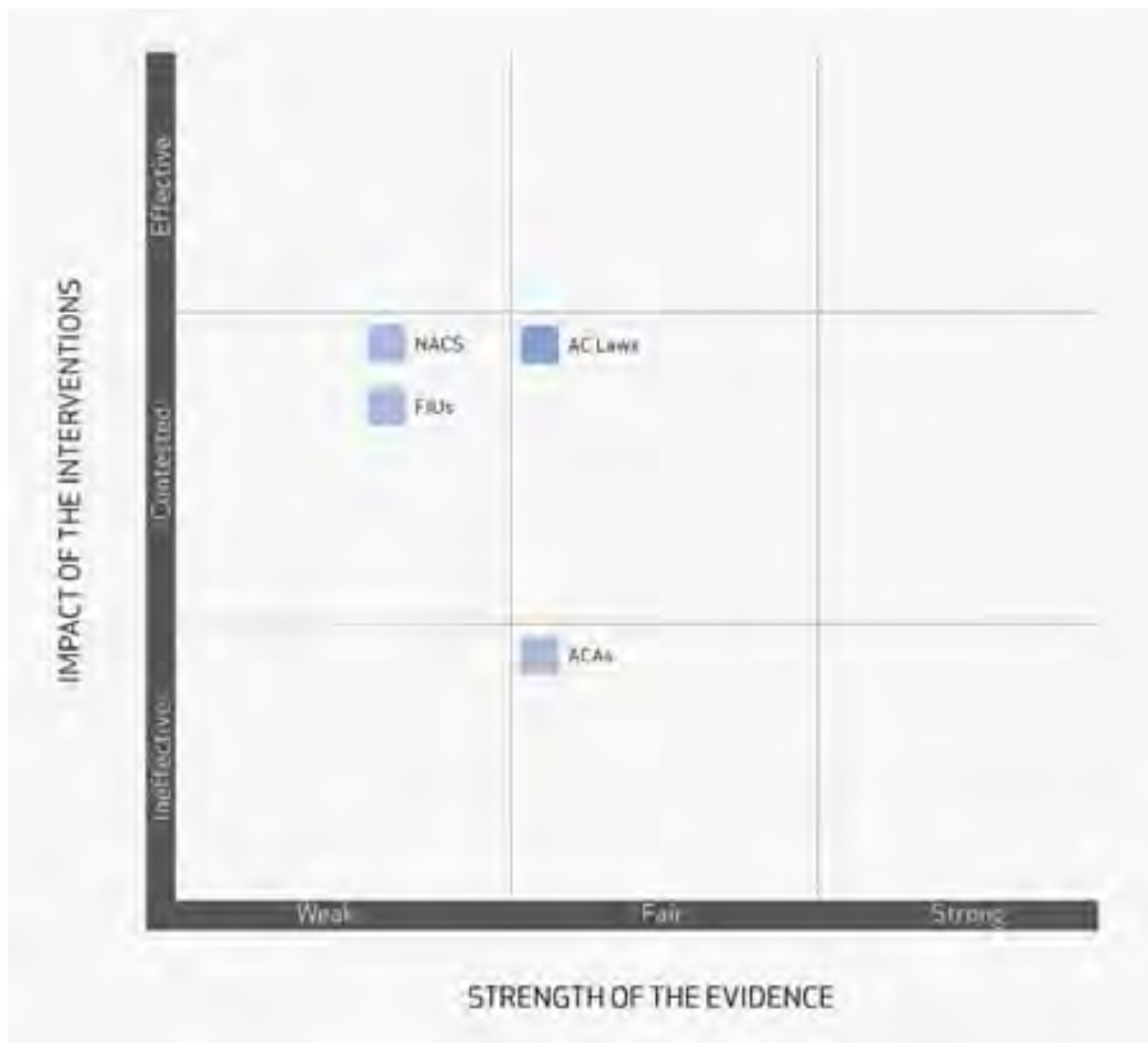
Given the very small number of studies, and the data problems they face, the strength of the evidence on the impact of FIUs is weak.

### Summary of evidence

In summary, the evidence on the effectiveness of the four selected direct anti-corruption interventions is mostly weak. Many qualitative case studies exist, but these rarely set out to measure effectiveness in an objective or methodologically robust fashion. Relevant and reliable data is missing in many of the studies. The few quantitative studies that could be found were tangential in relevance. A lot has been written on ACAs but the general quality of studies was poor, often due to a lack of data. Few relevant studies on the effectiveness of anti-corruption strategies could be found, even fewer on FIUs. There were a handful of strong studies relating to anti-corruption laws, but given the many types and variants of anti-corruption laws, they cover only a small area of a wide field (namely, FoI laws).

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<sup>29</sup> For example, see Mendel (2001).

**Figure 2: Direct reforms**

## 4.2 Indirect reforms

There are a large number of studies on indirect anti-corruption reforms in the public sector. The total number of potentially relevant studies for indirect reforms is substantial, but only 78 were chosen after review. The quality of evidence differs greatly between the different interventions examined below, but for most it was difficult to find even five relevant studies that could credibly account for the impact of a reform programme. The strong categories, like public financial management reforms, benefited from a combination of strong qualitative case studies, quantitative and cross-country studies, and donors' own evaluations, as well as established measurement / monitoring and evaluation tools, which provide researchers and evaluators with the necessary data.

### Justice sector reforms

Corruption surveys frequently identify the justice system as particularly susceptible to corruption, and donors have promoted a range of administrative reforms both to strengthen the technical competence

of the judiciary and to “corruption-proof” it.<sup>30</sup> These efforts include reforms focusing on case management and allocation (both to reduce the backlog of cases and to reduce corruption in case selection through automated systems), on training and the appointment of judges and prosecutors, on developing codes of conduct, and on strengthening the capacity of judicial review bodies. The focus is therefore predominantly on administrative, rather than political corruption.<sup>31</sup>

There is a strong correlation between levels of corruption and the effectiveness of a country’s legal system (Herzfeld and Weiss 2003).<sup>32</sup> In theory, therefore, one would expect judicial reforms to reduce corruption. In practice, however, few studies have documented donors’ efforts at judicial reform in an anti-corruption context. One large-scale evaluation of judicial reform efforts in Nigeria suggests that interventions have been effective in reducing bribes, but as neither a theory of change nor comparison groups were established, the attribution of any impact to the specific reforms is problematic (UNODC 2010). Some of the existing studies themselves recognize the weaknesses of the existing evidence, and advocate more serious efforts with regard to performance monitoring and evaluation of legal and judicial reform efforts (Armytage 2006).

In short, the evidence on the effectiveness of technical justice sector reforms to reduce corruption is weak as the number of studies is low, and the focus of their inquiries fails to address the impact of such efforts on corruption in a rigorous manner.

#### Police reform

Police forces are one of the major interfaces between the state and its citizens. They are central to establishing a state’s monopoly on violence, and to guarding and upholding property rights, and their performance consequently impacts on state legitimacy (Andvig and Fjelstad 2008). Unfortunately, corruption is widespread in many police organizations.<sup>33</sup> Donor-funded police reform programmes are widespread in developing countries, and often have two major corruption-related objectives: reducing internal police corruption (i.e., through internal investigation units and whistleblowing laws), and better equipping the police to fight corruption in society (i.e., by improving investigation skills or forensic accounting).

There is scant evidence on the effectiveness of interventions to achieve either of these objectives. Most case studies are qualitative case studies, mainly documenting unsuccessful cases (Hills 2008; Baranyi and Erin 2011; Murray 2007; Davis 2006; di Puppò 2010).<sup>34</sup> A recent meta-evaluation of donors’ anti-corruption programmes stated that it had found “[...] some positive, yet still isolated, examples of donors effectively promoting integrity and professionalism within law enforcement agencies, starting with the police” (Norad 2011, 43). The evidence for this claim rests mainly on interviews and programme document analysis. One study used direct structured observation as a research method, and showed credibly that corruption in the traffic police at checkpoints entailed the cost of each trip to rise by 13 per cent, and that the problem could not easily be “reformed away,” for example by reducing the number of checkpoints (Olken and Barron 2007). The wider criminology literature and evaluations

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<sup>30</sup> The separate role of the judiciary as an oversight mechanism to control corruption in other sectors of the state is examined in section 5.

<sup>31</sup> Some authors make a point that this traditional distinction is unproductive, and that technical reforms should also have a political component (Hammergren 2000; Santiso 2003).

<sup>32</sup> For an overview, see Lambsdorff (2007).

<sup>33</sup> Transparency International’s Global Corruption Barometer found an increase in the percentage of people worldwide who reported paying a bribe to the police from 17% in 2006 to 30% in 2010. See also Faull (2007).

<sup>34</sup> Positive cases are provided by Quah (2006) for the Singapore Police Force (improvement in salaries and working conditions supposedly led to reduced police corruption).

from police forces around the world suggest that police reform is a multi-dimensional problem, and that a culture of corruption is difficult to change.<sup>35</sup>

As most of the reviewed studies do not directly address the impact of reforms on corruption, and in light of the methodological limitations of many of them, the evidence of the effectiveness of police reform to combat corruption is judged as weak.

#### Civil service reform

Many civil servants have a substantial amount of discretion over the allocation of resources. Therefore, there are a number of entry points for anti-corruption measures to curb corruption in the civil service. These are corruption-prevention measures and typically include: the establishment of fair, transparent, merit-based, and challengeable recruitment procedures; the introduction of measures to enhance accountability and efficiency; and the introduction of codes of ethics or conduct to enshrine values of impartiality and honesty into the civil service.

Two evaluations from the World Bank and the Organisation for Economic Co-operation and Development (OECD) both show that civil service reforms have been largely ineffective,<sup>36</sup> and while these evaluations do not specifically focus on corruption, the ineffectiveness of such reforms in curbing corruption can be inferred from the studies. No academic studies were found which focused specifically on the effects of civil service reforms on reducing corruption. Most sought to explain why civil service reforms have failed, highlighting in particular the unwillingness of domestic elites to give up patronage power in the public sector (Panter 2003). A World Bank Independent Evaluation Group (IEG) evaluation states that specific focus on personnel management reform, such as merit-based recruitment and promotion, can counter patronage-based systems, but few well-documented cases exist (IEG 2003). Salary reform has been the subject of discussion for many years. While low salaries intuitively would force public employees to supplement their income with bribes, there is little evidence that pay reform is effective in curbing corruption (Lambsdorff 2007; Di Tella and Schargrodsky 2003; van Rijckeghem and Weder 2001).

There is fair evidence that civil service reform overall has not been effective in reducing corruption, particularly for salary reform, less so for other kinds of civil service reforms. The lack of clear diagnostic tools to measure performance prevents more detailed evidence on what types of civil service reforms are more effective than others (OECD 2005).

#### Public financial management

Public financial management (PFM) is a broad category, which covers many different reforms. Indeed, reforms aimed at tax administration, revenue services, audit institutions, and procurement authorities all fall under the PFM sector, but have become so specialized that they are analysed separately. This section therefore focuses on reforms related to finance ministries and budget management. Customs administration, another specialized area, is not covered.

Public financial management reforms, and in particular reforms of budget management, have benefited from the development of unique measurement tools. One such tool is Public Expenditure Tracking Surveys (PETS), which has been argued to be “[...] perhaps the most useful diagnostic instrument developed to date for evaluating the extent of corruption” (Campos and Bhargava 2007, 6). Essentially, such surveys track how public money flows from central ministries to front-line agencies

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<sup>35</sup> See for example Mollen Commission’s (1994) report on police corruption.

<sup>36</sup> For the OECD evaluation, see the website of the Multi-stakeholder Evaluation of Public Sector Reforms, <http://www.psg.org/> (World Bank 2002). See also Nickson and Lambert (2002).



(schools and health facilities are the most popular front-line services measured) in order to identify resource use and “leakage” (Reinikka and Svensson 2003, 3). By analysing the discrepancy between actual versus reported expenditure, reliable estimates of “leakage” can be made (Gauthier 2006). Other examples are the Public Expenditure and Financial Accountability (PEFA) reviews and OECD’s Development Assistance Committee’s PFM Public Performance Measurement Framework. The data generated by these surveys has also enabled the production of stronger evidence for the effectiveness of PFM reforms.

### *Budget management*

Multiple strong case studies, cross-country regression, quasi-experimental and fully experimental (i.e., randomized studies), including longitudinal studies, have been conducted, particularly in Africa.<sup>37</sup> Cross-country studies show that countries with strong budget management systems and with greater participation of external stakeholders in public spending (i.e., through participatory budgeting) have lower CPI scores (Dorotinsky and Pradhan 2007). Reinikka and Svensson’s (2001; 2004b; 2011; Anderson, Kaufmann, and Recanatini 2003) studies in the education and health sectors show that leakage of funds to decentralized services can be reduced.<sup>38</sup> Positive effects of participatory budgeting have also been documented by case studies, particularly in Brazil (Russell-Einhorn 2006; World Bank 2004; Baiocchi 2006). While donor evaluations have focused on the effectiveness of budget management reforms in general, they have also noted some specific anti-corruption effects. For example, donor support for computerized integrated financial management systems was considered likely to have contributed to increased transparency in accounting, recording, and reporting procedures, and preventing certain types of fraud (Norad 2011). Another meta-evaluation from the World Bank’s IEG confirms the finding that public financial management reforms have positive anti-corruption effects, for example by improving budget formulation to increase transparency (IEG 2003). There are measurement and attribution problems in both meta-evaluations, but as an indication of whether programmes achieve their stated objectives the evidence is solid.

Multiple strong research studies and donor evaluations therefore show that PFM reforms can have a positive effect on curbing corruption, and the evidence benefits from good measurement tools. Overall, there is therefore strong evidence that budget management reforms can help to curb corruption.

### *Procurement*

Government procurement is susceptible to corruption in both developed and developing countries, but corruption risks are greater in sectors, processes, and locations where governance and institutional frameworks are weak (Ware et al. 2007). Many standardized tools and handbooks describe how to analyse corruption risks in the procurement process flow / value chain (Heggstad and Frøystad 2011; OECD 2007), and cross-country studies suggest that levels of corruption and procurement systems are linked (Ades and Di Tella 1997; Ades and Di Tella 1999). One great advantage of studies of procurement reforms is that actual records can be used as data sources, and effectiveness can be portrayed in monetary terms, which allows for cost-benefit analysis, but such analysis is rarely done.

Tran (2008) studies different kinds of government procurement and their anti-corruption effects by analysing the records of a firm that engaged in several corrupt transactions. The study finds that open and non-discretionary auctions reduced bribery. Di Tella and Schargrodsy show a 10 per cent reduction in procurement prices following increased monitoring and auditing of procurement officers in Buenos Aires (2003). Costs in public construction works have been documented to fall dramatically

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<sup>37</sup> For an overview see Gauthier (2006).

<sup>38</sup> For a critique see Hubbard (2007).

when anti-corruption investigations into procurement have been undertaken.<sup>39</sup> However, many of the documented cases are selected success stories. No studies addressing failed reforms were found.

Surveying Norwegian firms, Søreide (2005; 2006) finds that only six per cent of private firms consider procurement rules an efficient obstacle to corruption. No donor evaluations could be found which made use of the potential for non-perception-based data, quantification, and cost-benefit analysis. Rigorous evidence on electronic procurement (e-procurement), a popular reform choice, was non-existent. Reform choices are thus still largely a “hit and miss affair” rather than a solid evidence-based exercise (Andvig 2011).

Even though several of the reviewed studies provide very strong evidence that procurement reforms can help to reduce corruption, the overall strength of the evidence is only fair, given the small number of studies. The limited size of the evidence also means that it does not compare the impact of different kinds of procurement reforms, such as e-procurement, forensic accounting, or procurement units.

### *Tax and revenue authorities*

Tax and revenue services are a third important element of public financial management, and an area where anti-corruption reforms continue to be promoted as integral components. Reforms specifically targeting customs authorities have not been included in this evidence paper.

The literature on tax and revenue administration is relatively well established, and many studies provide insights into what works, what doesn't work, and why (Fjelstad 2005; Fjelstad and Tungodden 2003). More often than in other anti-corruption areas, studies on tax and revenue services are academically published and peer reviewed. However, there is still a shortage of comparative and quantitative studies.

The identified studies are predominantly country-case studies, and highlight in particular the local and contextual factors that have shaped the effectiveness of tax reforms with regard to curbing corruption, and do not necessarily examine on comparable reforms. Thus, one study shows how applying a process flow approach when reforming the Value Added Tax refund system in Bolivia reduced corruption (Zuleta, Leyton, and Ivanovic 2007), while another study shows how the establishment of a semi-autonomous tax authority in Peru led to less perceived corruption (World Bank 2001a; Taliercio 2003). Other studies document how initial gains have not been sustainable as they pushed corruption into other areas, or because of continued patronage and political interference (Fjelstad 2006; Fjelstad 2000; Das Gupta and Mookherjee 1998), that privatization of tax collection as a strategy is no panacea, and that one-size-fits-all institutional transplants have not been universally effective (Mann 2004). Wider generalizations are not possible on the basis of this evidence.

A further limitation is the quality of the data. Tax and revenue reforms often target specific, measurable corrupt activities such as tax evasion, however, studies do not tend to make use of cost-benefit analysis, or use specialized surveys such as the Business Environment and Enterprise Performance Surveys (BEEPS), which have been developed. World Bank researchers have concluded that assessments of effectiveness of tax reform programmes are often not possible because the indicators and measures of effectiveness are of an unsatisfactory quality (Barbone et al. 1999). As an overall assessment, the evidence is fair for this category.

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<sup>39</sup> See for example Susan Rose-Ackerman (1999, 29).

## Local government / decentralization

Many anti-corruption reforms are similar regardless of whether they are applied at the local or central level of government, such as procurement and tax administration. In fact, most reforms require implementation both at the central and local government levels to work. Nevertheless there are some anti-corruption reforms, which are specific to local government.

Decentralization was once heralded as a winning strategy for fighting corruption, as it would bring decision-making processes closer to the people, reduce the extortion capacities of central bureaucrats, and increase the accountability of local politicians to their constituents. The evidence from a recent full systematic review of anti-corruption reforms found that decentralisation may be particularly successful where there is local capacity and high levels of participation and community monitoring. On the other hand, decentralization may be an expensive and ineffective reform when implemented in communities that lack participation and capacity (Hanna et al. 2011; Lessmann and Markwardt 2010; Chavis 2010; Reinikka and Svensson 2004a; Bjorkman and Svensson 2009).<sup>40</sup> Other strategies, such as New Public Management, have been documented in case studies as failing to reduce corruption at the sub-national level, but no general conclusions can be drawn (Tambulasi 2009).

A combination of qualitative and quantitative studies shows that decentralizing services to local government is not a panacea for fighting corruption. Case studies also document various contextual factors that influence the effectiveness of reform.<sup>41</sup> Decentralization can either lead to increased oversight by local citizens, or increased capture by local elites, depending on context. Overall, the evidence is not conclusive, and while individual studies are strong, the small number of studies means that the overall strength of the evidence is rated as fair.

## Summary of evidence

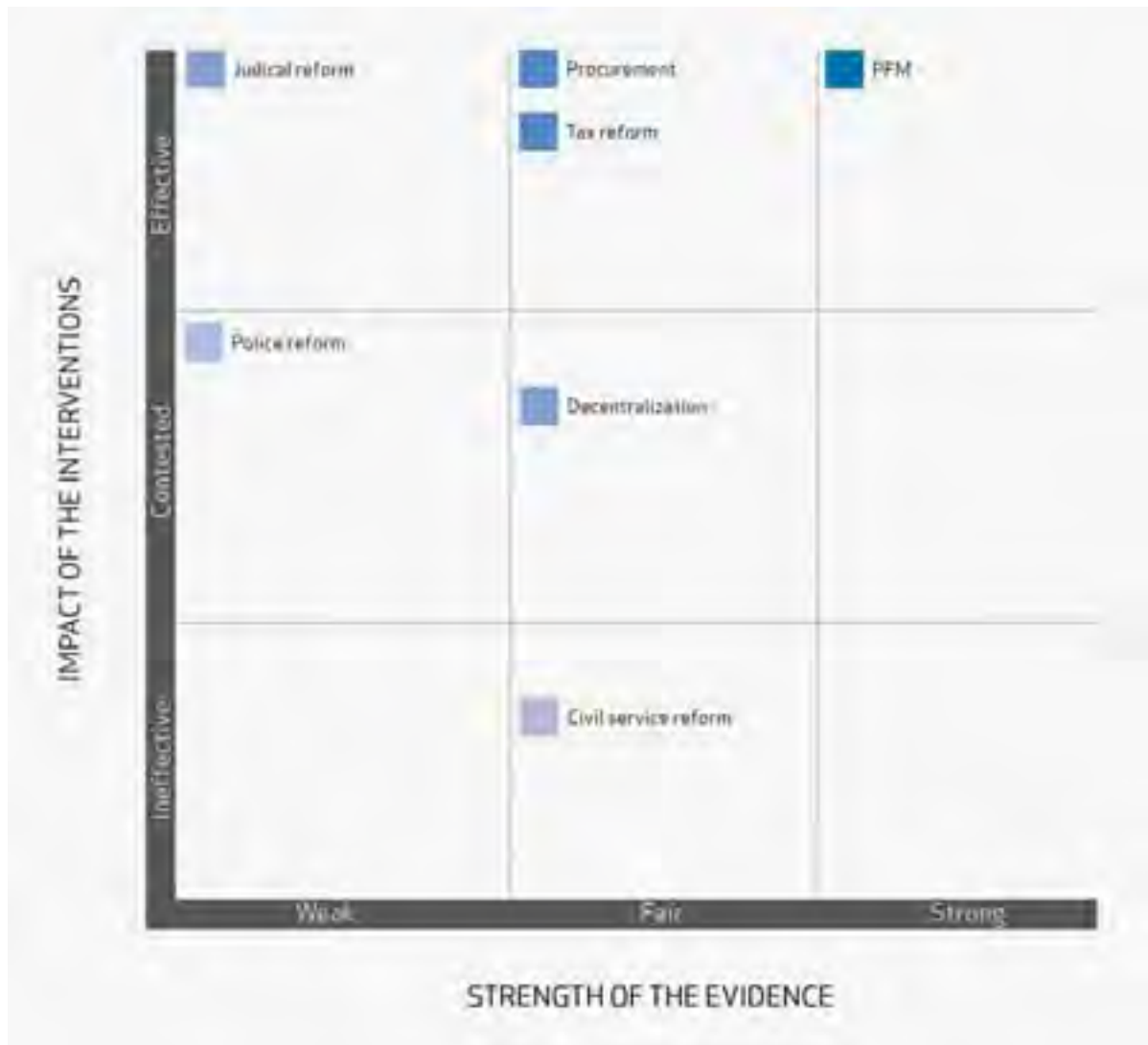
Indirect anti-corruption reforms in the public sector entail a diverse group of actions and approaches. The evidence for their effectiveness ranges from weak to strong. The areas with the strongest evidence, such as PFM reforms, benefited from established measurement tools that facilitated useful data, and by the fact that they often targeted service delivery corruption rather than political corruption. However, the majority of areas had weak evidence to support any effectiveness claims, and often the few available studies arrived at conflicting conclusions as to whether reforms had positive or negative impact. A central reason for this lack of evidence includes a lack of impact evaluations and research focusing on effectiveness. Even if these studies often displayed robust methods and clear research questions, this left only very few studies on the basis of which an assessment of the quality and strength of the overall evidence for the impact of a particular intervention could be made.

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<sup>40</sup> See also Fisman and Gatti (2002) for positive evidence on fiscal decentralization, based on cross-country regression analysis.

<sup>41</sup> See for example Asthana (2008) and Kohl (2003).

Figure 3: Indirect reforms



## 5. Oversight institutions

Oversight institutions, such as supreme audit institutions (SAIs), parliament, ombudsperson, and courts are non-executive bodies that are mandated to ensure horizontal accountability of the executive in particular. This mandate, in theory, enables them to hold government accountable for its performance and use of resources. In performing this mandate, oversight institutions should have the potential to play an effective role in reducing corruption.

Several quantitative studies examine the effectiveness of SAIs in reducing corruption, providing the strongest evidence base for the institutions covered under this section. There was fair evidence on the importance of an independent judiciary to the fight against corruption, but few studies assessing donor support to strengthen judicial independence. This may reflect the fact that support for judicial reform has tended to focus on the strengthening of the capacity of courts (discussed earlier in section 4).

The evidence search yielded no relevant studies dealing directly with the role of ombudspersons or parliaments in reducing corruption. For ombudsperson offices, a small number of case studies were identified, whereas evidence on the role of parliaments was largely limited to the meta-studies identified earlier in this study, and a World Bank evaluation. This may reflect that the understanding of the potential role of these institutions in the fight against corruption is still evolving.

### 5.1 Supreme audit institutions

SAIs perform an important oversight role, particularly in relation to the use of public funds. They typically report to parliament, but may also report to the supreme court, or an audit board. Their role is to check government accounts through audits in order to ensure the proper and effective use of public funds, the proper execution of administrative activities, the development of sound financial management, and the communication of information to public authorities and the general public through the publication of reports (DFID 2005).

A 2011 Joint Evaluation of Donor Support to Anti-Corruption Efforts found that compared to support to other institutions involved in anti-corruption, such as ACAs, support to SAIs was considered to have been highly effective (Norad 2011). By contrast, the research literature examined mostly contest such a positive assessment and highlight a range of obstacles to a corruption-reducing impact of SAIs. These include:

- Structural factors linked to the political economy of government auditing, in particular the dysfunctional linkages between government auditing, legislative oversight, and judicial control (Santiso 2006);
- Executive interference into the auditing process (Wang and Rakner 2005); and
- Consistent underfunding of audit institutions (Migliorisi and Wescott 2011).

This is confirmed by several larger comparative studies. Migliorisi and Wescott (2011) find that, in more cases than not, the effectiveness of SAIs (from a sample of 37 countries) receiving World Bank support had decreased in the time period covered—although the authors do not attempt to address the issue of what might have caused the decrease in effectiveness. Blume and Voigt (2007; 2011), in a cross-country assessment are unable to find a clear-cut effect of SAIs on any of their dependent variables: fiscal policy, government effectiveness, or productivity.

The obstacles to SAIs' effectiveness identified in the reviewed studies highlight the importance of the wider institutional context for the corruption-reducing impact of SAIs. Even the most detailed and robust audit reports are unlikely to have much effect without effective parliamentary budgetary

oversight and scrutiny by parliament, and the ability to hold spending ministries to account (Dye and Stapenhurst 1998). Similarly, the relationship of SAIs with internal audit bodies within spending ministries and departments, and the capacity of these audit bodies need to be taken into consideration when evaluating SAIs' effectiveness (see section 4 on public financial management) (Wescott 2008).

While the evidence search focused on audit institutions, several studies found government-led audits (together with non-financial incentives) to be an effective tool in reducing corruption in various fields, not only budget oversight.<sup>42</sup> It is however argued that this impact may decrease over time or cause other forms of corruption to increase (Di Tella and Schargrodsky 2003; Olken 2007; and Brollo 2009). Based on this evidence, Hanna et al. conclude that "additional research is required in order to evaluate whether these strategies can be successful in the long term" (2011, 33).

While high hopes have been placed on SAIs, and some donor evaluations arrive at favourable conclusions, there is also evidence that donor support to SAIs has been ineffective and that SAIs themselves may not have the expected impact on reducing levels of corruption. This evidence is relatively strong. It is however not conclusive as to the effectiveness of SAIs in reducing corruption.

## 5.2 Parliament

Parliament typically has the constitutional mandate to both oversee and hold government to account. SAIs, ombudspersons, and ACAs often report to parliament, as a means of ensuring both their independence from government and reinforcing parliament's position at the apex of accountability institutions. At the same time, parliaments can also play a key role in promoting accountability, through constituency outreach, public hearings, and parliamentary commissions (Stapenhurst, Johnston, and Pellizo 2006).

The evidence search did not yield sufficient evidence to draw conclusions on the effectiveness of parliaments in reducing corruption. Hudson and Tsekpo state that:

[...] there is little systematic research or analysis about the effectiveness of parliaments or about the effectiveness of parliamentary strengthening. This makes it difficult for those considering whether and how to spend resources on parliamentary strengthening to make well-informed decisions. (2009, v)

Parliaments have an important role to play vis-à-vis SAIs, in particular through their public accounts and budget committees. For example, the Joint Evaluation of Support to Anti-Corruption Efforts found that support bringing together SAI and parliament in Tanzania has strengthened their ability to hold the executive accountable (Norad 2011). A pair of comparative cross-country studies however found that parliaments in recipient countries have not been effective in performing their budget oversight role (Santiso 2004; Wang and Rakner 2005; de Renzio 2006). This is in part explained by lack of capacity and information asymmetries. But these studies also argued that parliaments' ineffectiveness in budget oversight may result from potentially high levels of politicization of the legislature leading to unconstructive interference in the budget process (Santiso 2004; Wang and Rakner 2005; de Renzio 2006).

Based on the evidence search, the evidence on the effectiveness of parliaments in reducing corruption is considered to be weak.

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<sup>42</sup> See for example Di Tella and Schargrodsky (2003), Olken (2007), Ferraz and Finan (2008), and Brollo (2009).

### 5.3 Ombudsperson

While an ombudsperson or ombudsperson's office may have varying functions, they typically represent the interests of the public by investigating and addressing complaints reported by individuals. The ombudsperson is usually appointed by government or parliament but often has a significant degree of independence. Ombudspersons however typically do not have a specific anti-corruption mandate, but rather focus on human rights issues.

As noted by Migliorisi and Wescott (2011) there are very limited studies on donor support to ombudspersons and related bodies. The few studies that were identified found the ombudspersons to be ineffective, typically due to lack of independence, funds, and capacity (Sherlock 2002; Piron and O'Neil 2005; Andreassen and Ofstedal 2007). As the evidence is primarily composed of case studies that generally do not address the role of ombudspersons in the fight against corruption, it is considered to be weak.

### 5.4 Judicial independence

The judiciary is generally recognized as having a critical role to play in punishing corrupt acts and contributing to the prevention of further corruption through deterrence. Ultimately, it is through the courts that criminal convictions for corruption offences can be secured. An independent and well-functioning judiciary is therefore fundamental to effectively tackling corruption (USAID 2002; Herzfeld and Weiss 2003; Mendelski 2010; Dakolias and Thachuk 2000).

The evidence for the contribution of judicial reform programmes to securing judicial independence, however, is rather weak. The number of studies examining such interventions that have been identified by the evidence search is low. Furthermore, what the evidence does suggest is that judicial reforms have focused more on strengthening judicial capacity (discussed in more detail in section 4), rather than on supporting judicial independence (Norad 2011).

The literature suggests that support to judicial reform has not achieved the expected results. Carothers for example argues that a lack of a well-grounded rationale, clear understanding of the problem, proven analytic method, or understanding of the results achieved continues to exist after 30 years of activity in this field. Upham in turn argues that support to judicial reform continues without a carefully elaborated model of law and development based on empirical evidence (Upham 2006; Carothers 2006; Armytage 2009).

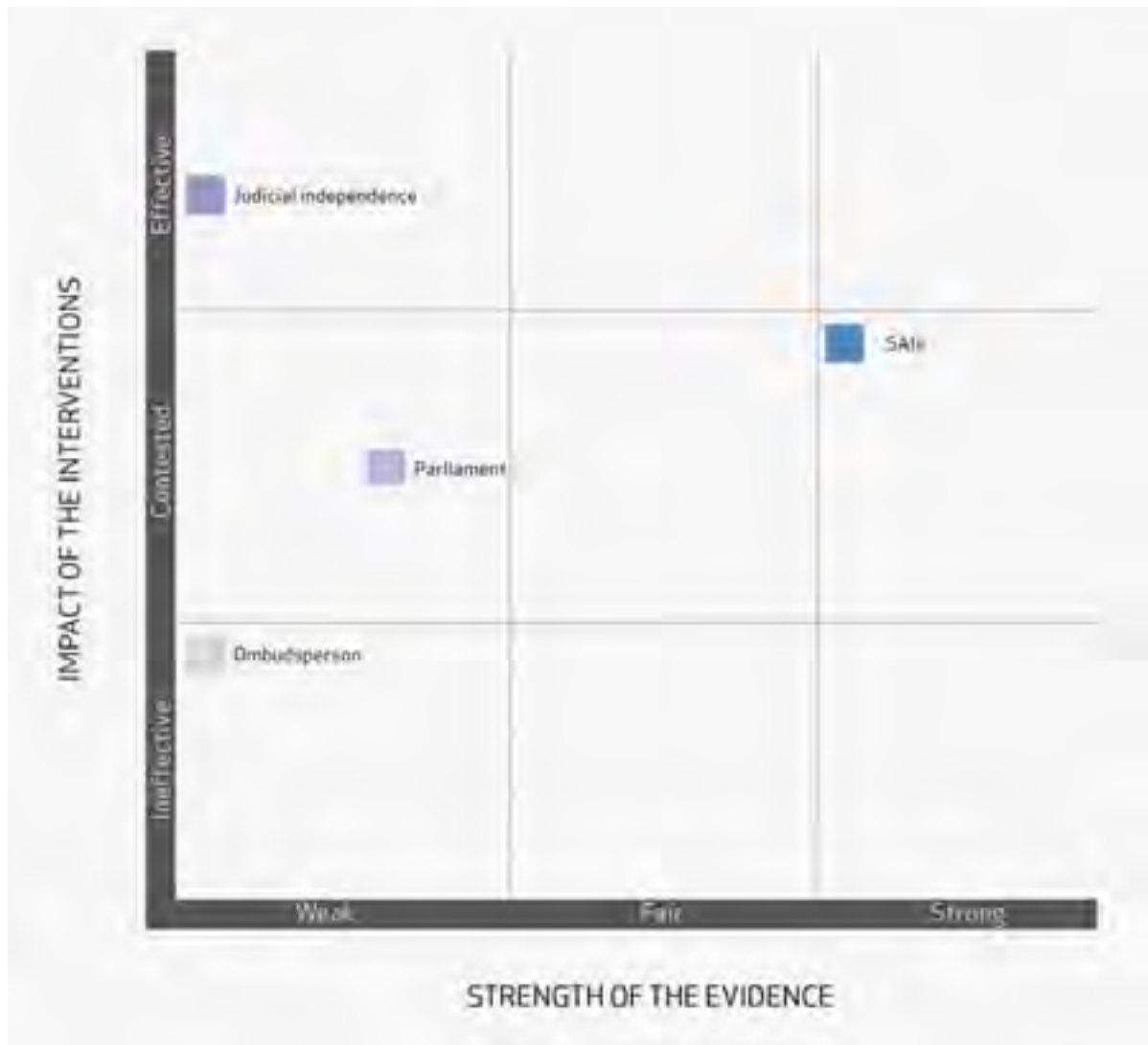
Hammergren (2000) and Santiso (2003) also argue that there may be a trade-off between judicial integrity and judicial independence, with Hammergren stating that "extreme judicial independence can produce its own set of vices, one of which may well be new forms of corruption" (2000, 14).

Based on the evidence search, there is fair evidence for the importance of the effectiveness and independence of the judiciary in the fight against corruption (Dakolias and Thachuk 2000; Herzfeld and Weiss 2003; Mendelski 2010). There is however weak evidence on successful efforts of development partners in supporting the development of judicial independence.

### 5.5 Summary of evidence

While the evidence search largely provides a common view that oversight institutions and horizontal accountability are essential to the fight against corruption, there is generally a lack of evidence, or contradictory findings on the effectiveness of these institutions in reducing corruption. It also appears that this is an area that has been neglected both in terms of support from development partners as well as academic research.

Figure 4: Oversight institutions





## 6. Civil society

Internationally, civil society has played an important role in advancing the anti-corruption agenda. Non-governmental organizations like Transparency International, the Revenue Watch Institute, or Global Witness have been central to exposing corruption, advocating legal changes to fight corruption, and pushing for greater transparency in governments and businesses to prevent it. Donors have also supported a wide range of civil society actors—such as non-governmental and civil society organizations, media organizations, and professional and business associations—to strengthen their role and effectiveness in the fight against corruption in developing countries.

The literature identifies several ways in which civil society activities are supposed to reduce corruption by increasing transparency to facilitate greater accountability of public bodies, through advocacy for legislative changes and for public sector reforms that can help to reduce corruption, and through raising awareness of corrupt conduct.

First, by increasing transparency and strengthening social accountability (i.e., through monitoring efforts), civil society support is expected to reduce corruption. Social accountability aims to enable citizens to hold public institutions accountable through mechanisms other than the traditional vertical channels (elections) and horizontal channels (legislatures, courts, and institutional checks and balances) of formal political accountability. This can involve a wide range of mechanisms, including formal involvement of civil society in participatory budgeting processes, involvement in public expenditure tracking, monitoring public service delivery, or establishing public commissions and citizen advisory boards (Malena, Forster, and Singh 2004). What all these mechanisms have in common is their aim of increasing the publicly available information about financial flows and administrative decisions, facilitating the ability of citizens to hold public bodies to account, and deter corruption.

Second, civil society support aims at reducing corruption through strengthening the ability of civil society actors to influence public policy and resource allocation decisions through advocacy efforts. Such efforts are often aimed at bringing about institutional and legislative change for greater accountability and transparency, in particular in relation to the allocation and use of public money.

Third, civil society is expected to contribute to a reduction in corruption by raising awareness of corrupt conduct. Greater awareness can increase the cost of corruption to those engaging in it—not only the reputational cost, but also financially or in terms of one's liberty—if greater awareness leads to prosecutions of corrupt actors. In addition, greater awareness can help to mobilize public support for anti-corruption efforts. While raising awareness with regard to corruption was the main focus of donors in the 1990s (Bryane 2007), it is now generally considered part of a broader “holistic” approach to the fight against corruption—in particular as part of broad-based, national anti-corruption strategies.<sup>43</sup>

The evidence search identified more than 120 potential studies of which 38 were considered to be relevant. Large-*n* studies were found on the relationship between media and corruption, and the search on social accountability yielded a number of comparative qualitative studies and multi-country evaluations. Beyond this, the evidence available primarily covered country or sub-national case studies, with focus primarily of success stories which somewhat limits the possibility of distilling context-specific conclusions on what does and does not work in the area of civil society support.

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<sup>43</sup> See for example McCusker (2006).

As studies tend to focus more on the particular civil society actors that have been supported, rather than particular activities, the evaluation of the evidence for civil society support is organized according to the three main types of actors supported: non-governmental and community organizations; the media; and business and professional organizations. All of these can engage in one or more of the corruption-reducing activities identified above.

#### Non-governmental organizations and community monitoring mechanisms

In this area, most studies fall into two broad categories: those examining support for dedicated anti-corruption non-governmental organizations (NGOs) / civil society organizations (CSOs), and studies on community monitoring mechanisms.

Dedicated anti-corruption NGOs/CSOs that engage in monitoring, raising awareness, and advocacy have received increased donor attention in recent years, but their efforts have only recently been subject to critical assessment (Disch, Vigeland, and Sundet 2009). As a consequence, the available evidence is rather limited: the search only identified two studies specifically assessing the effectiveness of national NGOs/CSOs in addressing corruption. While a joint donor evaluation on anti-corruption support found that “[d]onor support for CSOs was ... deemed largely effective” (Norad 2011),<sup>44</sup> most other studies that were identified generally argue that anti-corruption NGOs/CSOs (and donor support to them) have not contributed to a reduction in corruption. The studies identify several reasons for the limited impact of NGOs/CSOs:

- The lack of political will on the part of governments to engage with citizens and NGOs/CSOs (Arroyo and Sirker 2005);
- Inadequate legal frameworks (freedom of information legislation, etc.) and institutional frameworks, primarily in terms of horizontal accountability mechanisms (Grimes 2008);
- A lack of representativeness on the part of the NGOs/CSOs (Tisne and Smilov 2004; Ezeoha 2006); and
- Effective partnerships between local NGOs/CSOs and donors aimed at strengthening NGO/CSO capacity are limited by the reporting requirements placed on them by donors (Brinkerhoff and Brinkerhoff 2004).<sup>45</sup>

The lack of comparative analysis and the small number of studies however means that these findings cannot be confidently generalized. The conclusion of these studies specifically focused on anti-corruption (namely, that NGOs/CSOs have had no impact) is also indirectly contested in two ways. First, a number of studies, not directly addressing the role of NGOs/CSOs in fighting corruption, shows that NGO/CSOs have at times played a critical role in promoting change, strengthening accountability, and serving as intermediaries between the public / people’s organizations and governments (in particular in relation to social accountability) (Grimes 2008; Arroyo and Sirker 2005; Hanna et al. 2011). Second, several case studies have examined the contributions that NGOs/CSOs have made to the fight against corruption.<sup>46</sup>

One specific form of civil society anti-corruption work that is most strongly, though not exclusively, associated with NGOs/CSOs is advocacy. While the evidence search identified a range of case studies of successful anti-corruption advocacy campaigns from countries like India or Uganda (mostly in the

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<sup>44</sup> The evaluation, however, fails to explicitly outline how NGOs/CSOs have directly contributed to any reduction in corruption.

<sup>45</sup> It should be noted that this study focuses on international NGOs, but it can be assumed that the same issues arise at the national level.

<sup>46</sup> See for example Duflo, Hanna, and Ryan (forthcoming) and Knox (2009).

grey literature) (Baviskar 2008; Jenkins 2007; Baker 2008), it found no quantitative or comparative studies explicitly addressing anti-corruption advocacy. There is stronger evidence on the effectiveness of certain subsets of advocacy, for example on budget transparency, which is closely linked to anti-corruption efforts.<sup>47</sup> Also, while not directly assessing the impact of advocacy on corruption, several studies find that advocacy has the potential to increase the effectiveness of other anti-corruption interventions, for example social accountability initiatives (McGee and Gaventa 2010; Arroyo and Sirker 2005).

The evidence for social accountability mechanisms, in particular community monitoring, is more substantial, with a range of qualitative (Arroyo and Sirker 2005; McNeil and Mumvuma 2006; Gaventa and Barrett 2010) and micro-level studies (Ravindra 2004; Reinikka and Svensson 2005; Björkman and Svensson 2009; Duflo, Hanna, and Ryan forthcoming)—however, there is a noted lack of comparative and large-*n* studies.<sup>48</sup> The existing evidence mostly suggests that transparency and accountability initiatives (including social accountability) can contribute to increased state or institutional responsiveness, lowering corruption, building new democratic spaces for citizen engagement, empowering local voices, better utilizing the budget, and better delivering services.<sup>49</sup>

The reviewed studies highlight two more findings. First, monitoring itself has little effect on corruption. Only if it is coupled with clear sanctions—i.e., the ability to remove officials from office through elections, or withholding budgetary resources—can community-level monitoring contribute to reductions in corruption (Hanna et al. 2011; Olken 2007; Hubbard 2007). Second, the studies also indicate that certain conditions are critical for the success of social accountability mechanisms. These include formalized institutional arrangements for horizontal accountability, transparency enhancing legislation, and participatory governance arrangements; an enabling environment, including media and political will; and strong civil society organizations and networks.<sup>50</sup>

The overall quality of the evidence for the role of NGOs/CSOs and social accountability mechanisms is therefore fair—a substantial number of studies exists (though skewed towards social accountability mechanisms), and while much of it is based on single country cases, there is use of in-country comparison and of randomized controlled trials that strengthens the findings. However, the quality of the evidence is limited by the fact that studies using similar methods come to conflicting conclusions.<sup>51</sup> Two recent studies also stress that current tools for assessing the impact of social accountability mechanisms may not be suitable for identifying impact, in part due to the complicated relationships among citizens, policymakers, programme managers, and service providers, and the fact that no single intervention on its own is likely to result in change (Ringhold et al. 2011; Tembo 2012).

## Media

A free media is often seen as critical in promoting good governance and controlling corruption through raising public awareness about corruption, its causes, consequences and possible remedies, as well as investigating and reporting on incidences of corruption. It is also considered as an important facilitating factor strengthening other anti-corruption interventions, such as social accountability mechanisms, by providing a channel through which criticisms can be voiced and accountability can be exercised (Arroyo and Sirker 2005; Hanna et al. 2011; Grimes 2008).

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<sup>47</sup> See Robinson (2006), which is based on case studies from six countries.

<sup>48</sup> See also McGee and Gaventa (2010).

<sup>49</sup> For a more critical view, see Veron et al. (2006).

<sup>50</sup> See also Rose-Ackermann (2007), Grimes (2008), and Development Research Center (2011).

<sup>51</sup> See for example Björkman and Svensson (2009) and Olken (2007).

The evidence search yielded five studies that provide strong evidence that there is a clear correlation between increased press freedom and lower levels of corruption, based on a number of multivariate regressions<sup>52</sup> and a broad spectrum of countries (Stapenhurst 2000; Brunetti and Weder 2003; Chowdhury 2004; Freille, Haq, and Kneller 2007; Lambsdorff 2006). This general finding is partially qualified by studies that suggest that press freedom alone is insufficient to reduce corruption, and needs to be complemented by real reputational or personal cost to the individual as a result of sanctions arising from the reporting of corrupt activities (Lindstedt and Naurin 2005). The evidence reviewed also suggests that political and economic influences on media constitute a greater obstacle to its effectiveness than does the absence of an enabling legal framework for press freedom (Freille, Haq, and Kneller 2007).

The evidence search identified no studies examining dedicated public awareness raising campaigns. The studies identified that covered awareness-raising together with other interventions were either theoretical (not providing sufficient empirical evidence) or addressing awareness-raising at the global rather than at the national or sub-national level. There appears to be little systematic empirical analysis of the effectiveness of awareness-raising in reducing corruption, and even studies taking a favourable view of awareness-raising campaigns acknowledge that they are unable to identify any actual impact on levels of corruption (McCoy and Heckel 2001; Grigorescu 2006). Some studies even identify risks of negative consequences of awareness-raising campaigns: when not followed by actual results they are likely to result in disillusionment and cynicism among the public (Bryane 2007; Disch, Vigeland, and Sundet 2009).

While there is strong evidence that press freedom does lead to a reduction in corruption and donors do invest in media as part of their support to civil society (although support to civil society as a whole is dwarfed by support to the public sector), the search identified little evidence (with the partial exception of Freille, Haq, and Kneller [2007], who identify the absence of economic and political influence to be most conducive to the development of an effective media) on what the most effective ways to strengthen a free media as part of civil society support are.

#### Private sector and business associations

The potentially important role that the private sector has to play in the fight against corruption is recognized in the United Nations Convention against Corruption as well as initiatives such as the Global Compact. This is also recognized in several studies identified through the evidence search.<sup>53</sup>

While a range of studies focus on private sector corruption and the effects of corruption on the business environment, the evidence base for the roles it can play in reducing corruption at the national level and the effectiveness of such efforts is weak. The ways in which private sector actors and business and professional associations are thought to be able to contribute to a reduction in corruption include advocating for reforms of tax codes and eliminating red tape, and the development and promotion (i.e., through education) of professional and ethical standards (Weimar 2007; Sullivan and Shkolnikov 2008; Centre for International and Private Enterprises 2010). Business associations in Africa, for example, have at times effectively advocated for better governance (Goldsmith 2002), and integrity pacts appear to have had positive results in reducing corruption in public procurement (Boehm and Olaya 2006; Transparency International 2002).

Yet despite the examples given above, there is weak evidence as to the effectiveness of the private sector, business associations, and professional associations in reducing corruption. This seems to

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<sup>52</sup> A regression is a statistical analysis assessing the association between two variables. Multivariate regression is a technique used to estimate a single regression model with more than one outcome variable.

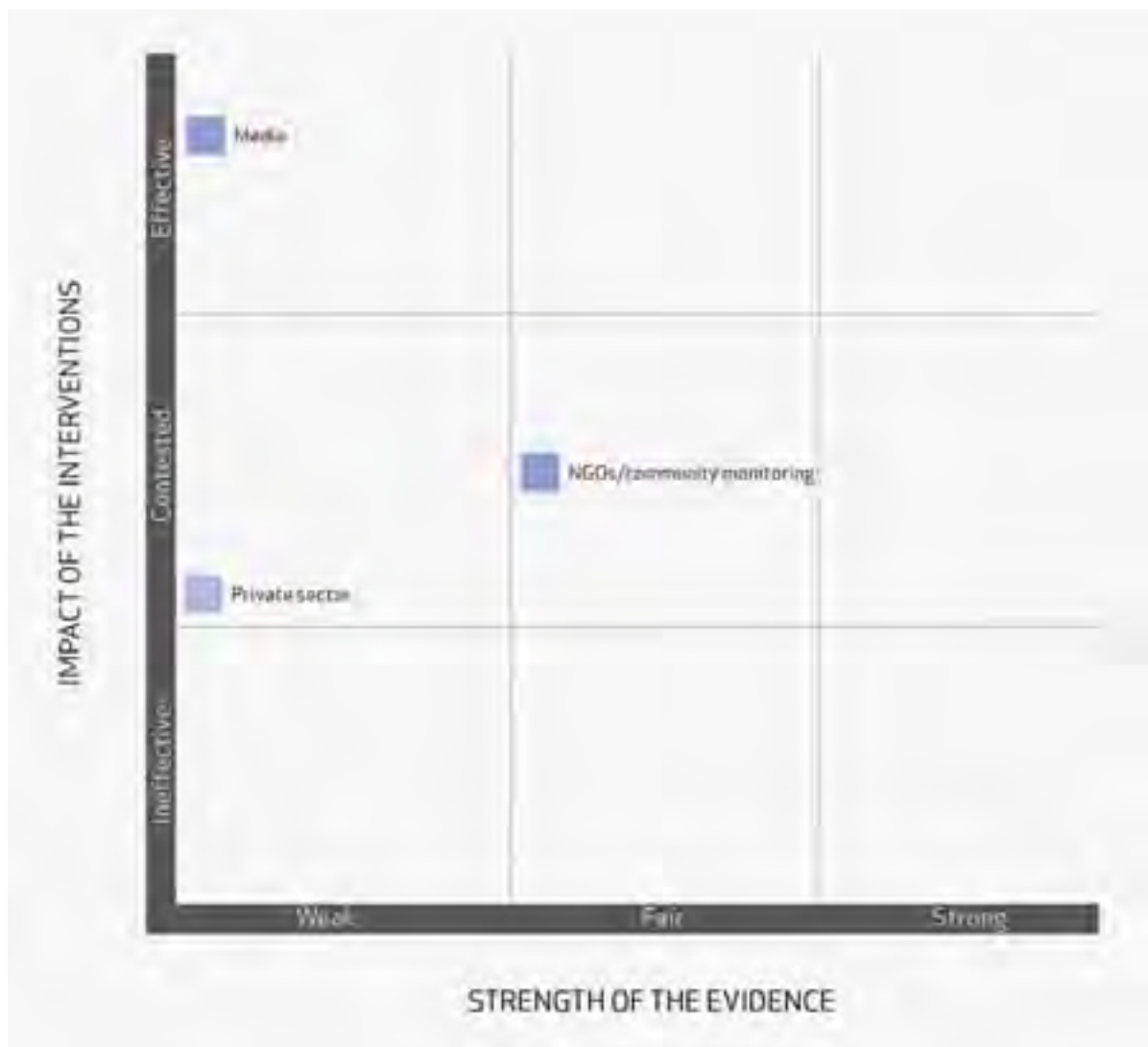
<sup>53</sup> See for example Transparency International (2009) and Weimer (2007).

reflect the limited attention that donors have paid to such organizations in the context of their civil society support (Norad 2011).

## 6.1 Summary of evidence

The strength of the evidence with regard to civil society support is mixed. While there is strong evidence for a close correlation between media freedom and lower corruption, there is only weak evidence with regard to the kind of interventions that might successfully encourage and protect a free media. Despite a substantial number of studies on the role of NGOs/CSOs and community monitoring, the overall strength of the evidence is only fair, given methodological weaknesses and conflicting conclusions. Across the studies on civil society's role in reducing corruption, there is very little rigorous evidence on awareness raising interventions, on advocacy, and the role of private sector actors and associations.

**Figure 5: Civil society**



## 7. Direct budget support

Direct budget support, where aid is disbursed through the financial management systems of the recipient government, and which is either not earmarked for a specific purpose (general budget support) or given to support a particular sector (sector budget support), has been growing in prominence over the last two decades. According to OECD data, general budget support (excluding sector budget support) increased from US\$2.9 billion in 2006 to US\$3.45 billion in 2010.<sup>54</sup>

The primary rationale for direct budget support is not the reduction of corruption.<sup>55</sup> Nevertheless, the discretion it grants recipient governments with regard to aid funds has sometimes been associated with a greater corruption risk. However, the evidence for this is contested: a detailed evaluation of general budget support in 2006 found that there was no clear evidence for a greater risk to corruption in budget support compared to other forms of aid (IDD 2006; Kolstad, Fritz, and O'Neill 2008).

Budget support has been suggested to contribute to a reduction in corruption in two ways in particular: by strengthening budgetary processes, and by providing incentives for greater accountability.

Direct budget support is said to contribute to a strengthening of public financial management (PFM) in several ways:<sup>56</sup>

- Disbursing aid through government systems focuses the attention of both governments and donors on strengthening PFM systems, and on strengthening and rationalizing technical assistance to strengthen them;
- Directing resources through the budget and government systems focuses the attention of ministries and agencies on the budgeting process, rather than on dealing directly with donors; and
- It contributes to a greater emphasis on transparency in the budgeting process, a pre-condition for greater accountability.

The anti-corruption effect of direct budget support is thus expected to come from both the incentives that it provides to governments and donors to strengthen budget processes, and from the additional technical assistance devoted to this.

The second way in which direct budget support is considered to address corruption is through providing incentives for greater parliamentary scrutiny and accountability. This, it is argued, reduces the opportunities for corruption.<sup>57</sup>

- Greater amounts of aid money going through the budget subjects more expenditure to parliamentary scrutiny. It is also argued that it gives representatives a greater incentive to deliver benefits to engage with the budgetary process as this delivers public goods to their constituents, rather than lobbying donors for projects in their constituencies directly;

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<sup>54</sup> According to OECD statistics, accessed on 6 March 2012. Total budget support in 2010, the first year where sector budget support is included in the data, was approximately US\$7.25 billion.

<sup>55</sup> The main rationales for direct budget support are reduced transaction costs and the strengthening of a recipient country's own systems and institutions. See Koeberle, Stacreski, and Walliser (2006).

<sup>56</sup> See for example IDD (2006) and Shand (2006).

<sup>57</sup> For an overview on the literature on parliaments' role of budget scrutiny as an anti-corruption function, see Joachim (2006).

- Direct budget support strengthens dialogue around the making of the budget, and increases incentives for scrutiny;
- Stronger and more transparent budgetary processes enable more effective scrutiny.

The literature on, and evaluations of, direct budget support generally do not primarily focus on its anti-corruption effects. To the extent that corruption is discussed, the focus is mostly on the danger of budget support fuelling corruption, on direct budget support's impact on public financial management, or on establishing greater transparency and accountability (especially through parliamentary scrutiny). The evidence reviewed does not address the issue of whether better PFM, transparency, and accountability actually reduce corruption.

The evidence search yielded a total of 23 potentially relevant studies. Of these, 7 were excluded after further analysis as they either did not address the research questions, or merely summarized other studies evaluated in this paper.

#### Strengthening budgetary processes and systems

The studies, based mostly on detailed qualitative evaluations and case studies, provide no direct evidence that direct budget support has contributed to a reduction in corruption, and limited evidence that it strengthens PFM outcomes, but not necessarily PFM systems (IDD 2006; Daima Associates and Overseas Development Institute 2005; Shand 2006; Williamson 2006).<sup>58</sup> Evidence that the link between direct budget support and the rationalization and strengthening of technical assistance for PFM systems is overstated further support the claim. Several evaluation studies find either a mixed picture across countries (IDD 2006, 58), or across different part of the government system (as in Tanzania) (IDD 2006, 57), or suggest that such support is poorly targeted (European Court of Auditors 2010).<sup>59</sup> On the other hand, there is fair evidence that direct budget support has contributed to greater transparency in the budgetary process (IDD 2006; Alonso, Judge, and Klugman 2006).

The overall strength of the evidence is limited by: first, the contested nature of some of the findings; and second, the fact that most of the evidence is based on evaluations of single or a small number of cases—there is no cross-country quantitative analysis that could further support the findings. The case study approach, however, offers further insights into the ways in which direct budget support strengthens PFM systems.

A more profound limitation is that none of the studies attempts to directly link this to reductions of corruption, and provide no direct evidence for the impact of direct budget support on corruption. With regard to the overarching research question, the evidence is therefore weak.

#### Greater parliamentary scrutiny and accountability

There is fair evidence that direct budget support is not strengthening parliamentary scrutiny and accountability. The key evaluations of budget support either give no evidence on this issue (IDD 2006), or explicitly state that there is no positive impact (Daima Associates and Overseas Development Institute 2005). Other studies argue that the resources and technical assistance associated with budget support can strengthen the executive (at whom much of this assistance is targeted) vis-à-vis accountability institutions like parliaments (Kolstad, Fritz, and O'Neill 2005; USAID 2005).

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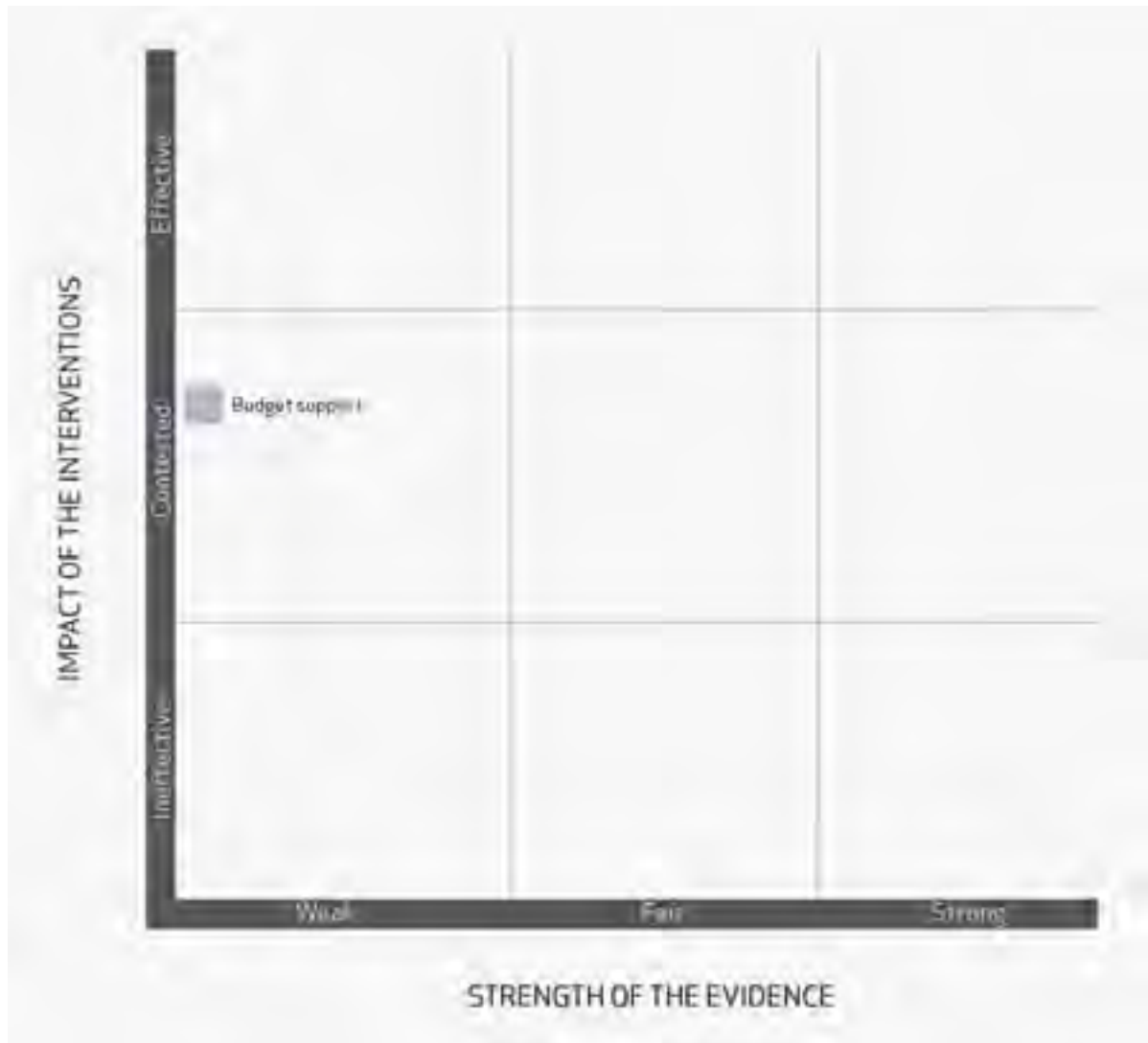
<sup>58</sup> Two studies in particular contest the positive impact on PFM: European Court of Auditors (2010) and Brooke (2003).

<sup>59</sup> A PEFA study examining technical support to strengthen PFM in the context of budget support (though relying strongly on interviewee perceptions rather than hard data) similarly concludes that such assistance remains fragmented and is not rationalized by the pressures of direct budget support (Brooke 2003).

## 7.1 Summary of evidence

Overall, the evidence for direct budget support reducing corruption is weak. Most of the evidence is methodologically strong, but most of it does not primarily focus on corruption; rather, they focus on other effects of budget support. The evidence for an indirect effect is weakened by the lack of an explicit assessment in the evidence of the impact in particular on PFM systems and processes. Where evidence is stronger, it suggests that the impact on scrutiny and accountability—and by extension corruption—is weak at best.

**Figure 6: Direct budget support**





## 8. Donors' own systems

Through their own systems of allocating and managing aid, donors can aim to control and reduce corruption, both to protect against losses in their own programmes and to reduce corruption in recipient countries. Unlike the other dedicated anti-corruption actions and approaches examined in this paper, the use of donors' own systems thus has a dual purpose with regard to anti-corruption.

The literature identifies three main ways in which donors can protect their aid against corruption:

- By taking corruption risks into account in their aid allocation decisions (i.e., by applying corruption-related conditionality);
- By taking corruptions risks into account in the choice of aid modalities; and
- By using internal processes, such as audits or evaluations, to reduce corruption risks, and increase the likelihood of detecting and prosecuting corrupt activities, thereby increasing the opportunity cost of corruption.

As the impact of different aid modalities on corruption is already examined in the context of direct budget support (see Section 7), the discussion below focuses on aid allocation decisions and the use of donors' internal processes.

Taking corruption risks into account in aid allocation decisions can affect corruption in two ways. First, it redirects aid from highly corrupt to less corrupt countries, and is therefore likely to reduce losses from corruption. Second, the loss of aid can provide an incentive for corrupt countries to strengthen their anti-corruption efforts.

Related to this, taking into account likely negative impacts of aid on the political economy of recipient countries (i.e., by fuelling corruption and entrenching existing hierarchical structures)<sup>60</sup> when making decisions on both aid allocation and aid modalities can be expected to reduce corruption or at least contain some of its wider consequences.

The use of internal processes like audits, evaluations, or investigations can reduce corruption by increasing the opportunity cost of corruption (as detection and sanctioning become more likely), and possibly by deterring future corruption for these reasons.

One specific anti-corruption claim relates to the effect of donor transparency on corruption in recipient countries. Thus, it is argued that greater donor transparency enables beneficiaries, civil society, and institutions like parliaments to scrutinize both donor portfolios and government spending of this aid (Easterly and Pfütze 2008; Christiansen et al. 2011).

The evidence search identified 23 potentially relevant studies, of which 4 were later excluded, as they did not address the research question.<sup>61</sup> Of the remaining 19, 5 addressed issues of aid allocation, while a further 3 examined the assessments of corruption risks and political economy analysis. Three studies also examined the role of evaluation. None were found that addressed issues of quality assurance or due diligence.

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<sup>60</sup> See Section 3.

<sup>61</sup> See the search protocol for details on the evidence search.

## 8.1 Using corruption conditionality in aid allocation decisions

The review of the evidence suggests that high levels of corruption is of little consequence for the allocation of aid, and that most donors do not take corruption levels into account in their decisions to allocate aid. This evidence comes primarily from several large-*n* analyses of the relationship between levels of aid and levels of corruption (Alesina and Weder 1999; Easterley and Pfutze 2008; Svensson 2000). This finding is supported by qualitative research suggesting that donors like the World Bank have turned a blind eye to corruption in countries like Mozambique because the government implemented the prescribed reform programmes, and because continued GDP growth made it look like a development success story (Hanlon 2004). Evaluations of World Bank practices also point to the inconsistent application of political economy analysis and responsiveness to Governance and Anti-Corruption (GAC) issues (IEG 2009; IEG 2011; Quality Assurance Group 2009).

However, there are several important limitations of this evidence:

- None of the studies examining the relationship between corruption and allocation of aid also examine whether withholding or withdrawing aid might contribute to a reduction in corruption.
- Most of the data analysed in the quantitative studies is from the 1990s or early 2000s, and some of it merely correlates corruption and aid allocation data with only limited further analysis of possible reasons for this correlation.
- The quantitative studies only look at overall aid allocations, and do not look at different sectors. Qualitative evidence from an evaluation of anti-corruption efforts of several bilateral aid programmes from 2002 to 2009 highlights how some donors have selectively withdrawn from particular sectors with high corruption risks, often in response to corruption problems (Norad 2011).
- With regard to the qualitative evidence, a severe limitation is its focus on the World Bank, as almost no comparable work evaluating the practices of other donors was identified by the search.<sup>62</sup>

In light of these limitations, the evidence can only be regarded as fair.

## 8.2 Donors' internal processes

The evidence on internal processes to reduce corruption identified by the search broadly falls into four categories: the evaluation of donor efforts to protect their aid against corruption, the role of risk assessments, the role of project evaluation, and the role of audits. Overall, the evidence base is weak, because of both the small number of studies and their focus (with the partial exception of the literature on evaluations).

First, the evidence from evaluations of donor performance in protecting their aid against corruption is mixed, which is unsurprising, as much of it is donor- (or even programme-) specific. What is notable, however, is first, the low number of dedicated anti-corruption evaluations that were identified by the search,<sup>63</sup> and second the distinction between quite sanguine and positive evaluations of bilateral programmes, and more critical evaluations of World Bank efforts. Moreover, the evaluations seem to

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<sup>62</sup> A partial exception is the Norad study mentioned above, but it devotes very little attention to the issue of aid allocation.

<sup>63</sup> The search identified four evaluations: ICAI (2011), IEG (2011), Norad (2011), and World Bank (2007). A search of the OECD's EvalNet did not yield any further dedicated anti-corruption evaluations.

make assumptions about the effectiveness of particular anti-corruption interventions (such as audits or assessments of corruption risks)—assumptions that are likely to be justified—but do not examine the effectiveness of different types of interventions. As a result, they offer only few insights into what works and what does not.

Second, the evidence of the impact of fiduciary risk assessments on reducing corruption is very limited. While a range of studies examine the use of fiduciary risk assessments, they do not examine whether it is effective or not, but only the extent and consistency of its application.<sup>64</sup> Only one study was identified that actually examines the effectiveness of a particular risk assessment process (“red flags”) (Kenny and Musatova 2010), and it suggests that the “red flags” indicators used in World Bank projects to identify corruption risks are problematic especially as particular “red flags” can have multiple causes and do not necessarily indicate corruption. The study’s methodological limitations,<sup>65</sup> as the authors themselves acknowledge, however, mean that it highlights the need for refinement of the red flag methodology as applied by the World Bank, rather than making a generalizable criticism of this process.

Third, the studies that examine the effectiveness of general project evaluations tend not to focus specifically on anti-corruption impacts, but on examining the overall effectiveness of aid projects. All four studies find the effectiveness of evaluations to be limited (Borrmann and Michaelowa 2006; Clements, Chianca, and Sasaki 2008; Liverani and Lundgren 2007; World Bank 2007), though the reasons for this are only explored in three of them (Borrmann and Michaelowa 2006; Clements, Chianca, and Sasaki 2008; Liverani and Lundgren 2007). All of them point to the danger of positive bias because of a lack of independent evaluations. This suggests that evaluations that are not independent are of limited use as an instrument for identifying corruption risks and vulnerabilities, and thus for reducing corruption.

Finally, only a single study identified in the evidence search examined the role of audits of aid programmes as an instrument to reduce corruption (Hobbs 2005). It highlights that the cost of comprehensive audits in every project would exceed the savings from such efforts, thus focusing on the viability of comprehensive audits, rather than their effectiveness in reducing corruption.

### 8.3 Summary of evidence

Overall, the evidence for the impact of donors’ internal processes on reducing corruption is weak: the number of studies examining individual processes is small, and generally they do not focus on the actual effectiveness of the process, but on its consistent application.<sup>66</sup> Most of the studies are methodologically rigorous and transparent, giving confidence into the robustness of their findings to the extent that they are relevant to the questions examined here.

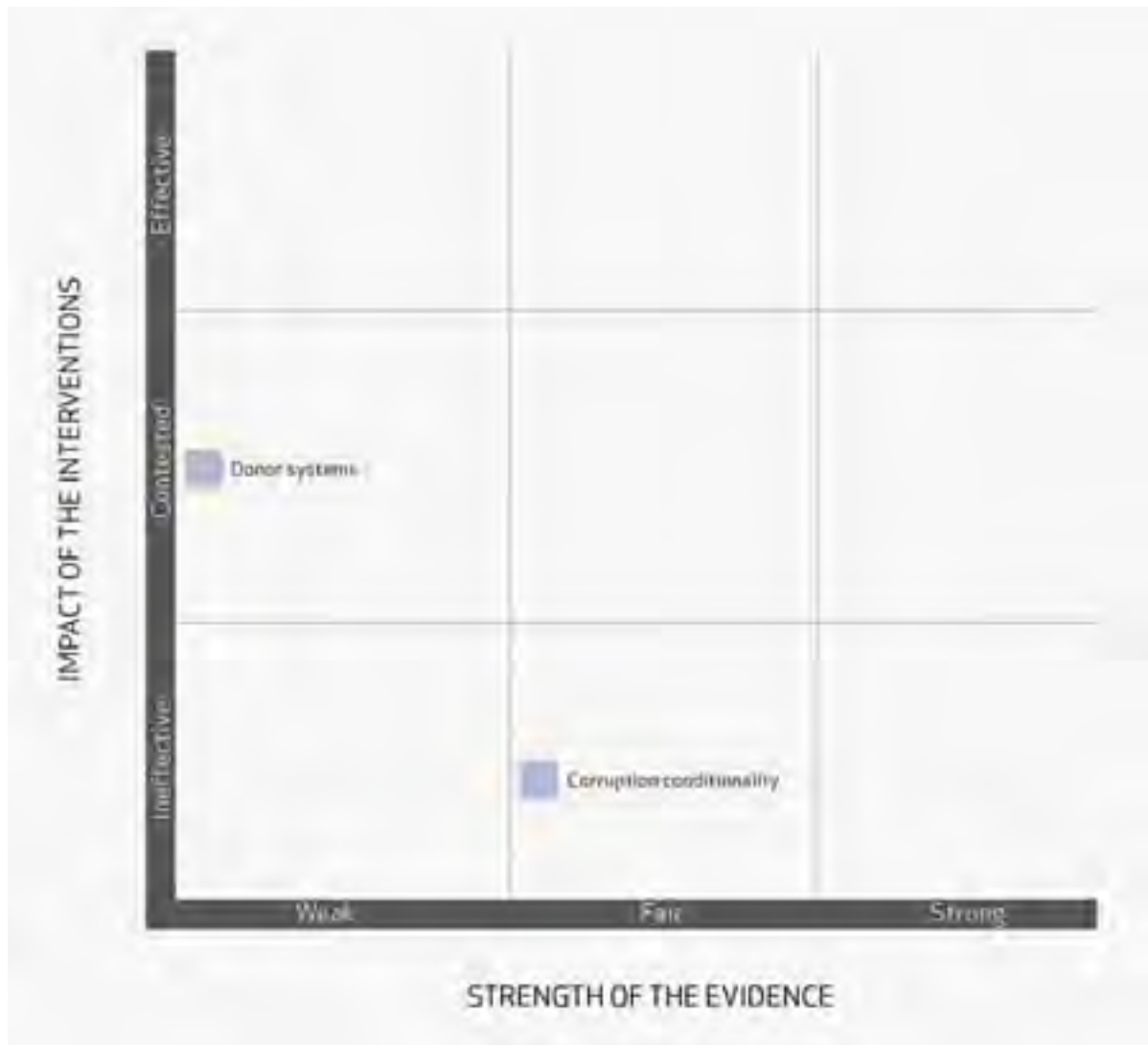
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<sup>64</sup> See for example Norad (2011) and Quality Assurance Group (2009). A 2003 paper published by U4 on the internal anti-corruption architecture in the Utstein country development agencies merely describes the relevant legal and institutional structures, but does not evaluate their impact. See Mathisen (2003).

<sup>65</sup> A particular limitation is the number and selection of case studies. See Kenny and Musatova (2010, 5).

<sup>66</sup> However, given that the evidence for the role of audits in reducing corruption is strong (see section 5), it could be argued that if this evidence is also taken into account the evidence for the impact of what kind of anti-corruption interventions in the context of donors’ own efforts to manage their aid is stronger than the grading rules used in this paper suggest.

Figure 7: Donors' own systems



## 9. Multilateral agreements on anti-corruption standards

Over the last 25 years, a range of multilateral agreements to fight and reduce corruption have been reached, involving states, international organizations, and a range of non-state actors, such as multinational companies in the extractive industries sector and civil society groups. These agreements aim to address corruption in three ways: first, by overcoming collective action problems that might limit cooperation in efforts to reduce corruption; second, by developing and codifying anti-corruption norms internationally; and third, by promoting and entrenching these anti-corruption norms in domestic societies. The four key international agreements with regard to anti-corruption are:

- The Financial Action Task Force (FATF) established in 1989 to combat money laundering;
- The 2002 Extractive Industries Transparency Initiative (EITI) to improve transparency and reduce corruption in resource-rich countries;
- The 2003 United Nations Convention against Corruption (UNCAC), the principal global anti-corruption treaty establishing a range of mandatory obligations and voluntary measures for states to take to fight corruption;
- The 2007 Stolen Asset Recovery Initiative (StAR) of the World Bank and the United Nations Office on Drugs and Crime (UNODC).

This section will begin by briefly outlining the three causal pathways through which multilateral agreements are expected to address corruption, and then examine the evidence for the effectiveness of these pathways.

### 9.1 How are multilateral agreements expected to reduce corruption?

The literature on international institutions identifies three causal pathways in particular through which institutions shape state behaviour in general, and can contribute to reducing corruption: first, facilitating cooperation between states; second, codifying and consolidating international norms and increasing reputational costs; and third, entrenching international norms in domestic jurisdictions and institutions.

#### Facilitating international cooperation

International institutions facilitate cooperation by reducing information problems, by providing rule-based legal and political frameworks that structure the interactions of states and facilitate cooperation by structuring expectations and making it easier to detect cheating, and by providing sanctions for non-compliance.<sup>67</sup> Three of the agreements examined here have functions that aim at facilitating international cooperation.

- The FATF, through the establishment of global anti-money-laundering standards, the monitoring of their implementation by both member- and non-member states (reducing information problems), and by recommending bilateral counter-measures against non-compliant states;
- UNCAC, through the provision of an international legal framework that requires states to criminalize offences such as bribery and embezzlement, and requiring states to provide

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<sup>67</sup> The literature on international institutions and cooperation is vast. For a seminal statement, see Axelrod and Keohane (1985).

assistance in the asset recovery process;<sup>68</sup>

- StAR through addressing information problems and developing templates to facilitate cross-border cooperation (UNODC and World Bank 2007).

#### Codifying and consolidating international norms, and increasing reputational costs

Multilateral agreements can serve as organizational platforms that “norm entrepreneurs” can use to promote and entrench particular norms in international society.<sup>69</sup> Once such norms are consolidated, states comply because of their normative pull (i.e., they are socialized into particular behaviours), but also because of the reputational costs of non-compliance. Codifying and consolidating particular global anti-corruption norms, such as transparency in natural resource management, increases the reputational costs for states that do not comply with them.<sup>70</sup>

EITI, FATF, and UNCAC all serve as organizational platforms that states and civil society actors can use to advance particular anti-corruption norms. All three also involve mechanisms that aim to reduce corruption through targeting reputational concerns of states, through public naming and shaming.

- The FATF involves mutual evaluations of compliance with its standards, and publishes a list of high-risk and non-cooperative jurisdictions;
- EITI publicly reviews the progress of implementation of its transparency standards, and certifies countries as compliant or not, and civil society actors such as Transparency International, the Publish What You Pay Coalition, and Revenue Watch also monitor EITI compliance;
- UNCAC has established a mechanism to review the implementation of UNCAC provisions in member countries.

#### Entrenching international anti-corruption norms in domestic jurisdictions

International institutions and multilateral initiatives can become transmission mechanisms that entrench international norms, including anti-corruption norms, in domestic jurisdictions. They do so in different ways, in particular by providing “blueprints” for appropriate institutions and behaviour (Chekel 2005; Finnemore and Sikkink 1998), and by providing a framework of reference that (in the case of anti-corruption norms) anti-corruption campaigners can rally and organize around (Thomas 2001). Stronger domestic anti-corruption norms can increase the cost of corruption to individuals, as the risk of detection and sanctions increases, and reduce corrupt behaviour by shaping the identities of individuals (i.e., by entrenching professional standards and making non-corrupt behaviour an integral part of the professional identities of civil servants, lawyers, etc.).

All four multilateral agreements examined here aim to work at that level, especially through capacity building efforts, and by providing a normative reference point for civil society (especially UNCAC and EITI).

The review of the research evidence on the corruption-reducing impact of multilateral agreements yielded only a very small number of relevant studies. The search identified only a total of 14 studies considered of potential relevance, and further critical appraisal reduced their number to 12.<sup>71</sup>

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<sup>68</sup> United Nations Convention against Corruption, esp. articles 22, 26, 31, 43, and 55.

<sup>69</sup> Norm entrepreneurs are actors that actively promote and advance the development of particular social norms. See Finnemore and Sikkink (1998).

<sup>70</sup> On reputational concerns, see Keohane (1984) and Downs and Jones (2002).

<sup>71</sup> See search protocol for details.

- No relevant studies on UNCAC were found. One reason for this might be that it is a relatively new agreement, the first round of peer reviews is ongoing, and it is too soon to evaluate its effect.
- There were no systematic comparative studies of either EITI or FATF that examine reasons for compliance or non-compliance, let alone effectiveness.
- There have been very few country-case studies evaluating the impact of either mechanism. An exception is Shaxson's analysis of the Nigerian EITI process (2009).
- The measurements when examining correlations between a decline in corruption and a particular mechanism are problematic, relying in particular on corruption perception data.<sup>72</sup>

#### Facilitation of international cooperation

The small amount of evidence that exists highlights that despite agreements such as StAR, international cooperation remains limited: from 2006 to 2009 only 4 out of the 30 OECD countries examined in a study by the OECD and StAR had returned stolen assets, while a further 2 had frozen foreign assets (OECD and StAR 2011, 23–25). A total of US\$1.225 billion had been frozen during that time, and US\$227 million returned—out of an estimated annual US\$20 billion to US\$40 billion stolen annually from developing countries (OECD and StAR 2011).

However, the same report also suggests that both the StAR initiative and the growing emphasis on asset recovery have resulted in a growing number of investigations and initiation of charges in cases of corruption and bribery of foreign officials. In addition, the legal and institutional architecture supporting international cooperation to recover assets, especially in OECD countries, has developed substantially since 2006 (OECD and StAR 2011, 36–44). All this suggests that the StAR seems to have some impact on international cooperation, but it is too soon to effectively assess it.

Overall, the strength of the evidence is weak, because the number of studies examining the impact of multilateral agreements on international cooperation on anti-corruption is very small. Methodologically, the studies are relatively robust: the OECD/StAR report is very clear about its data sources and the limitations of the data (OECD and StAR 2011, 19–20), and examines the impact of asset-recovery standards along a range of indicators. The inherent data problems discussed extensively in the report limits the strength of the evidence.

#### Develop and codify international anti-corruption norms

The reviewed evidence shows how both EITI and FATF have contributed to the consolidation of specific anti-corruption norms internationally: the transparency norm in natural resource governance (Gillies 2010; Gillies and Dystra 2011; Haufler 2010; LeBillon 2011) and anti-money laundering norms (Kern 2000; Johnson and Desmond Lim 2002). The evidence put forward in support of norm development with regard to EITI focuses in particular on the growing number of states and resource-extracting companies participating (and in the case of countries achieving compliance) with its transparency standards. Similarly the evidence on the FATF focuses on a growing number of states and international organizations who are members of the organization, or who commit themselves to minimum FATF standards.

The evidence that this has led to compliance, in particular because of the reputational cost of non-compliance, is both limited and contested. Ölcer finds that EITI has had no clear positive impact on corruption levels in candidate countries, as their corruption perception scores and World Bank control

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<sup>72</sup> See for example Olcer (2009). See also Aaronson (2008) Aaronson either uses perception data, or does not say where her data is from.

of corruption scores are both worse than for non-EITI resource-rich countries, and have declined from 2002 to 2007. However, his methods for calculating this are unclear (in particular it is unclear who is in the comparator group), and there is no discussion of disaggregated data (i.e., do EITI countries who are compliant, rather than just candidates, have better scores?). However, the suggestion that EITI on its own seems to have little impact on corruption levels is also supported by the Revenue Watch Institute's data that shows that there is no unambiguous relationship between EITI implementation and wider revenue transparency (2010, 24). With respect to EITI, several authors note the voluntary nature of its transparency standards, and the unwillingness of countries like Russia, China, or key oil producers like Saudi Arabia, Iran, or Venezuela, to commit themselves to it. In addition, EITI's limited transparency requirements imposed (i.e., no need to disaggregate data, and a focus on receipts rather than payments) and the lack of sanctions have limited the impact of reputational concerns for compliance with international transparency norms (Gillies 2010; Olcer 2009, 21–22). Gillies, however, argues convincingly that the low cost in terms of transparency that EITI imposes on states and companies (and which limits its impact on corruption) also helped to build a coalition of support among different stakeholders, and helped to entrench the norm (Gillies 2010). Johnston and Lim find some support for the claim that adopting the FATF recommendations have contributed to a reduction in money laundering in a range of FATF member countries; however, the proxy variables they have to use to measure the estimated changes in money laundering are far from perfect (Johnson and Lim 2002).<sup>73</sup> Similarly, there is limited evidence that FATF blacklisting can impose reputational costs that lead to a tightening of money laundering legislation in countries with substantial service and financial service sectors (Johnson 2003).

Overall, the evidence suggests that multilateral agreements can have a substantial impact on the development and codification of anti-corruption norms, and this evidence is strong. However, the evidence also shows that the impact of these agreements on compliance with anti-corruption norms is very limited (though it should be noted, and the studies reviewed are generally clear about this, that with regard to EITI it might be too early to make a confident judgement on its impact). The evidence that reputational concerns or sanctions (in the case of the FATF) strengthen compliance is weak, both because the number of available studies is too small, and because of methodological weaknesses of some of the studies.

#### Entrenching international anti-corruption norms in domestic jurisdictions through multilateral agreements

The studies reviewed only provide limited evidence for the effectiveness of the four agreements' ability to entrench international anti-corruption norms in domestic societies.

They suggest that the agreements can become a focal point for local norm entrepreneurs (though evidence only exists with regard to EITI), but provide no evidence that this increases the reputational cost of corruption for individual actors.

Country-specific evidence that global norms become focal points for local norm entrepreneurs comes from Shaxson's study of the Nigerian EITI programme: it highlights the ways in which EITI has become a platform around which a small group of politicians and bureaucrats advance transparency reforms. Shaxson's study confirms the claim of other papers, that civil society, which is central to the mechanism (and which EITI aims to strengthen by giving it a central role in natural resource governance), is often too weak and fragmented, and lacks the capacity to manage the information provided by the EITI reports and push for change.<sup>74</sup> The ability of EITI to serve as a focal point, and

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<sup>73</sup> The study uses changes in a country's overall crime rate as a proxy for changes in the illegal economy and money laundering.

<sup>74</sup> See for example Aaronson (2011) Carbonnier, Brugger, and Krause (2011), and Kolstad and Wiig (2009).

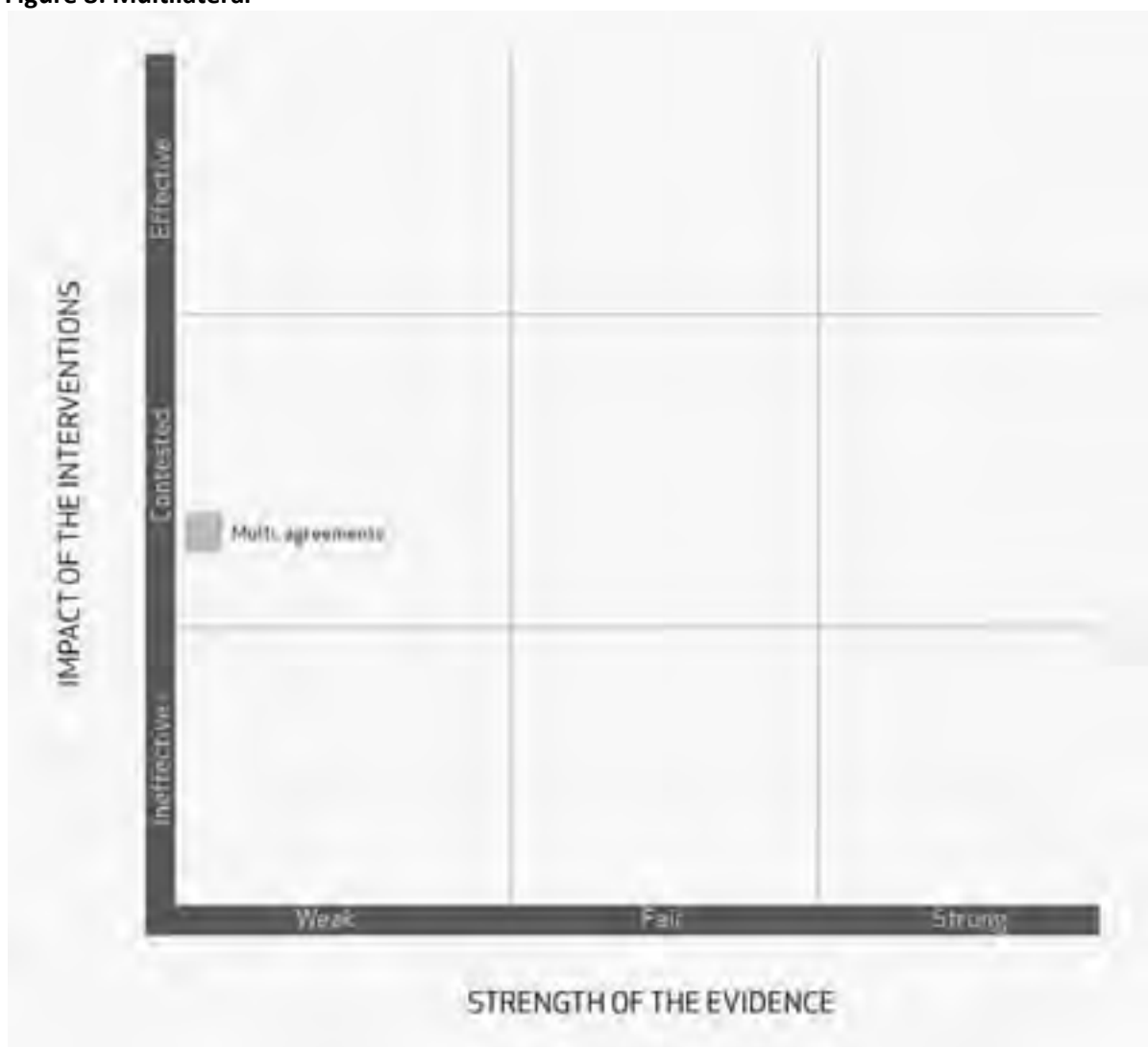


for civil society to hold governments and companies in the resource sector to account, is also limited by the kind of information that it requires governments to publish—payments do not need to be disaggregated by payment type or company, for example. Several studies suggest that this has limited the effectiveness of EITI as an anti-corruption intervention.<sup>75</sup>

## 9.2 Summary of evidence

Overall, the evidence base for the effect of multilateral agreements on anti-corruption outcomes domestically is weak. The reviewed evidence only included a single detailed country-case study, and there were no systematic comparative studies of the impact of EITI, or of any of the other agreements. None of the studies examine whether EITI imposes any domestic reputational costs. There is hardly any rigorous empirical work addressing the domestic impact of the multilateral agreements reviewed. Only the finding that the effectiveness of EITI is limited by the character of the information that governments are required to publish under EITI and the weakness of civil society is fairly well supported.

**Figure 8: Multilateral**



<sup>75</sup> Examples include Olcer (2009), Shaxson (2009), and Kolstad and Wiig (2009).

## 10. Conclusion

This paper maps and evaluates the existing evidence on anti-corruption interventions. Most strikingly, there is strong evidence only for two interventions: PFM reforms and audit institutions. Furthermore, only in the case of PFM does the evidence clearly support that such measures reduce corruption. There is no strong evidence that any of the interventions pursued have been ineffective, though there is fair evidence of ineffectiveness in regard to three interventions: anti-corruption authorities, civil service reform, and the use of corruption conditionality in aid allocation decisions. Figure 2 below graphically outlines the key findings of the paper.

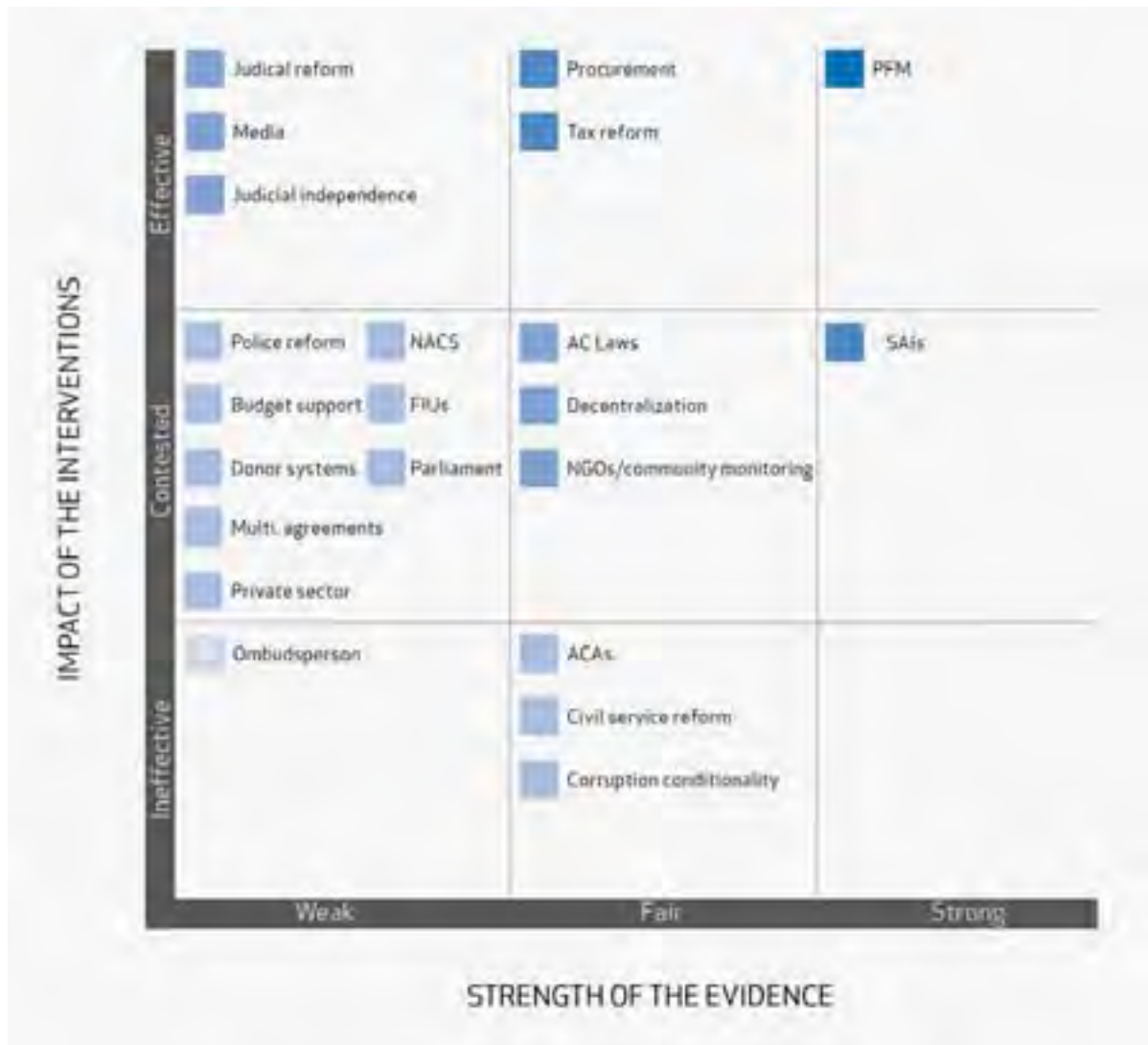
The evaluation of the evidence in this paper, however, not only highlights the existence of gaps, but also unpacks some of the reasons for these gaps with regard to particular interventions. Across the interventions reviewed, the paper highlights five types of evidence gaps.

**First, for over half of the interventions examined, the findings of the evidence are mixed or even contested.** One reason for this is the importance of local context (both local norms and the local political economy), which decisively shapes the impact of different interventions. This makes it difficult to generalize about their effectiveness. In some cases, however, the lack of consistency in the nature of the evidence is the consequence of the kind of research that has been conducted. In particular, there is a lack of comparative work that could help to identify which contextual factors matter, and why.

**Second, the figure highlights that for over half of the interventions, the evidence found is weak.** Again, this has a range of reasons, and often the assessment that evidence is weak is based on a combination of them.

For a range of interventions the number of relevant studies is just very low. To some extent, this appears to be the result of a limited focus of existing anti-corruption research on operationally relevant research questions in general. It also reflects that some of the interventions examined are of a relatively recent nature, and as a result there is insufficient data to be able to meaningfully evaluate their impact, or they have not attracted much scholarly attention.

**Figure 9: Anti-corruption interventions—Summary of the evidence**<sup>76</sup>



<sup>76</sup> This figure graphically summarizes the strength of the evidence on particular interventions, and what the evidence suggests about their impact on corruption. Within each sector of the graph, the location of a particular intervention is not indicative of either its greater effectiveness or greater evidential strength compared to other interventions located in that sector. The figure—as the paper as a whole—does not identify the relative effectiveness of one intervention compared to others. Source: Authors.

The inherent measurement challenges of anti-corruption research mean that some of the data used in the studies is problematic, in particular the perceptions-based data often used for cross-country regression analysis studies. Beyond this, there are two recurring methodological weaknesses. First, especially the grey and donor literature often make implicit assumptions about causal connections rather than examining these claims. Second, there is a lack of comparative work (both cross-country and if applicable in-country) that would enable rigorous testing of hypotheses and more robust generalizations.

**Third, very little of the evidence comes from conflict-affected countries.** There is therefore little engagement with pertinent issues such as the character of corruption in conflict-affected countries (are corruption challenges in such environments qualitatively different, or merely different in scale?), and the relationship between anti-corruption interventions and state- and peacebuilding efforts in conflict-affected countries.

**Fourth, hardly any studies focus on the role of private sector actors driving corruption.** Consequently, both an interventions and an evidence gap exist on interventions targeting corruption in the private sector. Few of the interventions identified focus on the “supply-side” of corruption (i.e., the willingness of firms or individuals to pay bribes), and how wider structural reforms (i.e., of tax or customs systems) could help to reduce the incentives of private sector actors to engage in corruption.

**Finally, there is little evidence on the interactions and interdependencies between different anti-corruption interventions:** how are different interventions (which are rarely implemented in isolation) supported (or constrained) by other interventions, and wider governance reforms? Some interventions which on their own might not be considered to effectively address corruption might be a necessary contextual reform enabling substantial anti-corruption gains through other efforts. This evidence gap on complementarity and sequencing of reforms thus highlights an important caveat with regard to the judgements about the effectiveness of anti-corruption interventions in this paper, and in figure 2 in particular.

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## Annex I: Search protocols for individual anti-corruption interventions

This annex outlines the search processes for evidence under each category of interventions. It lists the relevant meta-studies that were consulted, and gives details about the searches of the two main databases that were used: the Social Science Citation Index (SSCI) and Google Scholar.

Database searches were conducted by title (Google Scholar) and topic (SSCI). If a search elicited more than 200 hits, the top 200 entries, sorted by relevance, were reviewed. A first permissive selection was made on the basis of the title's relevance to the research question, which was further refined by a review of the abstracts of the selected papers.

In the case of Google Scholar, sometimes multiple search strings were used, as the search mask did not allow for the same searches as SSCI. In these cases, the results have been added up in the table.

### Public sector reforms

The overall research question guiding this section is: what is the evidence for the effectiveness of the following public sector reforms in reducing corruption?

- Anti-corruption authorities
- Anti-corruption laws
- Anti-corruption strategies
- Financial intelligence units
- Judicial reforms
- Police reforms
- Civil service reforms
- Public financial management reforms
- Decentralization

### Search process

Studies were identified from a search of the World Bank's publications on anti-corruption on its website, the U4 website, from database searches with different search terms (see below), from conversations with experts, from previous knowledge, and from meta-studies of corruption. The included in particular:

- Andvig, Jens and Odd-Helge Fjeldstad. 2000. *Research on corruption: A policy-oriented survey*. Bergen, Norway: Chr. Michelsen Institute.
- Erickson, Moana and Roderick Hills. 2007. *Research on corruption and its control*. Washington, DC: World Bank.
- Fjeldstad, Odd-Helge and Jan Isaksen. 2008. *Anti-corruption reforms: Challenges, effects and limits to World Bank support*. IEG Working Paper 2008/7. Washington, DC: World Bank
- Hanna, Rema, Sarah Bishop, Sara Nadel, Gabe Scheffler, and Katherine Durlacher. 2011. *The effectiveness of anti-corruption policy: What has worked, what hasn't and*

*what we don't know*. Technical report. London: EPPI-Centre, Social Science Research Unit, Institute of Education, University of London.

- IEG (Independent Evaluation Group). 2011. *World Bank country-level engagement on governance and anticorruption: An evaluation of the 2007 strategy and implementation plan*. Washington, DC: World Bank.
- Kolstad, Ivar, Verena Fritz, and Tam O'Neill. 2008. *Corruption, anti-corruption efforts, and aid: Do donors have the right approach?* Working Paper 3. London: Overseas Development Institute.
- McGee, Rosemary and John Gaventa. 2010. *Review of impact and effectiveness of transparency and accountability initiatives*. Brighton: Institute for Development Studies.
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The search identified 624 potentially relevant studies (allowing for double counting), of which 94 were chosen for further review after an abstract check. Forty-five of these were identified through the database searches; the remaining ones were identified from meta-studies or by World Bank or U4 publications.

## Summary of database research

Search string	Database	Number of hits	Number of relevant studies	Studies selected for further review after abstract check
"Anti-corruption agency" OR "anti-corruption commission" OR "anti-corruption office" OR "anticorruption agency" OR "anticorruption commission" OR "anticorruption office"	Google Scholar	22,000	10	3
	SSCI	39	9	3
"Corruption" OR "Anti-corruption" OR "anticorruption" AND "strategy" OR "strategies"	Google Scholar	19,800	36	1
	SSCI	73	10	1
"Corruption" OR "anti-corruption" OR "anticorruption" AND "laws" OR "Freedom of Information" OR "Right to Information" OR "asset declaration"	Google Scholar	9,740	20	3
	SSCI	158	3	0
"Financial intelligence unit" AND "success" OR "failure" OR "effect" OR "impact" OR "assessment"	Google Scholar	1,370	18	5
	SSCI	1	1	0

Search string	Database	Number of hits	Number of relevant studies	Studies selected for further review after abstract check
"Anti-corruption" OR "corruption" AND "justice system reform" OR "judicial reform"	Google Scholar	8,890	24	3
"Anti-corruption" OR "corruption" AND "donor" OR "donor support" AND "justice system reform" OR "judicial reform"		2,510	6	0
"Anti-corruption" OR "anticorruption" OR "corruption" AND "justice system reform" OR "judicial reform"	SSCI	3	3	0
"Corruption" OR "anti-corruption" OR "anticorruption" AND "police reform"	Google Scholar	4,710	23	3
	ISI Web of Knowledge	36	4	1
"Corruption" OR "anti-corruption" OR "anticorruption" AND "civil service reform" OR "administrative reform" OR "institutional reform"	Google Scholar	252,000	43	4
	ISI Web of Knowledge	7,019	8	0
"Corruption" or "anti-corruption" AND "public financial management" OR "budget" OR "participatory budgeting" OR "procurement" OR "tax" OR "tax reform"	Google Scholar	27,020	75	10
	ISI Web of Knowledge	364	44	2
"Corruption" OR "anti-corruption" OR "anticorruption" AND "decentralisation" OR "decentralization" OR "local government"	Google Scholar	14,600	5	3
	SSCI	229	20	3

## Oversight institutions

The overall research question guiding this section is: how do oversight institutions contribute to the fight against corruption?

It looks at the role played by supreme audit institutions, parliament, ombudspersons, and courts in ensuring horizontal accountability within government.

### Search process

Studies were identified from a search of the World Bank's publications on corruption on its website, on the U4 website, from database searches with different search terms (see below), from conversations with experts, from previous knowledge, and from meta-studies of corruption, in particular:

- Hanna et al. 2011. *The effectiveness of anti-corruption policy*.
- Norad. 2008. *Anti-corruption approaches*.

The evidence search identified 27 potentially relevant studies. Thirteen studies address issues of audit and supreme audit institutions, four the role of parliament, three the role of ombudspersons and seven the role played by courts.

### Summary of database research

Based on the title, all studies that clearly do not address the questions of a) supreme audit institutions, parliament, ombudspersons and courts, and corruption; or b) supreme audit institutions, parliament, ombudspersons and courts, and anti-corruption measures, in this context have been excluded (although indirect interventions have been included). The abstracts and, if necessary, the introduction of the remaining ones are then further examined to determine whether they address the research questions.

Search string	Database	Number of hits	Number of relevant studies	Studies selected for further review after abstract check
"Corruption" OR "anti-corruption" OR "anticorruption" AND "audit institutions" OR "comptroller" OR "auditor general"	Google Scholar (title search, single search string)	35,590	14	11
	SSCI	4	2	2
"Corruption" OR "anti-corruption" OR "anticorruption" AND "parliamentary support" OR "parliament"	Google Scholar (title search, single search string)	1,250	16	4
	SSCI	53	0	0
"Corruption" OR "anti-corruption" AND "ombudsman" OR "ombudsperson" OR "ombudsperson's office"	Google Scholar (title search, single search string)	14,700	10	3
	SSCI	6	2	0
"Corruption" OR "anti-corruption" OR "anticorruption" AND "supreme court" OR "court independence" OR "court accountability" OR "judicial independence" OR "judicial accountability"	Google Scholar (title search, single search string)	20,800	12	7
	SSCI	36	1	0

## Civil society support

The overall research question guiding this section is: how does civil society contribute to the fight against corruption?

It looks at three issues:

- The role of social accountability and community monitoring mechanisms
- The role of NGOs/CSOs, media, and the private sector and business associations
- Donor efforts to support civil society in the fight against corruption
- 

### Search process

Studies were identified from a search of the World Bank's publications on corruption on its website, the U4 website, from database searches with different search terms (see below), from conversations with experts, from previous knowledge, and from meta-studies of corruption, in particular:

- Hanna et al. 2011. *The effectiveness of anti-corruption policy*.
- Malena, Carmen, Reiner Forster, and Janmelay Singh. 2004. *Social accountability: An Introduction to the Concept and Emerging Practice*. Social Development Papers, Paper no. 76. Washington, DC: World Bank.
- McGee and Gaventa. 2010. *Review of impact and effectiveness of transparency and accountability initiatives*.
- Norad. 2008. *Anti-corruption approaches*.

The evidence search identified 37 relevant studies. Twenty-four studies address social accountability / community monitoring mechanisms and the role of NGOs/CSOs, five examine the role of media and eight examine the role of the private sector and business associations.

### Summary of database research

Based on the title, all studies that clearly do not address the questions of a) civil society, media, private sector and business associations and corruption; or b) civil society / community monitoring mechanisms and anti-corruption measures in this context, have been excluded (although indirect interventions have been included). The abstracts and, if necessary, the introduction of the remaining ones are then further examined to determine whether they address the research questions.

Search string	Database	Number of hits	Number of relevant studies	Studies selected for further review after abstract check
"Corruption" OR "anti-corruption" OR "anticorruption" AND "civil society" OR "civil society organizations" OR "CSO" OR "non- governmental organization" OR "NGO" "Corruption" OR "anti-corruption" OR "anticorruption" AND "social accountability" OR "community monitoring" OR "community monitoring mechanism" OR "social audit" "Corruption" OR "anti-corruption" OR "anticorruption" AND "awareness campaign" OR "raising awareness" OR "awareness raising" OR "advocacy" OR "pressure group" OR "interest group" "Corruption" OR "anti-corruption" AND "NGO funding" OR "NGO grants" OR "NGO support" OR "CSO grants" OR "CSO funding" OR "CSO support" OR "civil society grants" OR "civil society funding" OR "civil society support" OR "non-governmental organization grants" OR "non-governmental organization funding" OR "non- governmental organization support"	Google Scholar (title search, multiple search strings)	178,080	39	24
	SSCI (multiple searches)	179	16	3
"Corruption" OR "anti-corruption" AND "media" OR "mass media" OR "press" OR "media freedom" OR "press freedom" OR "freedom of the press"	Google Scholar (title search, single search string)	577,000	9	5
	SSCI	263	4	2
"Corruption" OR "anti-corruption" AND "professional association" OR "professional body" OR "professional organization" OR "professional society" OR "trade association" OR "industry trade group" OR "business association" OR "sector association"	Google Scholar (title search, single search string)	18,800	9	8
	SSCI	2	0	0

## Direct budget support

The overall research question guiding this section is: how can direct budget support contribute to reducing corruption?

It looks at two issues:

- The extent to which direct budget support strengthens financial management systems and thereby contributes to a reduction in corruption
- The extent to which direct budget support strengthens local accountability mechanisms and incentives

### Search process

Studies were identified from a search of the World Bank's publications on corruption on its website, on the U4 website, from database searches with different search terms (see below), from conversations with experts, and from meta-studies of corruption, in particular:

- Erickson and Hills. 2007. Research on corruption and its control.
- Fjeldstad and Isaksen. 2008. Anti-corruption reforms
- IEG. 2011. World Bank country-level engagement on governance and anticorruption.
- Kolstad, Fritz, and O'Neill. 2008. Corruption, anti-corruption efforts, and aid.
- McGee and Gaventa. 2010. Review of impact and effectiveness of transparency and accountability initiatives.
- Norad. 2008. Anti-corruption approaches.
- Rao, Sumedh and Heather Marquette. 2012. Corruption indicators in performance assessment frameworks for budget support. U4 Issue Paper 2012:1. Bergen, Norway: Chr. Michelsen Institute.

The search yielded 23 potentially relevant studies, of which fourteen came from the reviews and expert consultations, and a further nine from the database search. Of those, seven were later excluded as they did not address the research questions or were merely summary papers.

### Summary of database research

Based on the title, all studies that clearly do not address the questions of a) general budget support and corruption; or b) general budget support and anti-corruption measures in this context, have been excluded (although indirect interventions have been included). The abstracts and, if necessary, the introduction of the remaining ones are then further examined to determine whether they address the research questions. The studies selected are listed below the table.



Search string	Database	Number of hits	Number of relevant studies	Studies selected for review after abstract check
“General budget support” AND “corruption”	SSCI (keyword search, limited to social sciences) <sup>77</sup>	1	0	0
“General budget support” AND “corruption”	Google Scholar (title search, limited to social sciences, single search string)	1,240	33	5
“General budget support” AND “anti-corruption”		367	24	4

## Donors’ own systems

The overall research question guiding this section is: how do donors protect their aid against losses from corruption?

It looks at two issues:

- Taking corruption risks into account in aid allocation decisions
- Protecting aid against corruption through project design and evaluation
- Whether corruption is taken into account when deciding on aid modalities is discussed in the context of general budget support.

## Search process

Studies were identified from a search of the World Bank’s publications on corruption on its website, on the U4 website, from database searches with different search terms (see below), from conversations with experts, from previous knowledge, and from meta-studies of corruption, in particular:

- Erickson and Hills. 2007. *Research on corruption and its control*.
- Fjeldstad and Isaksen. 2008. *Anti-corruption reforms*
- IEG. 2011. *World Bank country-level engagement on governance and anticorruption*.
- Kolstad, Fritz, and O’Neill. 2008. *Corruption, anti-corruption efforts, and aid*.
- McGee and Gaventa. 2010. *Review of impact and effectiveness of transparency and accountability initiatives*.
- Norad. 2008. *Anti-corruption approaches*.

The evidence search identified 23 potentially relevant studies, of which four were later excluded, as they did not address the research question. Of the remaining 19, 5 address issues of aid allocation,

<sup>77</sup> Search included all in one search string and individually

while a further 3 examine the assessments of corruption risks and political economy analysis. Three studies also examine the role of evaluation.

#### Summary of database research

Search string	Database	Number of hits	Number of relevant studies	Studies selected for further review after abstract check
"Quality assurance" OR "evaluation" OR "risk assessment" OR "fiduciary risk" OR "audit" OR "political economy analysis" OR "political economic analysis" OR "due diligence" AND "aid"	SSCI (keyword search, limited to subject areas of Agriculture, International Relations, Public Administration, Government Law, or Anthropology)	1,858	3	0
"Quality assurance" OR "evaluation" OR "risk assessment" OR "fiduciary risk" OR "audit" OR "political economy analysis" OR "political economic analysis" OR "due diligence" AND "development aid"	SSCI (keyword search, limited to Social Science)	21	6	3
	Google Scholar (limited to social science and administration and economics, post-1990 only)	21	2	2
"Sanctions" AND "corruption"	SSCI (keyword search, limited to Social Science)	65	4	2
	Google Scholar (limited to social science and administration and economics, post-1990 only)	5	0	0
"Quality assurance" OR "evaluation" OR "risk assessment" OR "fiduciary risk" OR "audit" OR "political economy analysis" OR "political economic analysis" OR "due diligence" AND "corruption"	SSCI (keyword search, limited to Social Science)	146	3	0
	Google Scholar (limited to social science and administration and economics, post-1990 only)	83	2	1

## Strengthening international anti-corruption norms and standards

The search looked for literature addressing three research questions:

- How do the selected multilateral agreements contribute to the development of global anti-corruption norms?
- How do these norms take root locally, in societies?
- How do the norms embodied in these multilateral agreements affect state behaviour with regard to the reduction of corruption?

### Search process

The search involved expert consultations, a search of meta-reviews, and a database search.

Several meta-reviews of the anti-corruption literature were reviewed for relevant literature:

- Erickson and Hills. 2007. *Research on corruption and its control*.
- Fjeldstad and Isaksen. 2008. *Anti-corruption reforms*
- IEG. 2011. *World Bank country-level engagement on governance and anticorruption*.
- Kolstad, Fritz, and O'Neill. 2008. *Corruption, anti-corruption efforts, and aid*.
- McGee and Gaventa. 2010. *Review of impact and effectiveness of transparency and accountability initiatives*.
- Norad. 2008. *Anti-corruption approaches*.

Of these, only the Norad (2008) study touches on the role of anti-corruption norms, but does not examine it in any detail, and Kolstad, Fritz and O'Neill's (2008) work looks more generally at the role of norms in fuelling and containing corruption, but without specific reference to any of the multilateral agreements and the norms embodied in them. One study was selected for further assessment from the bibliographies of these meta-reviews.

A search of the U4 website, and website of the four agreements examined identified two studies selected for further review. Serendipitous discovery in the course of research identified two more.

In total, the search identified a total of 14 studies, two of which were excluded after detailed review.

## Summary of database research

Search string	Database	Number of hits	Number of relevant studies	Studies selected for further review after abstract check
“Norms” OR “Standards” AND “UNCAC” OR “United Nations Convention against Corruption” OR “EITI” OR “Extractive Industries Transparency Initiative” OR “PWYP” OR “Publish What You Pay” OR “FATF” OR “Financial Action Task Force” OR “StAR” or “Stolen Asset Recovery Initiative”	SSCI (keyword search, limited to social sciences)	151	9	5
	Google Scholar (title search, limited to social sciences, single search string)	0	n/a	n/a
	Google Scholar (title search, limited to social sciences, multiple searches strings) <sup>78</sup>	349	8	4

<sup>78</sup> The individual searches were for “UNCAC” OR “United Nations Convention against Corruption”; “EITI” OR “Extractive Industries Transparency Initiative”; “PWYP” OR “Publish What You Pay”; “FATF” OR “Financial Action Task Force”; “Stolen Asset Recovery Initiative.” Inclusion of StAR in the last search led to a very large number of hits (in excess of 10,000), of which the first 200 were irrelevant, and was therefore excluded.

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This paper charts the current evidence on effectiveness of different anti-corruption reforms, and identifies significant evidence gaps. Despite a substantial amount of literature on anti-corruption, this review found very few studies focusing on anti-corruption reforms, and even fewer that credibly assess issues of effectiveness and impact.

The evidence was strong for only two types of interventions: public financial management (PFM) reforms and supreme audit institutions (SAIs). For PFM, the evidence in general showed positive results, whereas the effectiveness was mixed for SAIs. No strong evidence indicates that any of the interventions pursued have been ineffective, but there is fair evidence that anti-corruption authorities, civil service reforms and the use of corruption conditionality in aid allocation decisions in general have not been effective.

The paper advocates more operationally-relevant research and rigorous evaluations to build up the missing evidence base, particularly in conflict-afflicted states, in regards to the private sector, and on the interactions and interdependencies between different anti-corruption interventions.