Conclusions

Political realities will always constrain the menu of policy responses from which leaders may choose, but they need not be a permanent barrier in the fight against corruption. Several cases in this report show that technical solutions alone are insufficient to have an impact on corruption, nor can they be merely transplanted from one country context to another. The World Bank's 2017 WDR emphasized that the power asymmetries in societies—rich and poor alike—constrain the policy making environment. The impact of this "elite bargaining" is so strong that governments are rarely able to pursue the policies that would bring optimal development outcomes. As a result, countries remain "stuck" in sub-optimal development trajectories because well-positioned elites are unwilling to risk their loss of power. Change is nearly impossible to achieve unless influential actors agree for it to happen. However, all is not lost, as the WDR acknowledged, "elites may voluntarily agree to limit their influence in their own self-interest." Citizens can play an important role in applying pressure to influence the outcome. The WDR further states that one particular policy—fiscal transparency—is effective because it "ties not only the hands of current elites but also those of successors."

Corruption is stubborn but not intractable, and the dozens of cases presented in this report demonstrate that progress is possible. The contemporary news may tempt one to believe that corruption is impossible to curtail and that citizens have no choice but to accept it. Yet, while it is true that new schemes and vulnerabilities emerge daily, with ever higher monetary costs (e.g., Malaysia's "Billion-Dollar Whale"), there is an often-untold reality that governments are tightening the *marge de manœuvre* for many would-be corruptors. What emerges from this report is that the progress governments make is not necessarily from the large government-wide initiatives that garner extensive press coverage. Nor do they necessarily result in high-profile arrests or convictions, though some do. Rather, the cases of anti-corruption documented in this report show that the more focused efforts of governments may sometimes go unobserved. They evidence how governments seize an opportunity within a specific sector or function to enhance governance. They also highlight how specific policy instruments and institutions that may have previously been ineffective, can be injected with new life and revived to achieve the desired results.

Unfortunately, the impact of focused anti-corruption initiatives may not always be measured in quantifiable savings or a jump in global survey rankings. Each of the cases featured in this report has demonstrated a positive contribution to the fight against corruption, as reflected in the views of public officials, local media reports, or citizen groups. Yet none of the cases has included an empirical study that would allow one to see the quantitative change in corruption before and after the intervention. Such studies are rare because of the difficulty of establishing a credible baseline on the magnitude of corruption prior to the policy action, and the equal difficulty of quantifying it after the intervention. Enterprise surveys conducted by the World Bank have helped give a quantitative aspect to measurements of corruption, but they only focus on a narrow range of actions. Likewise, international indices, such as the Worldwide Governance Indicators are too aggregated to reflect the impact of a single intervention. Because of this measurement challenge, reform champions may need to develop other tools to gauge public sentiment about the trajectory of corruption in their country or the impact of a reform in a specific government function or service.

Grand corruption has proven to be a particularly challenging area for public officials and citizens to address, notwithstanding the progress made in confronting petty corruption. Automation and the streamlining of bureaucratic procedures have enabled many countries to lower the incidence of small bribes at the point of service delivery. However, grand corruption is usually the most difficult to address precisely because those who are most empowered to take action may also be the ones who benefit from the system. Elite capture is typically one of the biggest barriers to effective action against grand corruption, where public officials and private interests see mutual benefit from the status quo. However, we see through the case studies that even when there is strong vested interest, there are a few factors that, when combined, can contribute to greater accountability among stakeholders.

Sharpening the anti-corruption toolkit

Effective anti-corruption strategies typically include multiple measures, often combining sector-specific interventions with transparency and accountability measures that apply to the whole of the public sector. Corruption manifests itself in specific functions and sectors of government, and the report emphasizes the relevance of this sector-based perspective. A better understanding of the potential entry points and opportunities for corruption within a specific sector or function helps develop an appropriate risk mitigation strategy. The incentives that drive corrupt behavior, as well as the political economy constraints to address them, will surely vary by sector or function within each country context. On the other hand, the evidence is overwhelming in this report, that sector specific interventions alone are generally insufficient. Corruption at the sectoral level may flourish because of broader social norms and a governance ecosystem that either tolerates or encourages corruption. Broader governance measures may include both strengthening the institutions that help to combat corruption and implementing specific tools or policy measures that make it harder to hide corrupt activity (and the associated proceeds). Governments need to critically examine the effectiveness of an instrument or a strategy in their country-context. The chapters in this report have highlighted some of the lessons learned about what does and does not work.

Strengthening core institutions and targeted policy actions are mutually supportive and should be adopted in tandem. Transparency and openness, for example, should be embedded in many of the policy instruments and institutional approaches; and a number of GovTech tools can be used to strengthen the capacity of core institutions, as well as enhance the effectiveness of tools such as asset and interest declarations and beneficial ownership registries. Similarly, the most promising opportunities to limit corruption in public infrastructure, public procurement, and SOEs rely upon strong institutional oversight, coupled with technology platforms that allow enhanced transparency in government dealings. Strong ACAs have contributed to the effectiveness of asset and interest declaration systems. Data analytics and machine learning are also enabling tax administrations to contribute more effectively to anti-corruption efforts through the identification of illicit wealth and tax evasion.

Many of the strategies suggested are cross-cutting and are relevant to more than one sector or function. For example, the issues and recommendations offered for public procurement are also relevant for the provision of public infrastructure. Potential measures to mitigate corruption risks in SOEs can also be informed by the discussions on public procurement given the large volume of procurement that SOEs themselves undertake, though often under different regulatory provisions than ministries and agencies. The lessons on PPPs in infrastructure point back to the need to manage the whole of the procurement cycle from tendering to contract management. Beneficial ownership transparency may help reduce conflict of interest in public procurement as well as in the business of SOEs. Transparency and citizen engagement have proven critical in encouraging integrity in the operations of SOEs, as well as in the implementation of public infrastructure projects.

What drives effective corruption approaches?

While many factors may contribute to the effectiveness of anti-corruption, there are six cross-cutting drivers of anti-corruption reforms that are worth noting: Political Leadership, Institutions, Incentives, Technology, Transparency, and Collaboration. Not every driver is evidenced in every case study, but these six elements are present in some combination in each of the cases. Why are they so important?

- Strong and determined **political leadership** is often needed to provide vision for reform and a commitment to support increased integrity in the face of opposition from vested interests.

- Countries benefit as **institutions** become more capable, contributing to checks and balances and fostering accountability. Without strong institutions to assure implementation, reforms risk being short-lived or only superficial.
- **Incentives** drive behavior and the entry points for corruption vary across functions of government. Therefore, corruption needs to be tackled at a micro-level, with a focus on its manifestations in specific sectors or functions and changing the incentives of those who assess the benefits and risks of corrupt activity.
- **Technology** is enabling countries to standardize processes, minimize human interaction, and capture comprehensive data that helps establish accountability for a wide range of transactions.
- **Transparency** can promote greater compliance and improve human behavior. Open government policies and access to information help make corrupt actions harder to hide and contribute to their prevention, particularly when they are linked to engaged and empowered communities and official processes.
- We increasingly, see that efforts that foster **collaboration** among multiple stakeholders, including across international borders, to pursue a common goal achieve greater success.

Political leadership

Political leadership drives the reform process in several of the case studies and its importance is emphasized in virtually all of the sectors featured in Part I. Leadership manifests itself in different ways. The chapters on Procurement, Public Infrastructure, and SOEs, for example, highlight that leadership from the most senior level is necessary because the economic decisions related to investments in these areas are often influenced by those in high positions and there is a risk that proceeds are used for political party financing. Changing the "rules of the game", reducing the opportunities for political influence in economic decisions, and enforcing the regulatory framework on conflict of interest require strong political leadership. The case study on SOEs in Angola, as well as the procurement case study in Chile, demonstrate the impact of political leadership. While there is a risk that reform actions taken after a change of government will risk being seen as a 'settling of scores' or politically motivated rather than a genuine reform of the system. Similarly, a change of government can lead to a reversal of positive reforms. Thus, what may matter most is the institutionalization of those reforms so that they will not be reversed so easily. The case studies in the AID chapter (Romania and Ukraine) highlight that anti-corruption initiatives are vulnerable to changes in the political environment. The customs administration chapter also highlights the importance of political leadership. Reform may not always be as dramatic as in Georgia and Rwanda, but as the Madagascar and Afghanistan case studies show, reforms in the sector take time and reformers within the customs administrations require sustained political support to show results.

Leadership also manifests itself in setting a tone and culture of openness and transparency that is required for some technocratic policy responses to be effective. Policy instruments featured in Part II, such as asset and interest disclosure, in particular, have implications for who may hold a position in government. Moreover, institutions that shine the spotlight on suspicious activity need to be supported at the political level, rather than undermined. Broader initiatives such as open government, fiscal transparency, and citizen engagement are also dependent on the direction and culture that are set by senior government officials. Similarly, assuring the independence and capacity of the justice system requires leadership at the most senior levels. Astute leadership within an organization can also be transformative in building capacity and voice, as seen in the SAI cases taken from Ghana and India.

Institutional capacity

Reforms need to be institutionalized if they are to be sustained, and increasing the capacity of integrity institutions is central to legitimizing a country's anti-corruption strategy. Part III of the report discussed the role that key institutions can play in supporting anti-corruption efforts, while acknowledging the challenges that confront them in doing so. For example, the SAI examples of Ghana and India start with a historical backdrop in which their role was quite limited, but with the right intervention they became re-energized and their audit findings had greater impact. In the two AID examples, the newly strong and independent institutions in the countries were critical to making the asset disclosure system more than just a requirement on paper and giving it real "teeth". The importance of a well-functioning justice system to enforce the rule of law and impose sanctions on those responsible for corrupt activity is obvious—without a well-functioning enforcement system, all the preventive mechanisms become essentially toothless.

The country spotlight on Malaysia underlines how policy responses to corruption can be put at risk without the corresponding institutionalization of processes and rules. The country has gone through several reforms, including those initiated by the government that came into power in 2018. Some of the reforms could not be completed as they required constitutional changes which were not possible. Following a change of government in early 2020, it is now unclear whether the momentum on anti-corruption reforms will be sustained.

Oversight bodies have a vital role to play in ensuring that reforms are institutionalized. For the technical reforms in procurement and public infrastructure to be effective, the relevant oversight bodies need to be sufficiently equipped and empowered to be able to act on the information at hand. In public infrastructure, for example, they need to be able to ensure that project identification and selection is based on merit and that changes proposed by contractors during implementation are well justified and not merely a method to enrich themselves in exchange for bribes. Moreover, as digitalization expands across the public sector and creates an audit trail for government transactions, one needs capable institutions with well-trained staff to be able to analyze the data, detect red flags, and then to act on those findings through appropriate enforcement channels. The procurement and infrastructure chapters highlight how the advances in e-GP systems are improving the ability to detect informality and irregular activity, but they need to be further exploited. Colombia's experience highlights a positive example of innovations in the procurement platform that are increasing competition and value.

Incentives

Of course, corruption is driven by incentives, where the perceived benefits of corrupt activity outweigh the perceived risk of being caught. Many of the initiatives in this report are aimed at increasing the risk of detection, though some are also focused on reducing the benefits or opportunities from corruption. In the Madagascar customs example, the performance pay approach aimed to increase the benefits of good behavior, but tough sanctions for bad behavior proved to be a stronger incentive, especially when stronger data monitoring raised the risk of detection. Automation of land records in Rwanda helped reduce the value of paying bribes to land registry officials because the information was already public. In Ukraine, major changes to the health financing system upended the incentives that had previously been in place to extract bribes from patients and from prospective medical school students. Though the system is far from perfect, it has helped to constrain one of the channels for corruption that had endured for decades.

At times, government officials need to seek out an alignment of incentives among different stakeholders if they hope to tackle corruption. In the case of Nigeria's ports, the international shippers' association had strong commercial incentives to reduce corruption, while the UNDP and three of the government's anti-corruption agencies were all motivated to show positive results. This alignment of objectives helped foster collaboration on reforms. A similar alignment of incentives is evident in Slovakia's approach to developing and maintaining beneficial ownership registries. Through a change of regulations, they have now made the legal entities who represent companies liable for the updating and confirmation of beneficial ownership information on their clients. This shifts the compliance burden from the state to the corporate representatives, who are ultimately better placed to obtain and confirm the corporate data, and risk suffering a reputational risk if they do not.

Technology

Information technology is a common driver of reform in many of the cases, because of the key role it plays in enhancing transparency and reducing human discretion. Applying an appropriate level of technology—adapted to the country capacity—brings increased benefits when part of a broader policy change. For example, in low capacity environments, such as Madagascar and Afghanistan, automation of customs clearance procedures has been an important foundation of reform, but it has been accompanied by other efforts to prevent "gaming the system." In Ukraine, a digital eHealth platform connected to the reimbursement system was established, to ensure greater transparency in payments for health services. In Nigeria, the Corporate Affairs Commission (CAC) will be relying on modernization of its data systems and online reporting tools to help the government implement new beneficial ownership disclosure requirements on all 3.1 million registered Nigerian companies.

Reformers must also take advantage of the opportunities that emerging technologies may offer, especially to leverage the rapidly growing digitization of information in the public and private sectors. Brazil's federal court of accounts (TCU) has applied AI as a decision support tool for identifying transactions and payments ex ante that are at a high risk for fraud and corruption. India's Andhra Pradesh (AP) state has progressively leveraged digital government platforms and emerging technologies to improve public services, while also reducing the opportunities for fraud and corruption in key areas, such as taxation and construction permitting. They have used a combination of tools that included drones, GIS mapping, processing with artificial intelligence, E-governance dashboard, etc., to provide an integrated picture of government services. Even in very advanced countries, there is a need to remain vigilant and to anticipate new schemes that may emerge. For example, Singapore developed an AI application to help flag fraudulent training providers in its SkillsFuture program (a several million-dollar grant program for training). The GovTech chapter of this report details many tools that governments may avail themselves of, but the ability to leverage them is often impeded by silos within government and the broader ecosystem of "analog" processes and culture that are harder to reform.

Transparency

Transparency has been a cornerstone of many of the reform efforts, but it is made even more impactful when accompanied by increased citizen engagement. The AID cases in Romania and Ukraine both rely on public access to wealth declaration forms as a central characteristic to making them an effective anti-corruption measure. When the content of the declarations was known only to a few officials in government, the requirement had little impact. But once civil society and the media had access to the information, the level of scrutiny increased significantly, making it harder for corrupt individuals to hide. Positive experiences with beneficial ownership transparency are emerging in the cases of Slovakia, UK, and Nigeria, though at different speeds. Such information is critical to identify potential conflicts of interest in public procurement, as well as to support tax administrations in flagging potential profits from illegal activities. Supreme audit institutions in Ghana and India have enjoyed a stronger contribution to anti-corruption in their countries due to the public accessibility of their audit findings and the public outcry that has resulted. And while the experiments with participatory budgeting in Ethiopia and Kenya were not directly aimed at fighting corruption, they have nevertheless helped to increase the accountability of local officials to citizens and reduce the scope for bribes in public service provision that comes from lack of public knowledge.

Reducing corruption in public procurement and public infrastructure is particularly challenging, and most of the measures that are promising rely on transparency and citizen engagement, in conjunction with data. Each of the CoST examples from Honduras, Thailand, and Ukraine embodies mechanisms for transparency in contract management, coupled with a multi-stakeholder group to enhance the accountability of government officials and private companies. Reflecting the specific challenges to managing PPP contracts for public works and the risk of unjustified cost-escalation, governments such as Chile, Australia, and the EU are defining transparent processes and frameworks for renegotiation subject to external audit. The cases of Colombia, Chile, and Bangladesh show how e-GP systems have been used as a foundation for introducing greater transparency in the public procurement system. While there are differences in their stages of development, each of the countries has seen an increase in competition as information going to potential bidders becomes more standardized and trust in the system has increased. Andhra Pradesh's experience involves extensive investment in technology, but with the aim of increasing transparency on property tax assessments on the one hand, and in construction permitting on the other.

Collaboration

Collaboration among stakeholders is an increasingly important success factor in anti-corruption efforts; and better collaboration amongst public agencies is a starting point. The success of AP's reforms depended also on inter-agency collaboration, pulling together data from many sources to develop an accurate status of service provision on which to act. Indeed, for many governments seeking to leverage the benefits of digitalization and emerging technologies, it is essential that they break down the institutional silos that impede effective data sharing. Important data may be spread across different agencies, who have created their own constraints to sharing. Only by tapping into databases across agencies and resolving data inconsistencies will governments be able to exploit the benefits of machine learning and to flag irregularities. As noted in chapter 10, tax administrations have significant untapped potential to aid in the fight against corruption by accessing third-party data from across government agencies and beneficial ownership registries to identify illicit financial flows. Where data held by tax authorities can be accessed by justice-related bodies, on the other hand, it may enhance governments' ability to prosecute individuals who have engaged in corrupt activities. Prosecution of corruption is a critical final leg in the anti-corruption platform, and the chapter on justice systems emphasizes how all three pillars—

police, prosecutors, and courts—need to work well together. Similarly, anti-corruption agencies (ACAs) rely on collaboration with other public institutions to be most effective; countries setting up or refining the mandate of their ACAs should take into account their roles and competencies relative to other bodies.

Collaboration with external stakeholders—journalists, civil society, and the private sector—is also an important theme across the cases. In **Nigeria**, private firms found a common interest with anti-corruption bodies to work together on governance of ports. For the countries who are using CoST to improve infrastructure governance, social accountability mechanisms are an integral part of their strategy to link the interests of the public and private sector. In the **Columbia EPM** case, the quality of SOE governance first began with legislative foundations for corporate responsibility, but what enabled EPM to stand out as an SOE was its commitment to public engagement and transparency with customers, communities, and shareholders. Moreover, anti-corruption instruments, such as asset and interest disclosure and beneficial ownership transparency rely heavily on collaboration between government, civil society, and the private sector to be effective.

Finally, collaboration can extend beyond national borders to combat the globalization of corruption and the shifting of assets offshore. Countries can gain inspiration from Brazil's success in detecting and prosecuting corrupt activity in the Odebrecht case, which stemmed in large part from their ability to collaborate with other financial investigative units across national boundaries. Indeed, as schemes become more complex and the channels for hiding and moving assets become more sophisticated, governments will need to leverage collaborative agreements with other countries and develop forensic capacity to use the trove of data available through international conventions. Stopping corruption at its source will always prove elusive, but governments can benefit from emerging technologies to detect illicit financial flows and to provide evidence needed to recover stolen assets. Collaboration among national law enforcement agencies is also becoming increasingly important to the pursuit and prosecution of corrupt individuals, who are otherwise able to move assets across jurisdictions with ease.

Looking ahead to sharper tools

Sustaining the momentum for corruption-mitigating reforms is not easy, but it could be aided by having better ways to measure their impact. As noted earlier in this report, the current tools that are used internationally to measure corruption have the common problem of relying on the **perceptions** of experts. While there is some benefit from such surveys as a broad proxy, they are not a substitute for having a more quantitative or evidence-based set of indicators. Enterprise surveys are one of the few such evidenced-based tools, but they only track a narrow range of services, mostly targeting bribes for public services. A future research agenda for the international community could be to develop other types of survey approaches that would expand the breadth of corruption monitoring.

More also needs to be known about how corruption manifests itself within specific sectors and/or functions. Part I of this report provided a brief overview of corruption entry points in a few specific sectors that absorb substantial public resources and have an impact on development. But the best designs for anti-corruption strategies will be able to establish the bridge between the corruption entry points that are common to a sector generally and those that are specific to that sector/function in country X and at a specific point in time. The incentives for corruption and the vulnerabilities that can be exploited need to be better understood first at a sectoral/functional level, before drilling down to a specific national/local level. Some CSOs and international organizations are already beginning to mine this area for insights, but more work remains to be done.

Countries' urgent responses to the COVID-19 pandemic should not be at the expense of the ongoing fight against corruption. There is an understandable pressure to address immediate and urgent needs in healthcare, social safety nets, and economic stimuli. Responding with speed may mean that the standard procurement and other accountability procedures have to be relaxed. As such, government officials must balance the need for discretion in public spending with maintaining accountability and transparency mechanisms. Simplification of procedures may be necessary, while at the same time preserving sufficient records to permit an accurate stock-take and review of expenditure after the crisis is over. Yet, the risks of corruption are real; countries should be wary that in accelerating public expenditures, public procurements could be captured by well-connected elites and fraudulent agents. In the medium term, governments should quickly restore those systems that are critical for integrity and not do lasting damage to the systems of checks and balances that have been put in place. In this time of dislocation and uncertainty, the core tools of fiscal transparency, citizen engagement, and social accountability become ever more important.

Achieving long-term economic growth and shared prosperity depends upon governments, companies, and communities working together to address corruption and its corrosive impacts. We are reminded in this report that the challenges to confronting corruption are deep-rooted, but not impossible to overcome. Each case study gives evidence of impact in reducing the risk of corruption, spanning a variety of country contexts: fragile states, low-income, and advanced countries. Public policy practitioners and civil society advocates will want to adapt this menu of approaches to their own political economy contexts. But in the not-too-distant future, as digitalization expands across the public sector and disruptive technologies become more commonplace, the tools with which to detect corrupt activities and to track down illicit financial flows should become even sharper. When that happens, the 'disinfecting effect of sunlight' will be even more powerful than it is now.

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