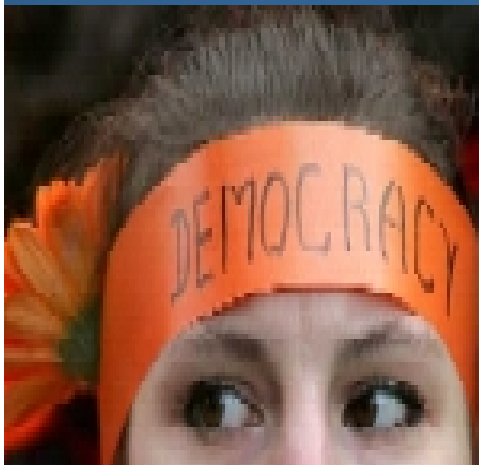


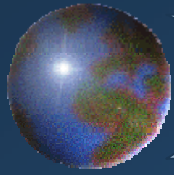
Corruption and Development: Global Efforts



Presented by: Phil Matsheza, Policy Advisor/UNDP



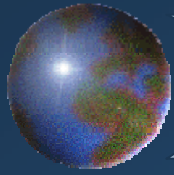
AP PHOTOS



Objectives of this Session



- To provide an overview of linkages between corruption and development
- To show the impact of corruption on development and vice-versa
- To emphasize that anti-corruption is a development issue and thus it should be integrated with overall development efforts
- Development in the context of international standards on anti-corruption



Corruption and Development: Linkages

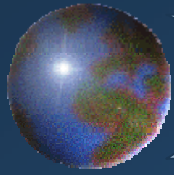


What do these facts tell you?

Corruption Facts

- More than US\$1 trillion (US \$1,000 billion) are paid in bribes every year, just over 3% of world income in 2002 (WBI estimate).
- More than 70% of SMEs in transition economies perceive corruption as an impediment to their business (BEEPS, 2000).
- Corruption have contributed to capital flight in Africa, with more than US\$400 billion having been looted and stashed away in foreign countries.

The data shows that corruption is a major development challenge.

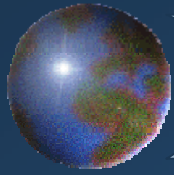


Corruption and Development: Linkages

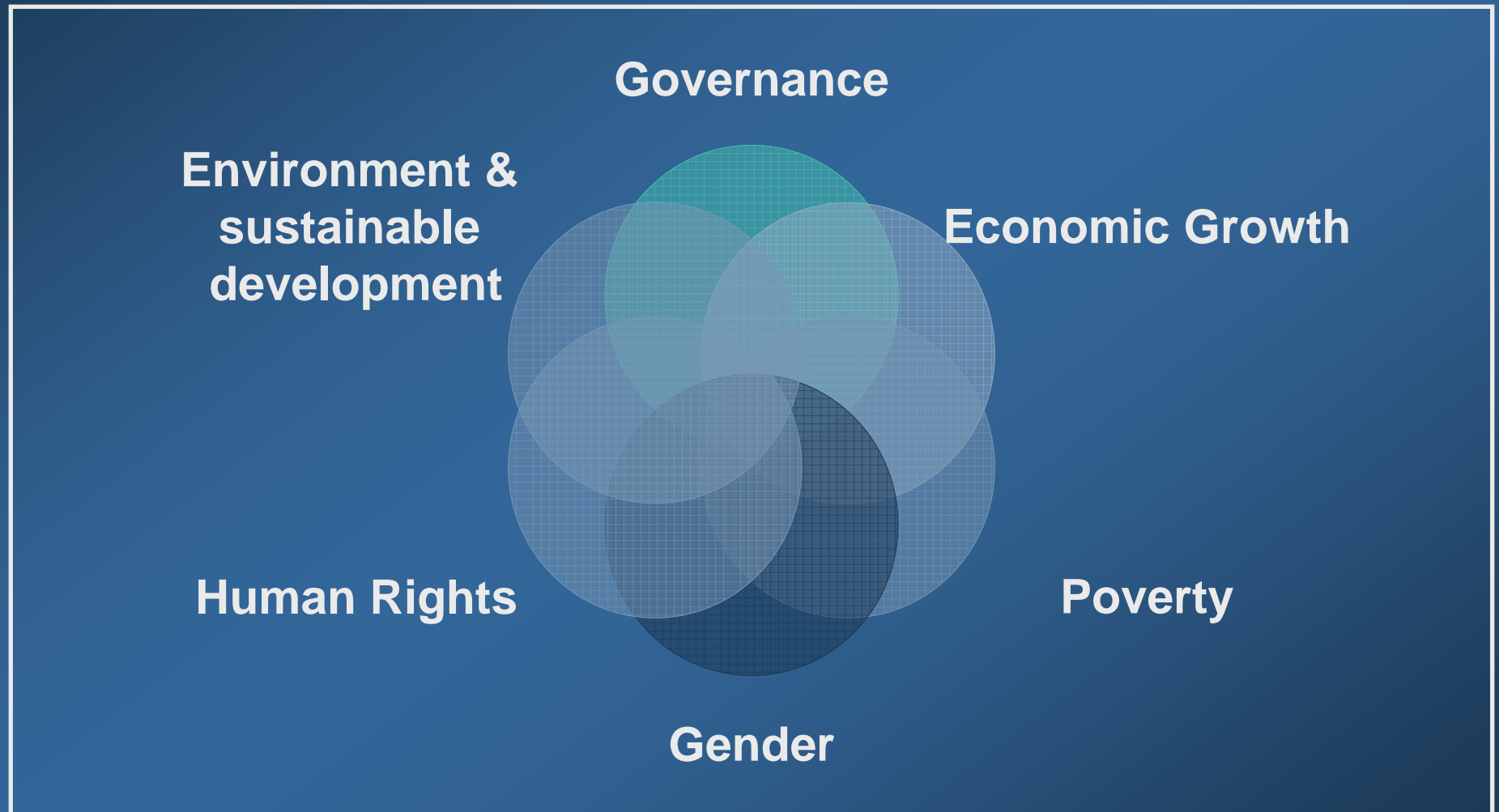


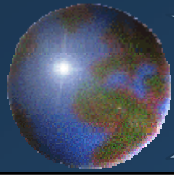
National efforts to raise awareness about the impact of corruption....Thailand TV advert.

<http://www.undp.or.th/resources/multimedia.html>

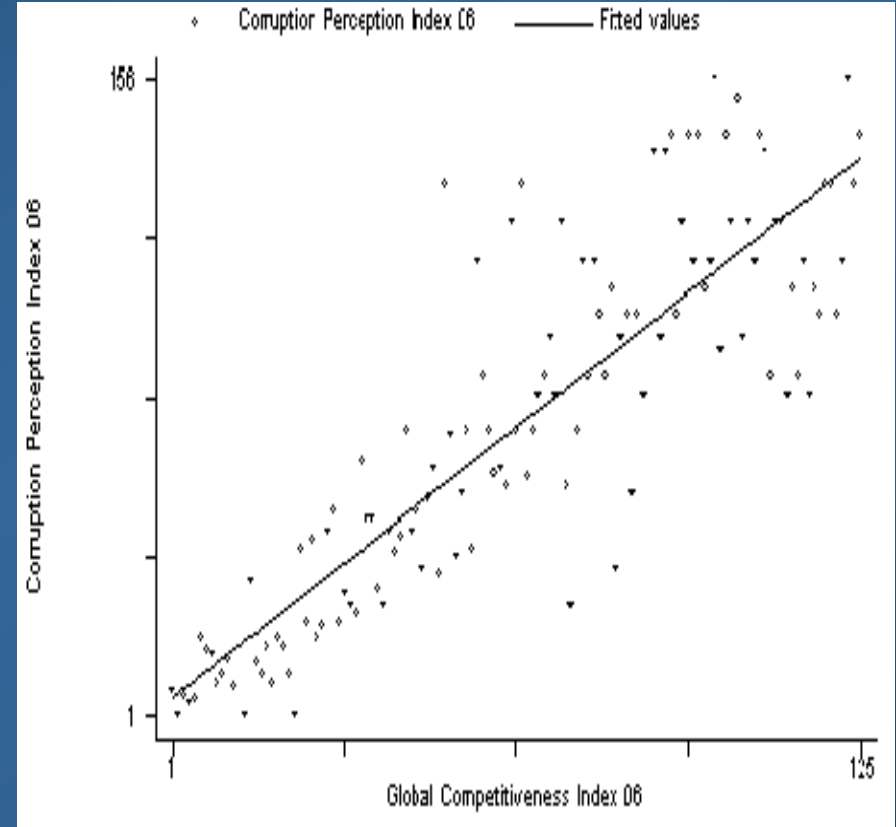
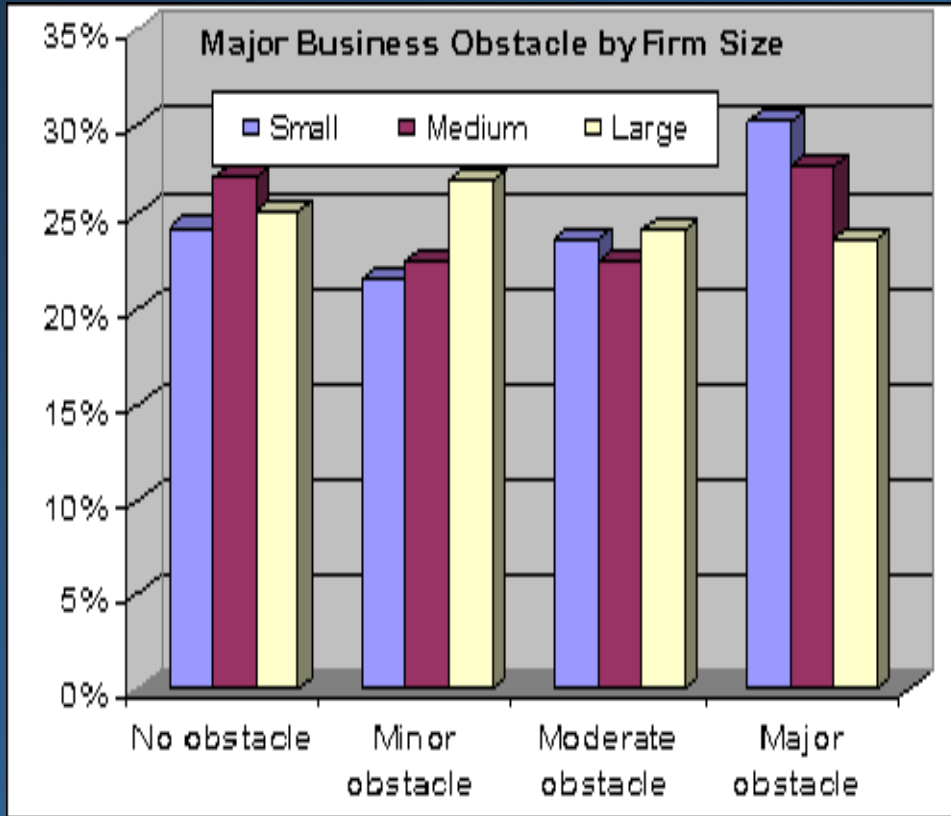


Corruption and Development: cross linkages

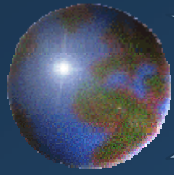




Corruption and Business Growth



- Corruption reduces investment by worsening investment climate: smaller enterprises pay higher % of annual revenues in bribes (WB Business Environment and Enterprise Performance Survey).
- Corruption hinders competitiveness measured by the set of institutions, policies, and factors that set the sustainable levels of economic prosperity.

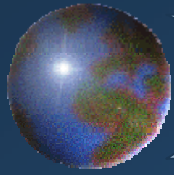


Corruption and Economic Growth



How does corruption negatively affects economic growth?

- Discourages foreign and domestic investment
- Dampens entrepreneurship (e.g., risky and more unproductive businesses are likely to flourish)
- Lowers the quality of public infrastructure
- Decreases tax and revenue income
- Leads to brain drain
- Encourages the risky business and thus deters innovation
- Decreases the size of formal sector
- Undermines political stability and creates a noncompetitive economic environment

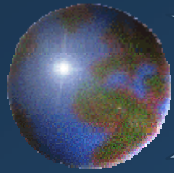


The Impact of Corruptly Awarded Contracts



Type of investment/ contract	Environmental Degradation	Erosion of tax revenues	Exploitation of labour	Erosion of sustainability of livelihoods	Erosion of basic social services
Illegal or corruptly gained logging	Yes	Yes		Yes	
Purchase of 'illegally traded' products	Yes	Yes	Yes	Yes	
Work and safety conditions ignored			Yes		Yes
'Informal agreement' on transfer pricing		Yes			Yes
Infrastructure with Community displacement	Yes			Yes	Yes
Import of faulty drugs		Yes			Yes
Non cost-effective power project	Yes	Yes			Yes
Corrupt privatization contract in services		Yes			Yes

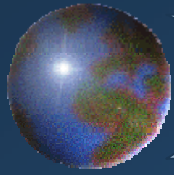
Source: Cockcroft, Laurence, "Business and Corruption: The Human Rights Dimension", Transparency International, March 2006.



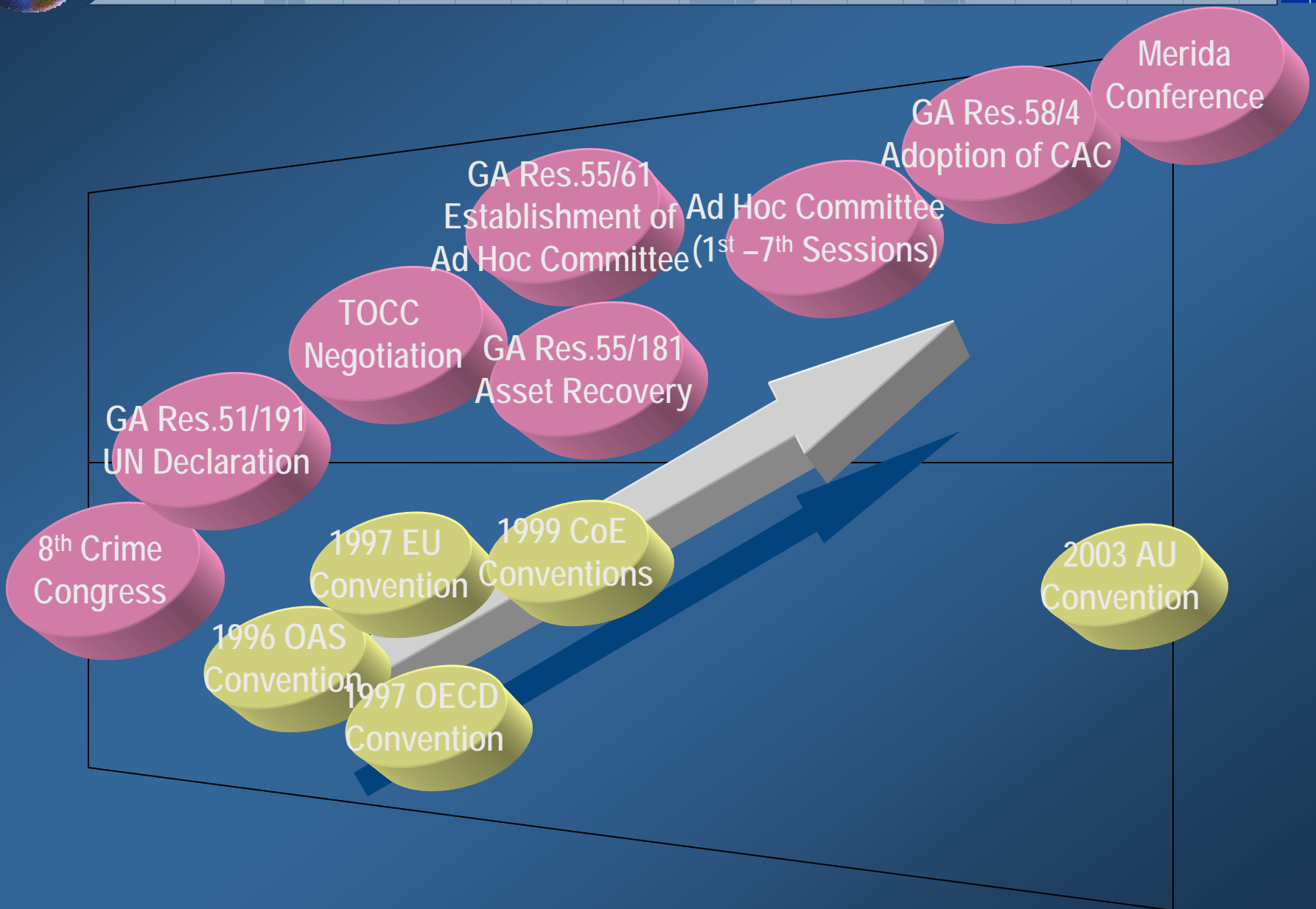
Corruption and Governance

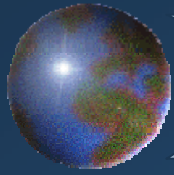


- Corruption fosters an undemocratic environment characterized by uncertainty and unpredictability
- Corruption distorts rule of law, weakens moral values, increase disrespect for constitutional institutions, and undermine government legitimacy
- Corruption weakens institutional foundation by worsening ATI
- Corruption weakens government's capacity to deliver services
- Corruption can lead to, and sustain violent conflict, in the context of patrimonial regimes (increasingly violent forms of competitive corruption between factions 'fuel war' by rewarding belligerents)



International Treaty Processes

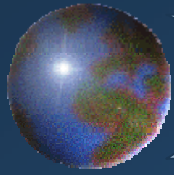




Spirit of UNCAC- Development



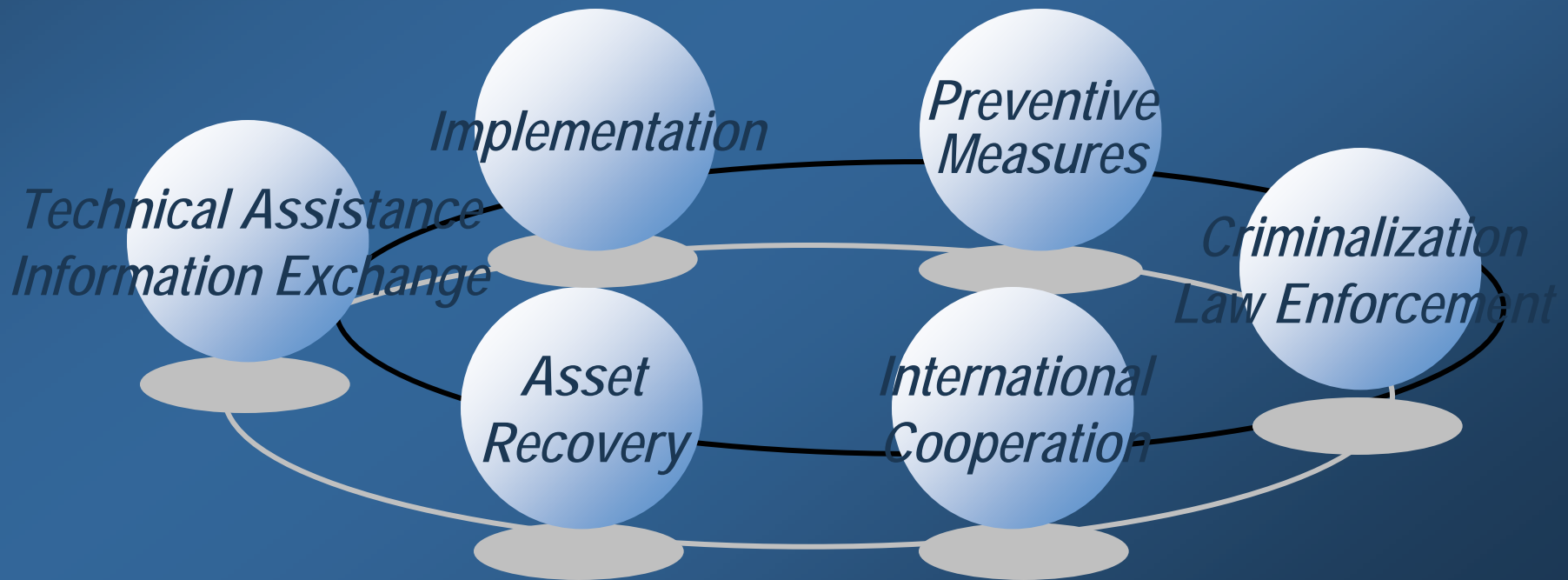
- Recognizes that Corruption jeopardizes sustainable dev.
- Principles of proper management of public property, fairness, responsibility and equality before the law
- These basic tenets of democratic Governance permeate through Convention
- Calls for Multi Disciplinary approach
- GA recalled the Johannesburg Declaration on sustainable Dev. esp. para 19-corruption a threat to sustainable development of people.

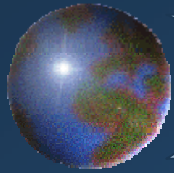


Structure of UNCAC



1. Prevent and Combat Corruption More Efficiently and Effectively
2. International Cooperation & Technical Assistance including Asset Recovery
3. Integrity, Accountability and Proper Management of Public Affairs and Property

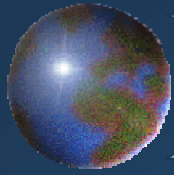




How can we use the UNCAC framework?



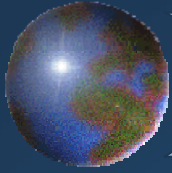
- Measuring country compliance through Gap analyses – example Indonesia
- Conducting vulnerability analysis and country assessments
- Raising awareness
- Policy analysis
- Developing strategic plans and work plans
- Developing surveys and measuring tools
- Strengthen Public and Oversight institutions
- Designing Preventive measures



How does UNDP view Anti-corruption



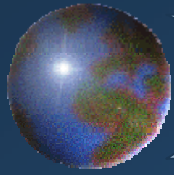
- Not an end in itself
- Part of broader public sector reforms
- Corruption is a threat to achieving MDGs, poverty reduction and development
- AC in the context of country level consultations and frameworks
- Cross cutting issue



Continued



- The first generation of UNDP AC Support focused on the Accountability, Transparency and Integrity (ATI) programmes
- 1999, UNDP flagship manual *Fighting Corruption to Improve Governance*, a pioneer product in anti-corruption and development
- Other development Partners have embrace anti-corruption since the 1990s
- UNCAC is seen as a vehicle for development



Prevention and Enforcement



Sustainable Development

Cooperation for development

- Democratic consolidation
- Economic development
- Infrastructure
- State reform & modernization
- Institution building
- Rural development

Good governance – integrity, accountability, proper management of public affairs



Sustainable Development

Sustainable Development

Cooperation for corruption prevention

Technical Assistance

Financial Support

- AC-policies
- AC bodies
- AC mechanisms
- Private sector
- Civil Society
- Media

Cooperation for the combat of corruption

Technical Assistance

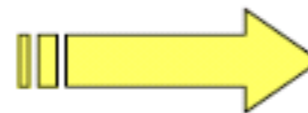
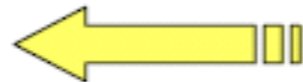
Financial Support

National

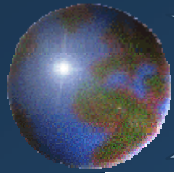
- Criminalization
- Enforcement authorities
- Between nat. authorities
- With private sector

International

- Mutual legal assistance
- Asset recovery
- Extradition



Sustainable Development



Linkages of AC To Broader Reform



Cooperation for development		
• Democratic consolidation	• Economic development	• Infrastructure
• State reform & modernization	• Institution building	• Rural development
Good governance – integrity, accountability, proper management of public affairs		

Political Will

Politicization of AC

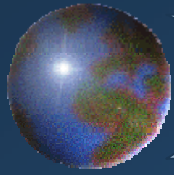
Competing & Changing Agendas

Cooperation for corruption prevention	
Technical Assistance	Financial Support
<ul style="list-style-type: none"> • AC-policies • AC bodies • AC mechanisms • Private sector • Civil Society • Media 	

Conditionality

Weak Institutions

Limited Resources



Mainstreaming Anti-Corruption



Institutions

Public Sector Reforms

Cross Cutting Issues

Inclusive Participation

Crisis Prevention

Economic Governance

MDG based strategies

Poverty Reduction



Thank You!
For Further information:

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