



Towards a Fairer world: Why is corruption still blocking the way?
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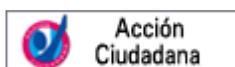
12th Anti-Corruption Conference

Towards a fairer world: Why is corruption still blocking the way?

Goals, Themes and Outcomes

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Paper commissioned by the 12thIACC organisers



Executive Summary

This paper elaborates on the goals of the 12th IACC, provides a context for the debates, and proposes the main themes to guide the discussion, and identifies the outcomes sought.

Over the past decade great strides have been made in raising public awareness of the damage to human welfare caused by corruption. Political leaders have responded with strong statements on the need for cleaner government and by pledges to improve governance. They have committed their governments to fight to reduce corruption by signing international anti-corruption conventions. Regrettably, the steps to bring real change have been few far between. Overall surveys show that corruption worldwide has not diminished. Moreover, public expectations about the likelihood of corruption are more pessimistic now than five years ago. Clearly, the urgent need is for governments to move from rhetoric to action. The task of this conference is to explore practical ways to persuade governments to ‘walk the talk’.

Much good diagnostic work has been done by independent researchers, often funded by development agencies, in identifying weaknesses in the national integrity systems. But bribery and extortion in the delivery of public services remains commonplace. ‘State capture’ by corrupt elites hamstring a number of countries. The challenge now is to better understand how to build public opinion and hence political support to force through reform against entrenched interests that are currently the beneficiaries of existing corrupt systems. The main elements to consider are: better information flows to enhance transparency; overcoming the embedded nature of the social norms that drive the incentive system of institutions and decision-makers; and empowering civil society.

History demonstrates that there is no reason to expect corrupt officials and political leaders to reform themselves. Governance reform will only come from within countries through the strengthening of a civil society that demands change. *The 12th IACC provides an opportunity for an exchange of experience on ways to strengthen the voice of civil society – what has worked and what has failed and what may we learn from past efforts that will enable the fight to curb corruption to be injected with new vigour. This should be the main focus for this year’s conference.*

12th Anti-Corruption Conference

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Goals, Themes and Outcomes

The main aim of the 12th IACC has been advertised as follows: “With billions of people still mired in poverty and delivery on the promises of many new governments and anti-corruption campaigns yet to materialise, it is time for the movement to ask itself some serious and probing questions. After nearly two decades of research, advocacy and reform, why is corruption still such a huge problem? There is an urgent need to reflect and regroup, to look beyond our traditional coalitions, to find new voices and new faces, to energise this vital fight, upon which justice and the welfare of the global community depends.” This paper provides a context for the debates, elaborates on the conference’s goals and the main themes that should guide the discussion and identifies the outcomes sought. The paper draws extensively on four case studies specially prepared for this purpose.

The IACC has come a long way since the first conference was held in Washington DC in 1983. The initiative for such a conference came from a number of anti-corruption law enforcement agencies. However, while the focus of the initial IACCs was on law enforcement issues and the development of successful strategies and tactics for deterring and investigating official corruption, the scope of the conference quickly grew to include the entire spectrum of stakeholders in the effort to combat corruption and fraud throughout the world. The IACC has become a global forum for the networking and cross-fertilisation that is indispensable for effective international and national advocacy and action against corruption.

A framework for the debate

The fight against corruption may be seen as having five stages: *first*, there is official denial (“the allegations of corruption are grossly exaggerated and not substantiated”); *second* come the hard facts collected through systematic surveys and careful monitoring that generates public outrage; *third*, we get the official rhetoric (grudging acceptance by political leaders of the hard facts followed by declarations of good intentions to do something about it); *fourth*, civil society mobilises demanding that the rhetoric be translated into effective actions; and *fifth*, the hardest part, come the actions (enactment and implementation of laws on anti-corruption, freedom of information, and the protection of whistleblowers, followed by prosecutions and sanctions).

Often the stages are interrupted and the process must be restarted. In most cases, the cycle will need to be repeated and the actions fine-tuned, usually several times. In practice there is no end to this struggle for public integrity; the 'poachers' will look for new ways to poach and the 'gamekeepers' will strive to stop them. Now, during this 12th IACC, it is time to take stock. Are the gamekeepers winning out or are the poachers still making out? In more practical terms, what have we learnt about the strategies, tools and approaches to fight corruption – what has worked and what has failed? Armed with this information, the struggle for greater government integrity, accountability and transparency can be renewed with even more vigour than in the past.

At a global level, the discourse on corruption is well passed the denial stage. There is a plethora of detailed surveys stretching back to the mid 1990s that document the pervasiveness of bribes and extortion, both petty and grand corruption, extending even to state capture in the worst cases. It is discouraging to see from the most recent World Bank report on governance indicators that on a global scale the countries showing gains have been almost balanced by those that are backsliding. It is more worrying still that Transparency International's Global Corruption Barometer 2005 reports that 57 percent of those questioned judge that in their experience corruption has increased over the past three years. And it is small consolation that a somewhat lower number, 44 percent, believe that it will continue to increase over the next three years.

Corruption is not an issue just for poor countries. The developed economies are also harmed by corruption, particularly in the political sphere. Serious and unresolved concerns relate to the actions of political leaders and political parties in many OECD countries, whether it be the alleged 'sale' of honours in the UK, or improprieties with public procurement in France, or efforts to pervert the course of justice in Italy, to name but a few.

The damage done by corruption -- the waste and misappropriation of public resources, the implicit 'tax' on ordinary people and the cost of misapplied or undermined government regulations – may often add up to several percentage points of GDP. Between \$200-400 billion of public funds in Nigeria is estimated to have been diverted into private bank accounts overseas since independence in 1964. In Africa more generally and parts of Asia the 'wages' of corruption each year greatly exceed aid transfers. Clearly, exposing corruption is not sufficient; so far the measures taken to curb it have not been enough. That is where the focus should now be – on actions, not just talk of action.

The uneven struggle

The increasingly open discussion of corruption has helped put the issue on the agenda of current political discourse worldwide. Governments have signed up to the various anti-corruption conventions (OECD, UN, Africa, etc) that have been agreed over the past five years. But the actions taken to implement these commitments have hardly matched the political rhetoric. The prosecutions have been few and far between. Without visible sanctions, the anti-corruption laws and conventions add up to very little.

To explore this issue in greater depth the IACC Secretariat commissioned four country studies – on Bangladesh, Kenya, Mexico and the UK. These illustrate just how difficult the fight to curb corruption has proved to be. All four countries, each in their own way, pledged several years ago to put in place enhanced anti-corruption measures. In none is there yet much evidence that corruption has decreased, though perhaps in time the steps taken may yield some results. The reasons for so little progress are revealing.

1. The Case of Bangladesh

Bangladesh is a parliamentary democracy with a vibrant civil society with a robust press, impressive development NGOs (such as BRAC and Proshika), a dynamic private sector, active public sector trade unions and a number of research centers that are independent of government. However, over the years corruption has systematically eaten into the core of key public institutions. Commissions for awarding contracts, misappropriation of public funds, cuts in business deals, nepotism in recruitment transfer and promotion, irregularities in bidding and procurement, manipulation of judicial functions, and fraud in tax assessment and collection are all routine. Bangladesh scores very low on WBI governance index and is ranked by TI as one of the world's most corrupt countries.

One explanation for this is that Bangladesh has a hierarchical neo-patrimonial society with strongly embedded systems of personalised social relations that few can escape. These informal mechanisms of patronage and corruption have penetrated, politicised and captured most 'modern' state and civil society institutions. As a consequence, bribery and extortion are endemic and political violence is common place. Prominent citizens draw large loans from the state banks that they never intend to repay. The rule of law is seriously defective and biased in favour of the powerful. Parliament is a mere cipher for whichever party is in power.

The story of recent efforts to promote governance reform makes depressing reading. A draft law for an independent human rights commission was prepared in 1988, but has never been enacted. The Constitution provides for an

Ombudsman, but to date no Ombudsman has been appointed. Repeated promises have been made by successive governments to separate the Judiciary from the Executive, but despite a Supreme Court directive, the government has so far failed to comply with this constitutional requirement. Reforms of the civil service and police have made little progress over the years, despite a series of commissions and reports to that end. After much resistance, the government agreed to separate the supreme audit from the preparation of the public accounts, but here is no effective follow up of audit reports and only rarely are sanctions imposed for malfeasance and only then usually for political reasons.

Again after a long civil society campaign, the government established an independent Anti-Corruption Commission. However, since its inception the ACC has been inactive owing to a dispute over its organigram. In April 2006, more than two years after its creation, government has imposed an organigram of its choice and the Law Minister finally approved the IACC's Rules of Procedure. While new regulations on public procurement have recently been issued, there remain significant exclusions in the system, which allow major abuses to continue. Furthermore the culture of tax evasion is endemic and senior officials are not forced to disclose their assets. Finally, there is no effective control over political party finances -- books of account are not maintained, expenses are not audited and sources of funding are not disclosed. Consequently, political parties have emerged as a major conduit for money laundering.

In the absence of a strong organised domestic constituency for reform, for years the donors have pressured the government to implement measures to improve governance, but with minimal success. In doing so, they have largely ignored the potential role of civil society in campaigning for reform. While it is true that aid has been spent on building up the national chapter of Transparency International, this lone voice cannot bring about the changes in the political agenda that are needed. Over time donors could have contributed significantly to strengthening the capacity of civil society organisations broadly defined – advocacy NGOs, the media, professional and business associations, and independent research centres to become effective voices demanding reform. And they still can. It would require a sophisticated analysis of the strengths and weaknesses of these organisations, the elaboration of an appropriate assistance strategy, the identification of champions of change that could be supported and close co-operation among the main donors. Such an approach would need to be linked to a program of judicial reform and the enhancement of the accountability role and capacity of parliament.

2. *The Case of Kenya*

The Moi regime that ruled Kenya for over two decades had a reputation for pervasive venality that had brought it into disrepute. Consequently, the Rainbow Coalition fought the December 2002 Kenya elections on a platform of good governance and won a remarkable victory. Upon assuming office, the newly elected government quickly implemented legislative and institutional reforms aimed at enhancing accountability and rooting out corruption. The President appointed a renowned anti-corruption campaigner, John Githongo, to spearhead the anti-corruption program and several task forces were formed to deal with past abuses. Corrupt judges, magistrates and procurement officers were removed from office.

Now, nearly four years later, the impact of the reforms is seen as disappointing. Bureaucrats have been shuffled, but the bureaucracy has remained unreformed; fresh faces have been appointed to key oversight bodies and anti-corruption agencies such as the Kenya Anti-Corruption Commission, but the institutional relationship between multiple anti-corruption units remains cluttered, incoherent and prone to slippage; new laws have been enacted and more are planned but their implementation has been limited; commissions of inquiry and probes have been launched into past graft, but recommendations from these investigations have mostly been ignored.

The government took office in 2003 with overwhelming and widespread support. Yet, within 12 months this support began to wane with the re-emergence of grand corruption and increased ethnic political divisions. Suspicion and mistrust between the governing elite spilled over into the broader political arena and involved two main factions in the coalition, each led by a cabal of ethnic elites. Public vigilance disintegrated as the government found it difficult to deal both with political conflicts and corruption within its own ranks. Anti-reform networks re-organised and began to undermine the reform agenda by deflecting national attention away from the reform process towards the battle for political power.

Politics in Kenya is driven by ethnic patronage; the expectations of ethnic constituencies fuel the demand for corruption. And corruption fuels patronage politics. It provides the mechanism to satisfy both individuals and the communities they represent. The failure to move beyond ethnic politics and realize the 'Rainbow Nation dream', which briefly after the election seemed possible, leaves intact the very foundation of corruption.

Weak political support was not the only flaw in the anti-corruption campaign. Anti-corruption reforms and legislation proliferated in every sector and in every government ministry without a coherent mechanism for coordination. Since corruption is entrenched throughout Kenya's public institutions, reforms needed to be implemented in all institutions simultaneously. Purging the judiciary without

reforming the bureaucracy created opportunities for the corrupt to escape punishment.

In addition fighting corruption requires a combination of prevention, detection, and sanctions. All of these require public vigilance to function effectively. But public vigilance, at an all time peak after the election, was hard to sustain. Neither the government nor civil society mounted a public awareness campaign to maintain and build public engagement in the war on corruption.

The core of the problem was political. The new leadership chose to consolidate its power through ethnic alliances rather than by fighting corruption, a far harder process to manage. Consequently anti-corruption networks regrouped and infiltrated the new government by virtue of the political divisions that emerged. The result has been a precipitous loss of public confidence in the government's commitment to tackle corruption¹.

3. The Case of Mexico

Mexico's anti-corruption reforms go back as far back as 1982, when President Miguel de la Madrid launched a national program called the Moral Renovation of Society which created the office of the Comptroller General (*Secretaría de la Contraloría General de la Federación*). Since then reform efforts have consistently addressed three points: (i) strengthening the capacity of the state to control its own bureaucracy, (ii) developing a balance of powers (mostly through the Legislative branch's authority to review public records) and (iii) from 1990 to 2000, modernizing the state – all of which help limit corruption.

Between 1982 and 2000, with a hegemonic one-party political system, the leadership had no incentive to act against its own party members and political allies. Most actions against corrupt public servants were seen as politically motivated. Nonetheless, an effective federal control system was developed and number of public servants was sanctioned. The most significant measures against corruption were taken as part of the modernization of the state -- for example, the launching of an E-procurement service in the late nineties. In 1995, after a dramatic economic crisis, the federal government used corruption control measures as a tool to reduce the fiscal deficit and increase social public expenditures. After intense pressure from the civil society in 1999, president Zedillo eliminated the Executive's 'secret office fund' that was approved annually by Congress and used by the president's office with absolute discretion.

During this period, the PRI's domination of Mexican politics and the corruption scandals that involved family members of the former president Carlos Salinas overshadowed the long-term, structural changes made in the Federal Public Administration (FPA). Politicians and political parties were seen by the public as

¹ In the latest opinion poll 64% of Kenyans say that the government is not committed to fighting corruption; International Republic Institute opinion poll reported in the *Daily Nation*, Tuesday July 11th 2006.

corrupt, and during the 2000 presidential campaigns, the PRI was portrayed as a synonym for corruption. With the defeat of the PRI, the newly elected President, Vicente Fox, openly talked about “frying big fish” and “combating 70 years of corrupt practices”. He offered a “government of change” with public integrity at its core. He brought hope that it would be possible to consolidate a new political class, much more committed to the values that foster healthy democracies – a new Mexico where politicians and officials would be held accountable. Key to this reform was the active participation of civil society; by 2000 a number of prominent civil society organizations were already focusing their work on the promotion of civil and political rights. In general, a broad consensus to open governmental decisions to public scrutiny was already in place.

While President Fox seemed poised in 2001 to carry out major governance reforms, in reality his ability to do so was obstructed by several factors. First, his party did not hold a majority in the Federal Congress and more than the half of Mexican states were governed by opposition parties. The Fox administration had yet to consolidate its political power; the PRI, though defeated, remained an influential political force. Second, while the private sector supported deregulation and was against official corruption, it was reluctant to take steps to improve corporate governance and it opposed improved regulation of procurement². On the other hand, the Fox administration’s fight against corruption has had the strong support of civil society. Several surveys undertaken by NGOs and universities evaluating the problem of corruption provided both citizens and government with a set of parameters for assessing progress in the fight against corruption.

Upon assuming office, President Fox took an ethics pledge and disclosed his personal assets—an unprecedented gesture in Mexico. Other first-time developments were a plan for the revenue administration service to audit political parties and for the National Autonomous University of Mexico (UNAM) to provide a budget accountability report to Congress. At the time, as the TI (2001) report points out, there were dissenting voices that argued that the Fox Administration had taken on too much too quickly. However, the prioritization of the fight against corruption of the Fox Administration was welcomed.

² This situation changed with time. International corporate governance cases such as those of Enron, MCI and Parmalat, opened a space for discussing a new role for the private sector in the control of fraud, or, more importantly, of public sector corruption.

The 2000-2006 government's plan was outlined in a Presidential Agenda for Good Government followed by a National Program for Transparency and Combat of Corruption issued in January 2001. The main priorities were:

- Reforming the Law of Responsibility of the Public Servants.
- Signing a national anti-corruption pact that would involve all sectors of society and would suggest to public servants the voluntary adoption of Codes of Ethics and create "integrity islands".
- Transforming the functions of government's auditors from "paper reviewers" into inspectors actively investigating corruption -- for instance in the customs department, police, procurement and other critical areas.

Fox had to decide how far the administration should look into the past or whether instead focus on building a more transparent and effective institutional environment that would foster a civic culture in both public servants and citizens to jointly fight corruption. A mixed approach was ultimately taken. The new administration began by creating an inventory of critical areas of corruption at the federal level.

Another important action was to publicize the plan. The outcome was a social pact known as the National Agreement for Transparency and Combating of Corruption. In addition, the passage of the Federal Law for Transparency and for Access to Governmental Public Information in June 2002, facilitated by the Federal Institute for Access to Information, were significant steps to achieving greater transparency. Finally, the government took steps to enhance interagency cooperation to become more transparent, including creating a National Commission for Transparency and Combating Corruption.

So, to what extent were these efforts successful? In short, the reforms did not yield the results many had hoped for. The Fox administration was confronted by the inherent limitations of the Mexican governmental bureaucracy. The authority of the head of the Ministry for Internal Auditing and Administrative Development, converted to a Ministry of Public Administration in 2002, was circumscribed by the division of powers and authority of the agencies that make up the Federation. Ministries and agencies failed to cooperate, the "big fish" were not fried, and an atmosphere of impunity returned. The federal anti-corruption strategy returned to its former path of administrative modernization focusing on the use of information technology and better regulation of contracting and bidding processes.

While some initiatives for transparency and administrative modernization have produced significant results at a technical level, these achievements have attracted little public attention. It is depressing to find that, according to a recent survey of 16,000 Mexican households³, when asked how corruption had changed

³ The survey, entitled the 3rd Survey on Corruption and Good Government, was conducted by Transparencia Mexicana in November 2005.

over the past year, 39.8% perceived an increase, 42.7% no change and only 15.8% saw a decrease. Citizens' prognosis for corruption over the next year is just as grim: 38.5% expect to see an increase in corruption, 39.6% no change and only 17.5% a decrease. The results of the survey also illustrate citizens' conflicting attitudes towards corruption. While more than 94% of those surveyed recognize the advantage of citizens taking a more active role in the fight against corruption, only 55% acknowledged that citizens share responsibility for its existence, and 63% saw the elimination of corruption in Mexico as unlikely. These results have differ little from those in 2001 when the same survey was first conducted; and where they have changed, in most cases the changes indicate a *decrease* in citizen confidence regarding the fight against corruption.

What impact, then, have the government's anti-corruption reforms had on the citizens, on whom the success of any anti-corruption movement ultimately depends? Transparencia Mexicana has derived a National Index of Corruption and Good Government. The 2005 National Index estimates that public corruption acts as an additional tax of up to 24%, costing the average Mexican household \$177.4 a year (the amount was \$109.5 in 2001)

Surveys show that the level of corruption varies across the country, depending on the tolerance of the individual communities. For example, corruption is much more prevalent in the Federal District and Puebla than in Aguascalientes, Hidalgo or Colima. This may be explained in large part by the informal interactions between the various local governments and the publics they serve. In short, doing away with corruption is not the exclusive task of charismatic leaders or the result of loud moral crusades, nor is the honesty of one single person enough to guarantee the integrity of a system. Citizens must be willing to maintain a constant watch on the government to achieve honest administration.

3. The Case of the UK

While the various governance and corruption indices rank the UK among the least corrupt countries in the world, the challenge to maintain public integrity remains. Two current high profile affairs are a reminder that the struggle for good governance is unremitting: the first is the "loans for peerages" matter, which is still under police investigation, and the second is a judicial review brought against the Export Credit Guarantees Department and the subsequent public consultation on its anti-corruption policies. Both affairs demonstrate that there are systems in place designed to maintain integrity. However, the adequacy of those systems may be questioned.

The "loans for peerages" allegations arose early in 2006 when the House of Lords Appointments Commission reportedly rejected the nominations in the 2006 New Years Honours List of persons who had provided significant funds to the Labour Party prior to the 2005 general election. Further investigation reportedly revealed that a number of sources had provided nearly £14 million to the Labour

Party, and £16 million to the Conservative Party. Some of those funds had allegedly not been disclosed under the rules of the Political Parties Elections and Referendum Act 2000 (PPERA) on the basis that they were 'commercial' loans.

It is argued by the political parties that such loans are legal within the terms of the PERA and did not require disclosure. The current police investigation is being conducted, *inter alia*, under two laws, the *Honours (Prevention of Abuses) Act, 1925*, which makes it an offence to trade honours for payment, and the *PPERA*. It is also possible, depending upon further investigation, that other offences may have been committed, including bribery, fraud, and false accounting and deception offences. Whatever the outcome, the affair clearly reveals the vulnerability of the UK's political party funding system to lack of transparency and corruption -- this is one of the thorniest issues facing sound democratic governance. Three specific issues arise: (i) the need for anti-corruption measures relating to funding of political parties and expenditure on elections; (ii) the need for anti-corruption measures relating to the granting of honours; and (iii) the need to strengthen the role of the Electoral Commission.

The second affair relates to the UK's Export Credit Guarantees Department (ECGD), which had unveiled new policies in May 2004 to combat corruption and bribery in its underwriting of UK business interests overseas. But in November 2004 ECGD announced that it was revising its earlier procedures in such a way as to seriously weaken its anti-corruption procedures. No public consultation had taken place between May and November and one NGO, The Corner House, was so concerned that it instigated a judicial review to legally assess the decision. It brought the review against the Department for Trade and Industry (DTI), to whom ECGD is accountable.

On the day the review was about to commence the DTI settled out of court and agreed to pay the Corner House costs of £250,000. Furthermore, it also agreed to hold a public consultation on ECGD's anti-bribery procedures and make documents on previous negotiations between ECGD, DTI and three major business clients open to the public. It transpired that the clients had strongly lobbied ECGD and had allegedly gained the support of the Minister for Trade and Industry, which led directly to the policy reversal. As a result of the public consultation, many of ECGD's May 2004 measures were reinstated. However, some serious flaws remain in the ECGD's anti-bribery procedures.

Although this case highlights that the UK public has the ability in some limited circumstances to challenge the Government in court, it also brings out the need for eternal public vigilance; vested interests may circumvent the constraints placed on them and government cannot be relied upon to resist their pressures. These examples are not isolated cases; the generally weak enforcement of the OECD anti-bribery convention is a more general illustration of the point. They draw attention to the persistent risk of corruption even in the strongest and longest established democracies.

Emerging themes

These case studies illustrate that implementing an effective anti-corruption reform program, even in a democratic country, is a difficult task. It involves the participation and support of the legislature, executive and judiciary, a comprehensive approach to corruption in all levels of government, and a clear role for the private sector in an informal alliance with organized civil society and independent media, dedicated to promoting good governance. Where democracy is weak -- where the executive controls the legislature and the judiciary is not independent, the task of ensuring honest government is truly formidable. If, in addition, the media are gagged and civil society organizations harassed by those in power, then the chances of progress are slim indeed. Yet, while these unfavorable conditions exist to some degree in most countries, in reality it is often possible to find entry points to campaign for reform. It is rare indeed that there are no drivers of change and no levers to fight the abuse of power. In essence, this is a political struggle and change comes about ultimately from the force of public opinion.

The purpose of the 12th IACC meeting is to provide fora for the exchange of ideas on what the 'drivers' and 'levers' of reform are – to learn from each other about what has been tried, what has worked, what failed and why. A wide consensus has emerged over the past decade on the principle components of a robust national integrity system⁴, even though the detailed design must always be adapted to specific country circumstances. Thus, the challenge now is to better understand how to build public opinion and hence political support to force through reform against entrenched interests that are currently the beneficiaries of existing corrupt systems. The main elements to consider are: information flows; the embedded nature of the social norms that drive the incentive system of institutions and decision-makers; and the empowerment of civil society. Let us now briefly consider each of these elements.

1. Information flows

Over the years transparency – exposing the facts for all to see -- has been shown to be a powerful instrument for promoting accountability. Consequently, achieving transparency must always be one of the topmost priorities for campaigners for better governance. This takes many forms. *First*, it is important to maintain the struggle for a free media and protect its independence. *Second*, priority must be given to enacting *and* implementing effective legislation for the right of access to public information (the freedom of information laws). Ensuring that governments respect the spirit as well as the letter of the law is key. *Third*, while the internet has become a powerful new tool, before long we may expect those in power to seek ways to control and limit the flow of information. It is therefore important to anticipate these moves and find ways to resist them.

⁴ National Integrity System Country Studies (http://www.transparency.org/policy_research)

2. *Embedded social structures*

The depressing saga of governance reform in Bangladesh, Kenya and Mexico sketched out above draws attention to the deeply embedded social structures that condition local politics and make reform so difficult. In developing country societies, individuals are too often trapped within the social system. Few can escape the spider-web of social obligations that bind together social relationships through mutual obligations. To fight the system risks ostracism and loss of patronage that is the passport to economic security however minimal that may be. In such circumstances, change will only take place slowly over time if at all and it must come from within society. Efforts to impose rapid change from the outside are unlikely to succeed. More subtle ways of working with the forces for change within a country are needed.

3. *Empowering civil society*

The case studies bring out clearly that measures to improve governance are blocked by politically powerful entrenched interests who benefit from existing systems and practices and tenaciously resist reform. Thus, achieving reform is essentially a political challenge, not a technical one or even one of administrative capability. Even with strong political leadership, as has been the case in Mexico, resistance to change within the existing power structures can be hard to overcome.

The failure to achieve reform recorded in the first three case studies above is mainly a failure to build a sufficient public demand for change through the mobilization of all the elements of civil society. The discourse on better governance has to a large extent been too technocratic, too centered on what measures are needed to the relative neglect of the ways to promote their adoption. Yet reform will never come without strong political pressure, which in turn is depends on an activist civil society. Moreover, the discourse usually has given great attention to defining the policy and legislative changes needed and too little on ways to ensure that good policies and laws, once adopted, are actually implemented assiduously. Here again the instrument must be organized civil society allied to an independent media.

In the UK case described above, the issues in contention are being successfully addressed because public opinion demands it. In the case of the sale of honours, the press has created sufficient public outrage to force the accountability system to respond. Even the most powerful may be prosecuted. In the case of ECGD, a relatively small NGO was successful in bringing a public agency to account through public interest litigation and force it to mend its ways.

Can development agencies and multinational corporations help?

Given the embedded structures, aid agencies have to struggle to find entry points. The repeated failure of aid conditionality over the years, especially related to governance reform, demonstrates the limited ability of outsiders to directly influence outcomes within a short time frame. The need is for a new strategy that recognizes that aid agencies need to supplement their support for governance reform programs with a sustained effort to help build the capacity of civil society within countries. This would include working to improve the performance and independence of local media in investigating reporting on corruption and other governance abuses; assisting local professional, and business associations and trade unions, as well as NGOs, to have a better organized and better informed advocacy role; supporting independent research organizations to do better work; and helping parliaments establish their investigative and accountability functions.

So far the international development community has given scant attention and even less funding to the *advocacy role* of civil society. Considerable, and increasing, amounts of funding have gone to development NGOs who are seen as providing less corrupt and more cost effective social services, but donors have been shy to support the activist NGOs even simply in terms of capacity building. And far too little has been done to strengthen the independent media, professional associations or independent research centers to have much measurable impact.

Multinational corporations by instituting good corporate governance can also have a powerful long term impact on local business practices, especially through their local partnerships and the way they engage in local sub-contracting. It is not so much the impact of a few acts and their immediate impact, but a whole range of acts sustained over a long period that will make the difference.

What Should We Expect as the Outcome of the Conference?

For those attending the 12th IACC, the most important subject for discussion is not so much what reforms are needed – these have in most cases be thoroughly debated and elaborated in national integrity studies, anti-corruption action plans and the like. What is now more pressing is to explore in what ways civil society organizations can raise public awareness, build reform coalitions, and thereby galvanize the political forces to place governance reform at the top of the political agenda. For aid agencies, the challenge is to find ways to support civil society in this endeavor, recognizing that change is a long term social and institutional process that cannot be rushed. And for private sector, the goal is build a consensus that good corporate governance is good business in the long term. Progress on these aspects is the major outcome sought for the 12th IACC.