



Asia-Pacific
Economic Cooperation

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Recasting Governance for the XXI Century - Presentation

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**APEC Workshop on Anti-Corruption Measures
for the Development of SMEs
Ha Noi, Viet Nam
24-25 February 2006**

APEC WORKSHOP ON ANTI-CORRUPTION MEASURES FOR
THE DEVELOPMENT OF SMEs
February 24-25, 2006
Hanoi, Vietnam

RECASTING GOVERNANCE TO COMBAT CORRUPTION AND UNLOCK COMPETITIVENESS



Miguel Schloss

Implications

- More costly public investments
- Lower government revenues
- Lower expenditures on operations and maintenance
- Lower resource surpluses

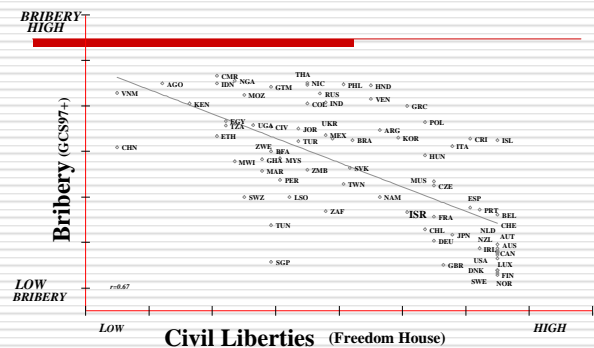


Poorer economic performance

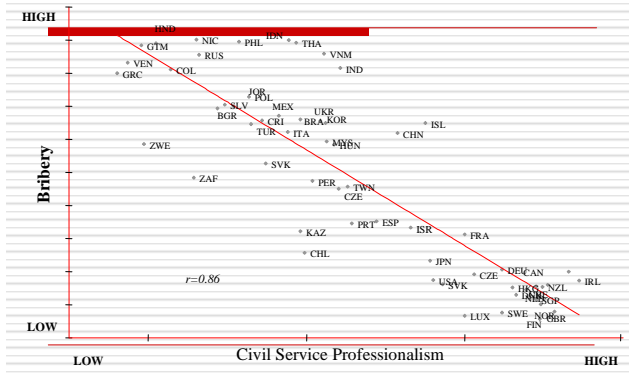
CORRUPTION

THE DEMAND SIDE

Controlling Bribery and Civil Liberties

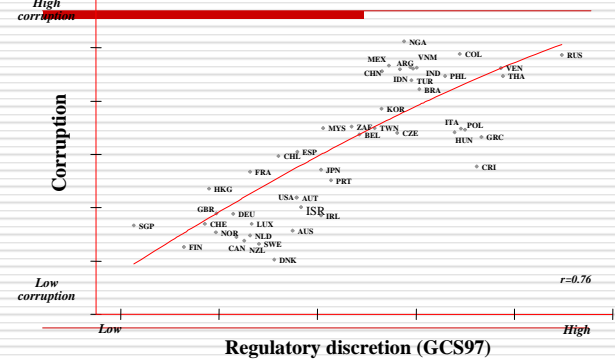


Bribery vs. Civil Service Professionalism



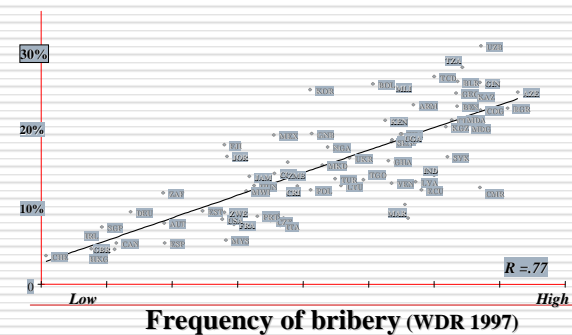
Even more important (than regulatory interventions) in understanding bribery and corruption is the degree of regulatory discretion.

Corruption and Regulatory Discretion



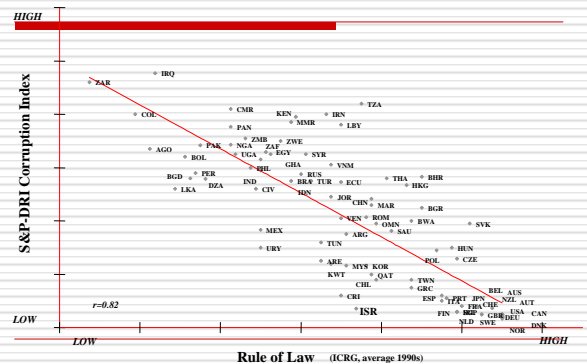
Time Management Spent with Bureaucrats and Frequency of Bribery

% Management Time with bureaucrats

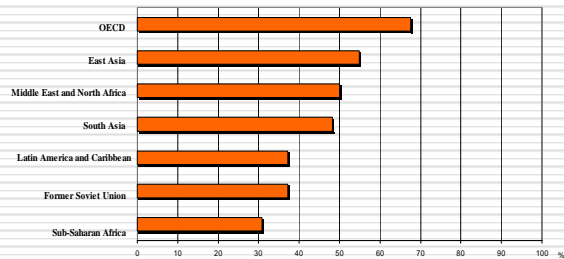


Source: "Corruption and the World Economy" data compiled based on survey conducted under the World Bank's World Development Report 1997.

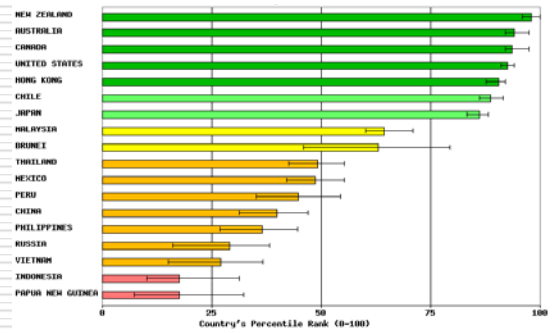
Corruption and Rule of Law



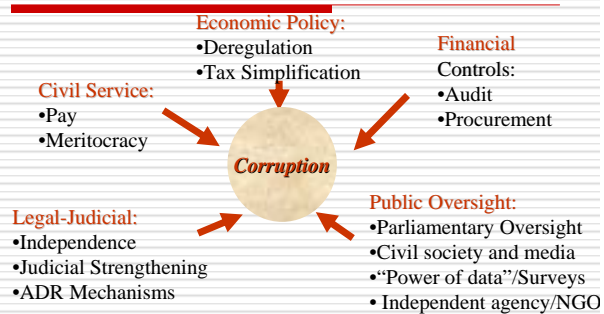
Corruption Perception By Regions



Corruption Control By APEC Countries



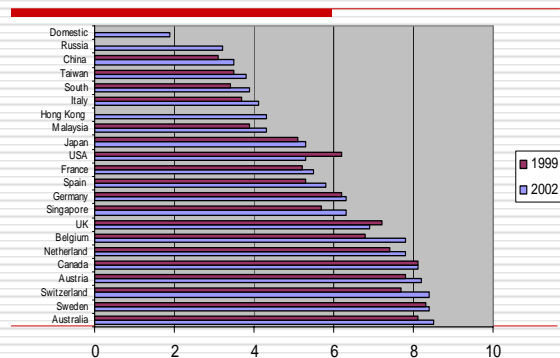
Multipronged Strategy for Combating Corruption



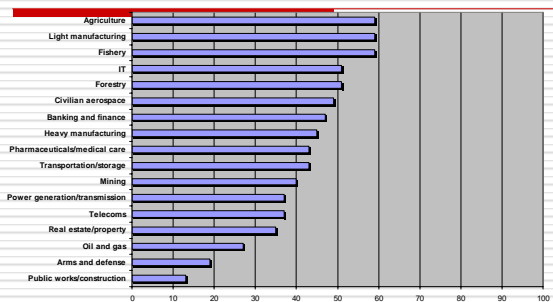
CORRUPTION

THE SUPPLY SIDE

Bribers Payers Index 2002



Bribery in Business Sectors

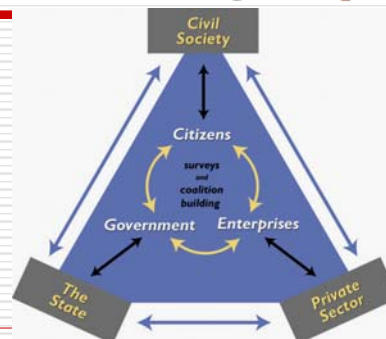


CORRUPTION

The Demand and Supply Response

- OECD & Other International Conventions to Combat Corruption
- Other governmental initiatives
- Global business codes
- Sectoral Codes
- Professional codes
- Donor actions
- Stakeholders networks

Multipronged Strategy for Combating Corruption



Fighting Corruption

Price Comparisons

- Professional Coordination
 - Homogenous products
 - Primary data (invoices, contracts)
 - Information analysis (price ranges, averages)
 - Bulletin, Publications, Dissemination
 - Monitoring Results
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Fighting Corruption

Public Hearings

- Meeting with Stakeholders, including media
 - Levelling Playing Field; Technical Experts
 - Agenda, Trade-Offs Assessment, Discussion, Minutes
 - Explicit Resolution of Issues
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Fighting Corruption

Integrity Pacts

- No-bribery commitment by bidders
 - Commitment of government to prevent extortion and acceptance of bribes
 - Disclosure of payments
 - Sanctions against bidders who violate their no-bribery commitment
 - Involvement of civil society in monitoring bid evaluation, award decision process and implementation of the contract
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Fighting Corruption

Evaluation

- Strategic positioning (vulnerable areas).
 - State-of-the-art expertise.
 - Constituency grounding.
 - Opening to outside bidders.
 - Watch up-scaling implications
 - Risks of bureaucratization
 - Focus on systemic issues
 - Safeguards for whistleblowers, arbitration vehicles.
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Conclusions

From words to deeds

- Actions requires ownership: demand for accountability, responsiveness, partnerships.
 - Performance requires surveillance: checks and balances, plurality, emancipation/empowerment.
 - Sustainable action requires incentives: motivation, alignment between public and individual wellbeing.
 - An isolated existence is possible -- but at a inordinate cost in development and competitiveness.
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