

# ANTI-CORRUPTION HELPDESK

PROVIDING ON-DEMAND RESEARCH TO HELP FIGHT CORRUPTION

## WHAT CAN DONORS DO TO FIGHT PETTY CORRUPTION IN RECIPIENT COUNTRIES?

### QUERY

How can we as donors fight petty corruption in recipient countries? What methods can we use beyond the existing control mechanisms to change the culture of petty bribery?

### PURPOSE

The staff of our delegation is confronted with petty corruption on a daily basis. This form of corruption is so deeply entrenched that it risks permeating our own structures. Do you have any advice for both local staff and expatriates on how to resolve such situations?

### CONTENT

1. Agency-based prevention measures
2. Examples of tools for addressing petty corruption
3. References

### NOTE

This answer is an update of an unpublished answer that was prepared for the U4 in 2010.

### SUMMARY

In many developing countries development agency staff may face situations in their interactions with public officials in which they are expected to pay a bribe. Yet there are few operational policies, strategies and tools publicly available to assist agency staff in resisting such extortion.

Measures can be taken at the agency level to empower staff in their interactions with public officials to resist acts of bribery and extortion. Such measures typically involve having clear anti-corruption guidelines and principles in place, building the capacity of staff to deal with such situations, and empowering them to report safely and transparently on such occurrences through internal policies, training and practical guidance.

Donors can also help influence the overall country context by fully harnessing existing internal and external reporting mechanisms and using citizens' accountability tools, including new technologies, to resist petty bribery.

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## 1 AGENCY-BASED PREVENTION MEASURES

In countries where corruption is deeply entrenched, donors often face situations where paying a bribe is considered the “rule of the game.” In some contexts, this can take the form of coercion, such as when police officers threaten to fine or arrest people under false pretences, for the purpose of extorting bribes. In particular, seemingly “rich” foreigners or expatriate staff with little knowledge or experience of local realities can represent an easy target. Yet there are very few publicly available policies and guidelines to provide guidance to field office staff on how to deal with such situations. Measures can involve developing internal policies, training, and practical guidance to both protect agency staff from situations where bribery is expected and empower them to respond most effectively when such instances occur.

### Broad agency-based prevention measures

There is no blueprint for dealing with this form of corruption, as appropriate responses to such situations strongly depend on the specific circumstances of each partner country in terms of the political context, rule of law, security situation, effectiveness of state institutions, levels of corruption, political will to address corruption and other factors. However, there are broad prevention measures that agencies can consider in order to raise awareness of extortion risks and equip staff with the necessary skills, tools and techniques to deal effectively with acts of bribery and extortion.

### *Avoiding facilitation payments through prevention approaches*

Since the UK Bribery Act 2010 came into force in July 2011, making facilitation payments illegal, companies covered by the Act are under pressure to take appropriate measures to prevent these payments or face prosecution. Guidance that has since been developed to help companies avoid facilitation payments is also relevant for development agencies. For example, the UK’s Serious Fraud Office advises companies to commit themselves to eliminating these payments over a period of time by taking a number of measures to address such practices. The [six-step approach](#)

endorsed by the fraud office includes:

- having a clear issued policy on facilitation payments
- making guidance available for employees to follow when they are asked to make such payments
- assessing whether such procedures are being followed by staff
- recording evidence that such payments have been made
- taking action to inform relevant authorities in the countries concerned that such payments are being demanded
- taking practical steps to curtail the making of such payments

In addition, the World Economic Forum’s Partnering Against Corruption Initiative (PACI) has developed a corruption tool kit to help companies resist bribery demands, which can also be applied to donor agency operations. RESIST – Resisting Extortions and Solicitations in International Transactions – is a scenario-based training tool enabling employees to respond to bribe solicitations ethically, while helping companies reduce the probability of such demands being made (International Chamber of Commerce et al. 2010). At the prevention level, in line with the fraud office’s six-step approach, recommendations to avoid such situations can include measures such as:

- establishing a company policy and guidelines for prohibiting bribery
- communicating anti-corruption guidelines and policies internally and externally
- analysing the risk of occurrence of facilitation payments in a given country, making plans to reduce risk and designing appropriate guidelines
- providing anti-corruption training that covers extortion and facilitation payments as well as practical tips to respond to situations of intimidation and coercion (e.g. dilemma training)
- implementing systems encouraging employees to report such occurrences
- providing an advisory officer/unit that employees can call upon when faced with such situations, preferably staffed by

country nationals who have the authority to enforce the anti-corruption policy

- engaging a local security or emergency assistance firm to assist in such situations
- establishing good relations with relevant government agencies, to report and discuss challenges employees can face

Another approach consists of disseminating information on what can be legally demanded by authority representatives in specific situations. In Russia, for example, small businesses are often exposed to extortion risks by corrupt government officers who harass entrepreneurs during business inspections. The Novorossiysk Chamber of Commerce and Industry has published a brochure – for now available only in Russian – providing practical guidance on how to use the law and various negotiation techniques to resist extortion. It describes in detail the steps involved in business inspection and what documents inspectors can legally demand. It also profiles the various approaches inspectors may use to extort bribes and provides recommendations on how to deal with different types of personalities and demands (Novorossiysk Chamber of Commerce and Industry no date).

#### *Dealing with bribery and extortion in insecure environments*

Resisting bribery requests can have security implications for staff in insecure environments, where threats and intimidation are used to extort bribes. The UK [Bribery Act 2010 government guidance](#) recognises that there are circumstances where there are no alternatives to making such payments, where employees' safety or liberty is at risk. Zero-tolerance policies for corruption should therefore explicitly address such situations – for example, by allowing such payments to be made in certain circumstances and requiring employees to immediately report such payments to their line manager.

Development agencies' staff can also be exposed to extortion risks when working in countries plagued with endemic corruption or involved in conflict situations. Guidance for dealing with corruption in such settings can be drawn from humanitarian agencies, which are routinely

confronted with similar challenges because they typically operate in very insecure and unstable environments. Transparency International's Handbook of Good Practices: Preventing Corruption in Humanitarian Operations provides some guidance on how to deal with such threats at the agency level as part of a more comprehensive security management programme (Transparency International 2010). Agency-based prevention measures can include:

- **Having a clear agency-based policy on how to respond to such situations.** As part of emergency preparedness, corruption risks and related security threats should be carefully assessed to help design the best possible response in a particular security context, based on a thorough knowledge of local realities. It should be made clear to staff that when confronted with such situations they should not put their own safety or that of beneficiaries at risk.
- **Publicising a clear anti-corruption policy and code of conduct.** Such policy documents can be useful weapons for staff when asked for payment. The dissemination of such policies may reduce extortion risks and make it easier for staff to resist demands for bribes as the organisation becomes known in-country for its strong stand against corruption.
- **Training and briefing all staff on corruption- and security-related issues.** Staff should receive training on general security principles, including potential corruption risks and how to respond to these. This can involve providing relevant training in job-specific areas (such as defensive driving techniques) or building staff's negotiating skills to help them resist bribe extortion.
- **Reporting incidents of bribe extortion transparently.** There should also be a clear obligation for staff to report and document such incidents, including forced payment of bribes under physical threat. As staff may be reluctant to report such incidents for fear of further threats, headquarters' interference in project management or career damage, adequate protection should be granted to staff reporting

coercion, similar to whistle-blower protection.

- **Cooperating with other agencies on security matters.** Interagency collaboration can also help identify threats, patterns and trends as well as enable the development of joint policies and common responses to such situations. Within this framework, it can be useful to issue a joint anti-corruption declaration.

## Practical guidance and tools to build staff capacity to deal with bribery demands

### Training

A key element of prevention strategies is to empower agency staff in their interactions with public officials and equip them with the necessary skills, tools and techniques to resist acts of bribery and extortion. Training plays an important role in this regard. Trainings in effective communication and responding to bribery demands may include negotiation skills, discussion of experience, problem solving, and role playing to build staff skills and confidence to resist petty corruption.

Examples of practical guidance and tools on how to deal with bribery demands are presented below.

### *RESIST's practical recommendations for dealing with situations of extortion*

The RESIST tool kit (mentioned above) provides practical guidance on how to react to a bribe demand. Steps to take may include:

- Ensure that all requested paperwork and documents presented are valid.
- State that such payments are against agency policy and are illegal (which is the case in most countries).
- Record the name of the officer requesting the bribe.
- If payment is unavoidable, negotiate it to a minimum amount and get a receipt for the fee, including the reason, name of the officer and preferably the officer's signature.
- Immediately report payment to the

appropriate agency manager.

- Ensure that the payment is recorded in the company's accounting system.
- Report the event externally to the relevant authorities.

### *Learning from "positive deviance"*

The work of Bruce Horowitz<sup>1</sup> on "positive deviance" and negotiations with "extortionist functionaries" also provides useful insights on how to deal with situations of bribery and extortion (Horowitz 2006; Horowitz 2008).

Not all public officials are corrupt and not everyone gives in to extortions demands, even in highly corrupt environments. Horowitz's approach is to look for and analyse strategies that strengthen "positive deviants." Applied to corruption, this involves looking for honest actors in extremely corrupt environments and studying how and why they manage to resist corruption.

Very little research has been done in this area. Large-scale data from a 2002 nationwide survey conducted in Peru indicates that confronted with situations of extortion, 21 per cent of respondents refused to pay the bribe. One-third of respondents who did not pay a bribe managed to access the needed service anyway, while only one-quarter of respondents who paid a bribe managed to do so (Horowitz 2006; Horowitz 2008). Another survey of lawyers in lesser-developed countries conducted by Horowitz indicates an even higher rate of success (50 per cent) in getting access to services while refusing to pay a bribe. Further research is needed to identify the strategies and tactics used by "positive deviants" who managed to access services or avoid access discrimination despite refusing to yield to extortion demands.

As a beginning, Horowitz refers to a medium-scale study of the strategies individuals use when confronted by public officials who delay access to the services they control. With the exception of bribery, extreme forms of threats and sexual attraction, the study found that many of these

<sup>1</sup> Bruce Horowitz is a founder of the Quito, Ecuador, law firm Paz Horowitz and Senior Advisor to the American Bar Association International Section's Committee on US Lawyers Working Abroad. He has been studying negotiations and public corruption issues since 1985.

strategies are also used by professional negotiators during “difficult” negotiations. These successful tactics include:

- walking away without getting the service
- being persistent (sitting all day in the office or coming back every day with the same request)
- making legal or rights-based arguments
- consulting another public official at a higher level of the hierarchy
- using the influence of someone outside the formal hierarchy
- forming protest groups
- studying relevant laws and legal materials
- learning the “ropes”
- being nice

These examples demonstrate that bribery is not inevitable in face-to-face encounters with corrupt public officials, but rather that there are alternative solutions and that it is possible to develop successful strategies to deal with extortion demands.

### *Using simple negotiation strategies when dealing with corrupt public officials*

Very little has been written on how to negotiate with corrupt public officials and resist extortion demands in specific situations. However, there are a few ground rules that can limit the risk of extortion as well as help create and maintain a trust relationship with the relevant government office (Horowitz 2008; Transparency International 2010). This involves combining theory and practice to successfully confront corrupt officials:

Recommendations include:

1. Strengthen yourself. In negotiations, power comes as much from the weakness of one party as from one party’s strength.
2. Never offer a bribe or submit to extortion. Public servants know who pays bribes and who does not. They’ll be soon in a position to identify individuals, companies or agencies who are worth the risk and the effort. It is important that the agency has a reputation of never submitting to extortion.

3. Play for time.
4. Make sure your paperwork is in order.
5. Treat public officials respectfully, and if possible, cordially, even if they are apparently breaking rules.
6. Ask to see a senior official.
7. Understand the signals that a bribe is being solicited and understand the multiple forms a bribe can take.
8. Be absolutely clear, but not abusive, when rejecting an extortion demand.
9. Back refusal to pay a bribe with a clear anti-corruption policy and code of conduct and give the public officials the information necessary to understand what makes you or your agency different from the “normal” bribe-paying companies/agencies they may be accustomed to.
10. Be honest with corrupt officials, just as you would with any other party to a negotiation.
11. Explain that funds or goods do not belong to the agency but to emergency-affected people and that diverting them will affect the extorter’s own community.

## 2 EXAMPLES OF TOOLS FOR ADDRESSING PETTY CORRUPTION

### Internal and external reporting mechanisms

Reporting corruption is not only important for redress but can also contribute to prevention efforts and empower citizens to demand honest and accountable institutions. Research shows that improving the knowledge of mechanisms for reporting corruption has an impact on levels of corruption, as shown by a 2004 study conducted in Uganda. Using data from a household survey, the study established that knowledge of such reporting procedures not only reduces households’ risk of being subject to bribery but also significantly

increases the quality of public service delivery by providing citizens with mechanisms to better articulate their opinions and increase their civic responsibility (besides strengthening their ability to resist unjustified claims) (Deiningner and Mpuga 2004).

It is therefore critically important to encourage staff to report acts of bribery and extortion, both internally and externally. Effective internal and external feedback and complaint mechanisms have an important role to play in counteracting corruption as well as in fighting impunity.

### *Internal reporting mechanisms*

Good practice suggests that internal reporting mechanisms must be well publicised, accessible to all staff and adequately resourced (Chene 2013).

The complaint process must be timely and transparent. It should both inform the complainant of progress as well as respect the rights of public officials (USAID 2007).

At the agency level, the organisation must have a reliable integrity management structure – including a well-publicised reporting mechanism – in place. Such a system promotes compliance with high standards of integrity, demonstrates the agency's commitment and leadership in fighting corruption, promotes integrity standards, and helps map corruption risks and design appropriate responses.

Developing such a system can involve communicating to staff that they have an obligation to report occurrences of bribery, as well as providing effective internal channels of reporting and clear guidelines on how to report and to whom. For staff victims of extortion, a few key principles can be communicated such as referring the case to the supervisor, leaving a paper trail and reporting to the integrity advisor in the field office if there is one. As mentioned above, victims of extortion may be reluctant to make a complaint or report irregularities out of fear of the consequences. This means it is important to grant staff adequate whistle-blowing protection when making such disclosures.

A [recent Helpdesk answer](#) provides examples of donors' online reporting mechanisms.

### *External reporting mechanisms*

It is also important that the agency uses complaint mechanisms and reporting channels outside the organisation when and where they exist. Provided these mechanisms are well publicised, appropriately staffed and can impose appropriate sanctions and penalties, the agency can use them to seek redress. Various institutions may have their own complaint mechanisms as part of their internal integrity management system. However, fear of retaliation or lack of trust in the mechanism can discourage victims of bribery from reporting crimes and assisting in investigations. If the police complaint system does not exist or is not trustworthy at the agency level, it may be possible for staff to use other institutionalised complaint mechanisms or anonymous hotlines at the local or national level designed to allow citizens to report corruption.

In some countries, civil society-based recourse systems can assist victims of corruption in seeking redress. For example, Transparency International's Advocacy and Legal Advice Centres fulfil this mandate in around 50 countries by providing victims of corruption with practical assistance in pursuing complaints and addressing their grievances. A great value of the project lies in its "hidden" impact – the degree of empowerment that the legal advice provides to ordinary citizens to stand up against corruption (Transparency International no date).

Supporting community complaints mechanisms can also help fight and report corruption occurring at the project level and foster a culture of accountability. A previous [Helpdesk answer](#) provides guidance on good practice for setting up such mechanisms at the community level.

### **New technologies and innovative tools**

Technology can be used to help fight petty corruption in various ways. Firstly, as petty corruption often occurs in face-to-face settings, technology can be used to reduce the likelihood of facilitation payment requests by limiting direct interactions between service users and providers. Transactions that are performed online are less susceptible to corruption.

New technologies can also be used to report corruption and collect data about the prevalence of petty bribery in a given country. Public officials, journalists and non-governmental organisations can then use this information to engage new audiences and advocate for change.

The following section provides examples of projects and tools initiated by various stakeholders to address petty corruption in various countries.

### *Smartphone applications in Mexico*

Some countries are pioneering innovative technological solutions to deal with widespread police corruption. In Mexico, for example, an application created for iPhones and BlackBerry smartphones provides guidance to drivers about what to do when confronted with bribery requests from the Mexico City police. The application offers all necessary information, from a traffic fine calculator to avoid being swindled to an interactive map with directions to all parking lots where vehicles are impounded after drivers commit traffic infractions. The programme also includes a list of all traffic regulations, a list of the most frequent associated sanctions and a quick connection with emergency telephones. This anti-bribe application is sold at US\$1.50 and reportedly had more than 11,000 downloads in the first three months following its launch (*Latin America Herald Tribune* 2010)

### *“I paid a bribe” reporting website in India*

In India, a website called [I paid a bribe](#) enables public service users to anonymously report instances where they are forced to bribe officials, as a crowd-sourcing technological solution to hold public officials accountable. More than 400,000 reports have been recorded on the site.

This data collection tool builds evidence to identify sectors and departments particularly vulnerable to corruption and lobby government for change. For example, after the site exposed rampant corruption in the transport department in Bangalore, the procedure for issuing driving licences was changed (Dawson 2012).

Similar initiatives are mushrooming, some with

mixed results, in other countries – including Kenya, Nigeria, Pakistan and Zimbabwe (IACC 2012). [Bribespot](#), for example, which was launched in April 2011 by six social media entrepreneurs in Estonia, has had 854 reports from three continents to date. To be successful, such initiatives require investment in adequate technology as well as strong marketing campaigns and partnerships with organisations that fight corruption.

### *Web-based data aggregation in Hungary*

Another strategy is to aggregate data to make information available to the public in a user-friendly manner. For example, Hungary’s [K-Monitor](#) built a database of media reports about corruption and organised them to enable people to view the data by location, political party, institution, sector, type of malpractice, time period and other categories. Journalists use and cite the database on a regular basis and company representatives also use it to investigate their business partners or competitors. A magazine recently published a series of investigative reports on state advertisements in the media and the interconnections between media companies and political elite, which was largely based on K-Monitor’s database (IACC 2012).

### *Data-based advocacy in the Philippines*

Data collected via digital technology can be used to advocate for an institutional response to petty corruption while also creating feedback loops for communication between government and citizens (IACC 2012). For example, Operation Thank You is the issue-resolution programme of the [Check My School](#) monitoring project, which aims to improve public education services in the Philippines by making school information available through the use of digital technology and community mobilisation. The initiative’s digital technology platform integrates the use of a website, text messaging and social media. A network of education stakeholders in the schools (parents, teachers and students) and outside the schools (media, local government, the Department of Education, universities and citizen groups) has been built to mobilise a key constituency for change. Letters with information about resource shortages are sent to the Department of Education’s local and national offices and their

responses are forwarded to the schools. Twenty-three issues have been resolved concretely with this approach.

### *Zero-rupee notes in India*

In India, where petty corruption is pervasive, the [5th Pillar](#), a civil society organisation dedicated to fighting corruption, launched an innovative initiative to mobilise citizens and empower them to resist acts of petty bribery. 5th Pillar prints and distributes zero-rupee notes as a means to protest against demands for bribes by public officials. The first batch of 25,000 notes was met with such demand that by December 2009 the organisation had distributed a million zero-rupee notes and collected many stories from people who successfully used them to resist bribery demands. 5th Pillar says that the success of the initiative lies in the sense of empowerment it gives people, as they know they are backed up by an organisation and are not alone in their fight. Indications suggest that the concept has had some effect on changing behaviours among corrupt public and private officials (World Bank 2009).

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