

ANTI-CORRUPTION HELPDESK

PROVIDING ON-DEMAND RESEARCH TO HELP FIGHT CORRUPTION

LITERATURE REVIEW: ACCOUNTABILITY AND CORRUPTION

QUERY

Do you know of any recent study linking anti-corruption and accountability (not necessarily in the humanitarian sector)?

SUMMARY

This Helpdesk answer provides an overview of the literature linking various forms of accountability to the control of corruption.

PURPOSE

We have been requested to contribute an article for the Humanitarian Accountability Report published by HAP on corruption in the humanitarian aid sector. In the humanitarian aid sector, there is a lack of hard evidence that accountability initiatives have a direct effect on reducing corruption.

CONTENT

1. Impact of horizontal accountability mechanisms
2. Impact of vertical accountability mechanisms
3. Impact of diagonal accountability mechanisms

//

Author(s)

Marie Chêne, Transparency International,
tihelpdesk@transparency.org

Date: 25 March 2015

The concept of accountability broadly refers to accountability as the obligation of individuals, agencies and organisations (public, private and civil society) to submit themselves to another's oversight and scrutiny and provide information and justifications for their actions and decisions (Transparency International 2009).

The literature usually distinguishes between three forms of accountability:

1) horizontal accountability as the obligation to report sideways, subjecting public officials to restraint and oversight or 'checks and balances' provided by other government agencies (i.e. courts, ombudsman, auditing agencies) that can call into question, and eventually punish, an official for improper conduct;

2) vertical accountability as the mechanisms through which public officials are held accountable to the electorate or citizenry, such as elections, a free press, an active civil society and other similar channels;

3) diagonal accountability, which engages citizens directly in the work of horizontal accountability institutions, when citizens use government institutions to elicit better oversight of the state's actions and in the process engage in policy-making, budgeting, expenditure tracking and other activities.

1 THE IMPACT OF HORIZONTAL ACCOUNTABILITY ON CORRUPTION

Effective monitoring and oversight of public institutions is essential to break the circle of impunity, ensure that acts of misconduct are adequately detected and punished, and make corruption a high-risk / low-reward activity. Mechanisms designed to promote horizontal accountability typically include checks and balances on public agencies provided by institutions such as supreme audit institutions, as well as anti-corruption and law enforcement agencies. While there is anecdotal evidence of the critical role such institutions can play in detecting and punishing corruption, there is relatively little (recent) empirical evidence of the impact such approaches may have on reducing corruption.

The impact of audits as a form of monitoring and oversight

Although not recent, a few often cited studies have provided some level of evidence of the critical role monitoring and oversight provided by auditing agencies can play in fighting corruption.

[Centralised Auditing as an Anti-Corruption Mechanism](#), Lagunes P., Blogpost, The Anti-Corruption Research Network, 2011

A few empirical studies have explored the potential of audits in preventing corruption. In this blog post, ACRN Contributing Editor Paul Lagunes takes an in-depth look at auditing as a monitoring mechanism. He assesses the evidence thus far in relation to the effectiveness of auditing as an anti-corruption tool and finds that while there is some data to suggest that audits can lead to the reduction of corruption, much more work is needed to understand the factors and particular conditions under which audits are most effective.

[The Role of Wages and Auditing During a Crackdown on Corruption in the City of Buenos Aires](#), Di Tella R. and Schargrodsky, E., 2003

Between 1996 and 1997 the newly elected government in Buenos Aires launched a crackdown on corruption and conducted audits to monitor the price paid by all public hospitals in the city for a number of basic, homogenous supplies. Prices paid by hospitals for basic, homogeneous inputs decreased by 15 percent during the first phase of the crackdown, which was expected to be the most intense period of the audit. The study concludes that wages can have a well-defined, negative effect on both corruption and procurement efficiency when there is a perceived likelihood of detection and punishment, which suggests that audit intensity is crucial for controlling corruption.

[Monitoring Corruption: Evidence from a Field Experiment in Indonesia](#), Olken B., *Journal of Political Economy*, 115(2): 200-249, 2007,

In this often cited study, Ben Olken compares the efficiency of two approaches to reduce corruption: increasing audits carried out by government officials and increasing grassroots participation through a carefully designed randomised experiment. He finds that increasing government audits from 4 percent of projects to 100 percent reduced missing expenditures by eight percentage points. By contrast, increasing grassroots participation in monitoring had little average impact. These findings suggest that between the two forms of oversight, centralised auditing was associated with a more significant reduction in missing expenditures than grassroots oversight, especially where the village heads planned to run for re-election, and that traditional top-down monitoring can play an important role in reducing corruption, even in highly corrupt environments.

[Unintended consequences of anti-corruption strategies: Public fiscal audits and deforestation in the Brazilian Amazon](#), Cisneros E., Hargrave J. and Kis-Katos K., 2013

While centralised auditing and making information available to the public constitute promising approaches for addressing corruption, public audits can also have unintended consequences. Increased attention to fiscal discipline may contribute towards shifting local corruption to other, less directly observed activities, as this study suggests. It documents an increase in deforestation in Amazon municipalities as a consequence of an increase in randomised public fiscal audits. The study finds that deforestation increased on average by at least 11% in the aftermath of public fiscal audits, with larger increases in more corrupt municipalities, which suggests a shift in illicit/corrupt activities towards spheres less easily observable by federal auditors.

[Maximising the efficiency and impact of Supreme Audit Institutions through engagement with other stakeholders](#), Reed Q., 2013, Bergen: Chr. Michelsen Institute (U4 Issue 2013:9) p.37

This U4 review of Supreme Audit Institutions (SAIs) in Croatia, Macedonia, Montenegro and Slovenia indicates that the effectiveness of SAIs is not determined solely by their resources and capacity levels, but by a range of other equally important factors including the accessibility and communication of audit reports and findings, as well as interaction with other stakeholders including NGOs and the media. Engagement with NGOs, parliaments and other stakeholders is essential for a properly functioning audit cycle. The paper concludes with several suggestions for donors, such as helping NGOs monitor the implementation of SAI recommendations.

The impact of law enforcement interventions

Effective law enforcement is essential for the credibility of anti-corruption efforts, to ensure wrongdoers are punished and to deter corruption by increasing the risks and costs associated with corrupt practices. Inspired by the success of Singapore and Hong Kong's anti-corruption agencies, many donor interventions have initially focused on law enforcement approaches such as strengthening investigative agencies and independent prosecutors, as well as establishing specialised anti-corruption courts and anti-corruption agencies (ACAs).

However critics later questioned such approaches,

arguing that anti-corruption commissions have failed to reduce public sector corruption in all but a few cases. They typically attribute failure to a lack of political will, legitimacy and ownership, the overall governance environment in which ACAs operate, unfavourable economic conditions, inadequate resources and capacity, inappropriate mandate, structures and strategies, as well as poor planning and management.

Despite this, very few evaluations have been conducted to assess the lack of effectiveness of such approaches, and evidence is scarce or of questionable quality. Similarly, only a few studies looking at specific contexts have established an empirical link between law enforcement and the control of corruption, especially in countries affected by high levels of organised crime.

[How to monitor and evaluate anti-corruption agencies: Guidelines for agencies, donors, and evaluators](#), Johnson J., Mathisen H., Hechler H. and De Sousa L., 2011

Considering actual evidence about ACAs' performance is relatively scarce, the authors argue that this perceived failure of ACAs could be related to issues of measurement or design, rather than actual outcomes and impact. This paper provides technical, methodological, and practical guidance for monitoring and evaluating ACAs.

[Contextual choices in fighting corruption](#), Miungu Pippidi A. et al, 2011

This paper looks at the evolution of the risk of corruption before and after the introduction of an anti-corruption agency in a number of countries. It finds no significant improvement in the corruption risk estimate, regardless of the type of dedicated anti-corruption agency introduced.

[An exception to the rule? Why Indonesia's Anti-Corruption Commission succeeds where others don't – a comparison with the Philippines' Ombudsman](#), Bonlogoita E., 2010

This U4 brief analyses the success of Indonesia's Anti-Corruption Agency and identifies the contributing factors related to powers and capacity, accountable management, operational set-up, etc.

[Anti-Corruption Commissions: Panacea or Real Medicine to Fight Corruption?](#) Heilbrunn J., 2004

Examples from different countries tend to indicate that institutional arrangements are not the primary

determining factor in terms of the effectiveness of anti-corruption institutions. Factors such as the institution(s)' independence, specialisation, integrity, capacity, and political support seem to play a more important role in this regard. In addition, institutional arrangements all rely on the cooperation of many other complementary bodies and their impact is heavily reliant on their ability to interact and cooperate with those other institutions involved in anti-corruption related activities.

[Institutional anti-corruption arrangements to combat corruption: a comparative study](#), UNDP, 2005

This comparative study concludes that the success of such interventions has been very limited, with very few exceptions.

[Measuring 'success' in five African Anti-Corruption Commissions](#), Doig A., Williams R. and Watt D., 2005

Similarly, this U4 report points towards the mixed impact of anti-corruption agencies in Ghana, Malawi, Tanzania, Uganda and Zambia.

[Controlling organized crime and corruption in the public sector](#), Buscaglia E. and Van Dijk J., 2003

This paper explored on how organised crime and corruption are likely to be facilitated or impeded by various factors such as a country's socioeconomic conditions, political conditions, the features of the criminal justice system, private- and public-sector governance, and the independence and integrity of the judiciary. Findings suggest that the levels of both organised crime and corruption are lower in countries where the judicial system is more effective, as measured by conviction rates per crime committed. The most important predictor of both the extent of organised crime and corruption was found to be the quality, independence and integrity of the judiciary and other institutions safeguarding the rule of law, including police services.

2 THE IMPACT OF VERTICAL ACCOUNTABILITY ON CORRUPTION

The role of the media

The media play an important role in holding leaders accountable for their actions and decisions and there are a number of policy recommendations that emphasise the importance of media plurality, media freedom and competition in curbing corruption. As

early as 2002, [Ahrend](#) finds little evidence that corruption negatively affects press freedom. However, there is strong empirical evidence that a lack of press freedom leads to higher levels of corruption, confirming the power of information to strengthening public demand for anti-corruption measures.

[A free press is bad news for corruption](#), Bruenetti A. and Weder B., 2003

Similarly, the authors of this paper have found that press freedom has a significant effect on corruption in a large cross-section of countries. They present evidence suggesting that there is a causal link between greater press freedom and lower corruption, claiming that a "complete move to press freedom would lead to a dramatic reduction of corruption in the average country".

[Revealing malfeasance: how local media facilitates electoral sanctioning in Mexico](#), Larreguy H., Marshall J. and Snyder J., 2014

This study assesses the effect of the local media on political accountability in Mexico. The research finds that voters punish the parties of corrupt mayors in electoral areas covered by local media. These electoral sanctions tend to persist, as the party's share of votes is likewise reduced to a similar extent at the next election. The study finds no evidence of an effect caused by media stations based in other localities.

[Media Freedom and Democracy: Complements or substitutes in the fight against corruption?](#) Bhattacharyya S. and Hodler R. 2012

This paper uncovers the effects of the interplay between democracy and press freedom on corruption, using panel data from 126 countries covering the period 1980-2008. Empirical findings support the theory that the impact of democracy in reducing corruption becomes stronger as media freedom increases. The complementary relationship between democracy and media freedom in the fight against corruption is also supported by Indian state level data.

[Re-examining the relationship between press freedom and corruption](#), Fardigh M., Andersson E. and Oscarsson H., 2011

Information regarding how effective media and a free press actually are in combating corruption is still limited, but growing. This working paper argues that research into the relationship between press freedom and corruption is far from complete, and requires additional and new models and approaches to

explore the links between press freedom and corruption. Applying new measurement variables and techniques, findings show that the role of a free press in fighting corruption differs depending on whether the country in question has a “well, newly, or non-established electoral democracy”. The effect of press freedom on corruption is initially negative or insignificant for countries with very low levels of democracy, and becomes more positive the more democratic a country is.

[The Power of Information in Public Services: Evidence from Education in Uganda](#), Reinikka R. and Svensson J., 2011

A newspaper campaign in Uganda aimed at reducing capture of public funds by providing schools (parents) with systematic information to monitor local officials’ handling of a large education grant programme. Combining survey and administrative data, this study shows that public access to information can be a powerful deterrent to the capture of funds at the local level and that, in this case, the resulting reduction in the capture of funds had a positive effect on school enrolment and learning outcomes.

[Transparency, Publicity, Accountability – The missing links](#), Naurin D., 2007

This paper argues that the concepts of transparency, publicity and accountability should be differentiated in order to fully understand the importance of these different causal mechanisms. Transparency – defined as accessibility of information – is not enough to improve accountability. There must also be a reasonable chance that the information will actually reach the public (publicity) and can be used for sanctioning bad behaviour (accountability). As such, publicity – defined as the dissemination of information – can be considered the causal mechanism linking transparency and accountability.

A number of factors can affect publicity. Making information available will not prevent corruption if the conditions for publicity and accountability, such as education, media circulation and free and fair elections, are weak. In particular, the level of education will be an important link between transparency and publicity. The higher the level of education, the greater the capacity for people to access and process information from the media and public records. In turn, policy makers will be more likely to have their actions exposed through publicity and sanctioned through accountability mechanisms such as elections. This argument was tested and confirmed in a cross-country study of 110 countries that analysed the extent to which the “press freedom effect” was dependent on publicity (media circulation) and accountability (presence of free and fair

elections) mechanisms.

Democratic and electoral accountability

There is also evidence that democratic mechanisms such as free and fair elections can enhance political accountability and play a crucial role in constraining politicians’ corrupt behaviour.

[Corruption and Retrospective Democratic Accountability](#), Crisp B., Potter J., Olivella S. and Mishler W., 2011

Democratic accountability is premised on the idea that voters reward or punish elected officials by extending or ending their political careers. In principle, this implies that officials avoid the short term benefits of corruption to secure the long-term reward of re-election. However, this paper suggests that if voters frequently change their allegiances, making political careers typically short, incentives to refrain from corruption are reduced and accountability is undermined. This could imply that sanctioning politicians who are perceived to be corrupt may not diminish future misconduct. This hypothesis is tested using data drawn from 249 elections across 74 countries. Findings show that corruption does indeed provoke electoral volatility, but that volatility has no discernible impact on malfeasance.

[Electoral Accountability and Corruption: Evidence from the Audits of Local Governments](#), Ferraz C. and Frederico F., *American Economic Review*, 101(4): 1274–1311, 2011

Electoral accountability in turn has an impact on local corruption levels. Relying on Brazil’s federal government audit data on municipal corruption, the authors empirically confirmed that the threat of being voted out of office significantly reduces mayors’ likelihood to engage in corrupt behaviours. Mayors with re-election incentives misappropriate 27 percent fewer resources than mayors without re-election incentives. This suggests that the combined effect of oversight (audits) and punishment (threat of being voted out) can have a restraining effect on public officials’ behaviour.

[Exposing Corrupt Politicians: The Effects of Brazil’s Publicly Released Audits on Electoral Outcomes](#), Ferraz C. and Frederico F., *The Quarterly Journal of Economics*, 123(2): 703 - 745, 2008

In this paper, the authors show that public information from local fiscal audits also significantly reduced the re-election chances of corrupt officials.

Analysing the electoral results in conjunction with corruption data obtained from audits carried out by Brazil's federal government, this paper demonstrates that providing citizens with objective information about their local elected officials reduces the likelihood that corrupt mayors are re-elected.

3 THE IMPACT OF DIAGONAL ACCOUNTABILITY ON CORRUPTION

Directly engaging citizens in vertical accountability mechanisms is promoted as a promising approach for enhancing the accountability of public officials, reducing corruption and leakage of funds and improving public service delivery. A number of recent studies have explored the potential of social accountability mechanisms for preventing corruption, and demonstrated how citizens can make their voices heard and effectively engage in making the public sector more accountable. According to the World Bank, "social accountability refers to the broad range of actions and mechanisms beyond voting that citizens can use to hold the state to account, as well as actions on the part of government, civil society, media and other societal actors that promote or facilitate these efforts."¹

[Curtailling Corruption: People Power for Accountability and Justice](#), Beyerle S., 2014

This book analyses 12 cases studies of successful nonviolent civic movements to exact accountability from power holders and fight corruption and concludes that bottom-up, citizen-based strategies complement and reinforce top-down anticorruption efforts. The research finds that graft and abuse can be curbed through people's collective voice and power, particularly the forms that matter to everyday people.

[Social Accountability: What does the evidence really say](#), Fox J., 2014

Empirical evidence about the tangible development impact of the social accountability mechanism is mixed. The paper reports that there have been promising results from studies of multi-pronged strategies that encourage enabling environments for collective action and bolster the state's capacity to actually respond to public input. It presents a useful set of conditions which have to be present for information-based citizen engagement to lead to an effective government response (and proposes a new series of propositions that focus on state-society

synergy through which 'voice' and 'teeth' can become mutually empowering).

[Do They Work? Assessing the Impact of Transparency and Accountability Initiatives in Service Delivery](#), Joshi A., 2013

This article systematically examines the impact of transparency and accountability initiatives in the field of public service delivery and finds evidence suggesting that a range of accountability initiatives have been effective in their immediate goals, such as the use of complaint mechanisms or the exposure of corruption, and in a few cases initiatives have had a significant impact on public services.

However, the overall evidence regarding the impact on the quality and accessibility of services is more mixed, and despite the popularity of such initiatives, there is little information about the enabling factors and conditions under which they are effective. Unsurprisingly, the overarching lesson is that the context matters and that there is a lot to take into consideration when designing initiatives, such as political and economic factors, the nature and strength of civil society movements, the relative political strength of service providers, and other factors. Several studies point out that there is a greater chance of success when there is willingness from the public sector to support attempts to improve accountability.

[Impact of community monitoring on corruption](#), Chêne, M., 2012

This Helpdesk answer provides an overview of the available evidence about the impact of community monitoring on corruption.

[Review of impact and effectiveness of transparency and accountability initiatives: Synthetic report](#), McGee R. et al, 2010

This paper reviews the available literature to assess the strengths and weaknesses of different transparency and accountability approaches and explore the institutional and political factors that support or hinder their impact in five sectors (public service delivery, budget processes, freedom of information, natural resource governance and donor aid). The research finds scarce evidence of impact and is largely confined to micro level studies, except in areas that have a longer history of work such as service delivery and budget transparency where evidence is more robust. Although limited and uneven, some of the evidence on impact does suggest that transparency and accountability

¹ World Bank Social Accountability Sourcebook.

initiatives can make an important difference in increasing state or institutional responsiveness, reducing corruption and empowering local voices.

[Evidence of impact of social accountability/demand for good governance \(DFGG\) initiatives: an overview](#), Malena C., 2009

This brief explores the impact of social accountability / DFGG approaches in different areas, presents significant evidence of important impacts and discusses some key challenges and issues regarding the implementation of such approaches. As the evidence is mostly anecdotal, there is a need for more rigorous impact assessment of such approaches in order to understand the causal relationship and the various factors that influence the success or failure of social accountability mechanisms.

[Following the money do Public Expenditure Tracking Surveys matter?](#) Sundet G., U4 Issue 8, 2008

The success of the famous 1996 public expenditure tracking survey (PETS) conducted in Uganda illustrated the potential of grassroots monitoring and public access to information in reducing leakages of funds and in-kind resources such as staff, textbooks and drugs. The survey showed that, on average, only 13% of the annual capitation grant (fixed amount allocated to schools per student) from the central government was delivered to schools between 1991 and 1995. 87% was captured by local officials. After the government launched an information campaign aimed at informing local communities about their entitlements and providing schools with information to monitor local officials' handling of a large school-grant programme, diversion of funds by intermediary provincial governments was reduced from 80 to 20%.

This U4 Issue paper takes a closer look at expenditure tracking and argues that its successes may have been overstated. It advocates a more nuanced approach that is better suited to the particular circumstances of each case and proposes some principles for tracking expenditures more effectively.

[Citizens, accountability and public expenditures: a rapid report of DFID support](#), Bosworth J., 2005

This report looks into 87 interventions into citizen accountability mechanisms targeting public expenditures that are supported by the UK's Department of International Development (DFID) and have been operational in 28 countries since the year 2000. It finds that only a small number of reviews suggest the DFID interventions resulted in a change

in the amount of corruption and misconduct in financial management. More frequently, the primary benefits of these interventions were intermediate effects including growing public interest in anti-corruption measures, better availability of public information, increased participation of citizens in public governance, etc.

[Does Greater Accountability Improve the Quality of Delivery of Public Services? Evidence from Uganda](#), Deininger K. and Mpuga P., 2004

Using data from a household survey, this study shows that an understanding of the procedures for reporting corruption not only reduces a households' risk of being subject to bribery, but also significantly increases the quality of public service delivery, as citizens can use mechanisms to better articulate their opinions and increase civic responsibility (and ability to resist unjustified claims).

“Anti-Corruption Helpdesk Answers provide practitioners around the world with rapid on-demand briefings on corruption. Drawing on publicly available information, the briefings present an overview of a particular issue and do not necessarily reflect Transparency International’s official position.”