

Christoph Seidler

Agencies and policies

*The performance of bilateral donors
in fighting corruption*



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To my parents

Kareen and

Hannes

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1. Introduction¹

In this book, I want to examine how bilateral donors perform in fighting corruption. Taking an actor-centred, policy-oriented approach I focus on three selected bilateral agencies that are heavy-weights in the aid scene: the United States Agency for International Development (USAID), the British Department for International Development (DFID) and the Swedish International Development Cooperation Agency (Sida).²

Each of the three agencies that I focus on faces corruption individually. At the same time corruption remains a common problem, given its negative consequences on development. In this book, I take a rationalist perspective. I argue that donors perform well in fighting corruption when they cooperate. In other words: when donors try to fight corruption individually in their target countries, they risk a suboptimal outcome on the global scale - or as the Organisation for Economic Co-operation and Development (OECD) phrases it: “The risks associated with a piecemeal response, in which various donor organisations act in a deliberate but uncoordinated way, are set to increase.”³ Donors thus face a problem of collective action, as fragmentation of anticorruption (AC) work is often hindering success.

Regime theory provides tools to overcome problems of collective action. When states establish a regime in a certain issue area, they do so to better pursue their own individual and rational interests. In the current case, it is in the bilateral donors’ interest that their official development assistance (ODA) is used as effectively as possible. To achieve this, they need to fight corruption in their partner countries and at home in a coordinated way.

Thus the question which this book addresses is: Does current cooperation between bilateral donors constitute a working international regime for fighting corruption in

¹ I would like to acknowledge the help of the following people who has made this book possible: Odd-Helge Fjeldstad and Alf Morten Jerve (CMI), Sheona Duff (DFID), Bathylle Missika (OECD), Ina Eriksson (SIDA), Hansjörg Elshorst (TI), Wilhelm Mirow and Henry Thomson (FU Berlin), Christiane Arndt (Maastricht Graduate School of Governance and Harvard University), Kareen Klein (University of Cambridge and Université de Genève). I further would like to thank Desiree Nilsson (Uppsala University) for her comments at the presentation of my ideas at the Sixth Pan-European International Relations Conference 12-15 September 2007 in Turin. And above all, I would like to thank my parents for always supporting me.

² In section 3.4. of this book I explain in detail why I have focussed on these particular cases.

³ OECD (2006), p. 3.

bilateral development cooperation?⁴

In order to answer this question, I use the following variables: the cooperation in the field of anti-corruption in bilateral development cooperation will be the independent variable, whereas the existence of a regime in this field will be the dependent variable. Other possible independent variables such as the power distribution in the international system shall be regarded as fixed. This assumption shall be permitted as the idea of a hegemonic state in a regime entirely devoted to more or less altruistic development cooperation seems to be somewhat absurd.

To operationalize the independent variable, I take two steps. In the first step, I take a look at the normative level in examining key policy papers of the three donors. My assumption is the following: states cooperate when they all incorporate the same contemporary policy thinking in their papers. To define contemporary policy thinking, I use the work of OECD/DAC.⁵ This group's documents, which draw upon the earlier work of the World Bank and Transparency International, reflect the smallest common denominator of ideas of the most important donor countries.

I realize that by focussing on the OECD/DAC countries, I leave out a fraction of donors that are not members of this group. According to BROWNE⁶ about one tenth of total ODA – perhaps between 5 billion USD and 10 billion USD per year – is accounted for by donors of the south who are not members of the OECD/DAC. The largest donors from this group are China and India.

Yet leaving these donors out of the picture seems to be justified when theorizing about a possible AC regime in development cooperation. Both India and China are not signatories

⁴ Bukovansky (2002), p. 5. proposes an AC regime that comprises UN, IMF, WB, and OECD on the international institutional side and TI and the International Chamber of Commerce on the NGO and private sector side. One could argue that the anti-corruption regime in bilateral development cooperation that I examine in this book might as well be a sub-set of such a larger AC regime.

⁵ The Development Assistance Committee (DAC) is a specialised committee of the Organisation for Economic Co-operation and Development (OECD). Its members periodically review the amount and the nature of their contributions to aid programmes and consult each other on other relevant aspects of their development assistance policies. For more information on DAC's mandate visit: http://www.oecd.org/document/62/0,3343,en_2649_33721_1918654_1_1_1_1,00.html (All online resources cited in this thesis have been verified on 13 October 2007). OECD/DAC has several subsidiary bodies, among them the Network on Governance (GOVNET) which is responsible for the AC work. For more information on DAC's structure visit: <http://www.oecd.org/dataoecd/50/54/18058884.PDF>

⁶ Browne (2007), p. 121.

of the Paris Declaration on Aid Effectiveness. For the moment they do not seem to be interested in finding any regime on aid effectiveness or fighting corruption. It remains to be seen if the UN's new bi-annual Development Cooperation Forum (DCF)⁷ can bridge the gap between OECD/DAC donors and the donors from the south.

To sharpen the picture of the current AC state of the art in bilateral DC, I have added recent insights from scholars to better reflect the edge of academic reasoning in the field. My assumption: if donors incorporate all the core findings from the OECD papers as well as fresh academic insight simultaneously in their policy papers, they cooperate. For every donor, I map the concordance between the agency's strategy and the OECD recommendations on an ordinal scale (high, middle, low).

In a second step, I look at how the policies are actually applied by taking a look at the aid allocation patterns of the three donors at issue. I examine whether similarities between donors can be found in this case. Through coordinated actions at the country level donors could avoid supplying aid to the most corrupt states. In doing so, they would show that their AC policies are more than just lip service. Only in this case can a working regime develop.

To operationalize the dependent variable, I need to define what regimes actually are. I use KRASNER'S classical definition of regimes as “sets of implicit or explicit principles, norms, rules, and decision-making procedures around which actors’ expectations converge in a given area of international relations”.⁸

This book is structured in the following way: the section following this introduction provides information on the environment that donors operate in. Here, I deal with problems of defining and quantifying corruption as well as with the influence of corruption and development and the role of donors in fighting corruption. In the section thereafter, I examine whether roles and norms for a possible regime exist by looking at key policy documents of the OECD, USAID, DFID and Sida. After that I turn my attention to the three donors’ aid allocation patterns to see if normative and implementation aspects of fighting corruption coincide. In the last section, I present the key findings of this book and

⁷ For more details see: <http://www.un.org/ecosoc/newfunct/develop.shtml>

⁸ Krasner (1983), p. 2.