

Transparency International Response to the Review of the White Paper on International Development

B. Response:

Introduction: If respondents wish to include an introduction, setting out any background information to their organisation / activities undertaken to prepare their response / other relevant information, this should be kept as brief as possible

Transparency International (TI) is grateful for the opportunity to contribute to this important process leading up to the new Ireland White Paper on International Development. Transparency International (TI) is the leading, global NGO working against corruption and has succeeded in placing and maintaining corruption on the international agenda while developing the tools to address it. The international movement of Transparency International consists of more than 100 National Chapters, Chapters-in-formation and National Contacts, and a range of Individual Members. TI National Chapters are locally established and fully independent national NGOs that are strongly rooted in their own country and set their own priorities and strategies according to national context and needs, while also contributing to the overall TI vision, mission, and strategy 2015. Transparency International partners with Irish Aid at the global level and at the national level, for example in Uganda and Vietnam, and also in Ireland. In Ireland for example, Transparency International worked with Dochas on an anti-corruption resource paper for citizens, governments and NGOs.¹

Progress Made: Has the Government been successful in implementing the commitments contained in the White Paper on Irish Aid?

Ireland's focus on good governance and anti-corruption was evident in the 2006 White Paper by making it both a priority area and a cross-cutting theme. For Transparency International, corruption and low levels of governance are the common denominators in countries where development progress has been slowest. For example, TI's report *The Anti-Corruption Catalyst, Realising the MDGs by 2015* (published in 2010)² has shown that corruption is holding back efforts towards achieving the Millennium Development. The report's findings demonstrate that where there is more bribery, there is less progress on education (MDG2), maternal health (MDG5) and access to clean water (MDG7). At the same time, anti-corruption and good governance mechanisms – like transparency, accountability and integrity – have a clear and positive correlation with higher literacy rates, better maternal health and increased access to clean water. It is such evidence that convinces TI that Irish Aid was right to make governance and anti-corruption a priority under the previous strategy and justifies the need to continue to make it a central component of its future work.

The 2006 White Paper is equally clear on the importance and role of civil society in international development, and Irish Aid's relationship with civil society is generally constructive. This emphasis must continue. For TI, independent civil society oversight of government and participation in policy making is an important element in any strategy aimed at stopping corruption and making aid effective. At the same time, CSOs also have a responsibility to be accountable and transparent – a point

¹ See http://www.dochas.ie/Pages/Resources/documents/Dochas_Corruption_Resource.pdf

² http://www.transparency.org/news_room/in_focus/2010/realising_the_mdgs_by_2015

that is comprehensively addressed in the Istanbul Principles that CSOs, donors and other development actors have adopted.

Ireland has shown a strong commitment to aid effectiveness in the follow-up to the Paris Declaration and as part of its successor agreement, the Busan Global Partnership for Effective Development Cooperation. Irish Aid has taken a clear approach and adopted a sound policy framework to promote ownership, accountability, harmonisation and the untying of aid. For different reasons, however, some of these commitments have not been realised as originally hoped. Regretfully, Ireland has not yet implemented the International Aid Transparency Initiative (of which it is a signatory). Meanwhile, the reduction in ODA has led to less predictability of aid funding (while it has to be acknowledged that Irish Aid is quick in informing its partners on changes in aid levels). These factors have had a direct impact on the implementation of the White Paper. The overall fall in ODA also included cuts to Irish Aid's governance budget, which is to be regretted considering the priority lent to governance in the 2006 White Paper

Changing context: What are the implications of the changes in the global and domestic context for the Government's aid programme in the future and how will these affect current priorities?

At the global level, emerging economies are assuming an increasingly important role in the world economy, and as providers of development assistance (such as through South-South cooperation). For example, China, Brazil and India have joined the Global Partnership agreed to in Busan as providers of development cooperation and not solely as recipients. Moreover, the decision by Russia to join the OECD anti-bribery convention and the move by China to bring its domestic legislation to meet these same standards are important steps forward.

However, companies from emerging, as well as many developed economies, often resort to corruption when engaging with public officials and business partners in the developing world. Our research also shows that too little is being done by governments to both prevent corruption and enforce the law where it is detected. In addition, the rapid expansion of the global financial system and the deepening of financial inter-linkages across regions and countries means that the world economy has reached a scale, pace and complexity of great political significance. As a consequence, there is an increased risk of corruption, arising from insider trading and price manipulation to facilitating money laundering and tax evasion. In turn, the failure to address these risks presents greater opportunities for corruption in politics and state capture by criminal networks, therefore posing a threat to democracy, human rights and the stability of elected governments across the developing world.

The reduction of trade barriers and the related free flow of goods, people, and money have also created new incentives and means for worldwide corruption, with a devastating impact on emerging and developing economies. For example, corrupt leaders can use the international financial system to divert national wealth for their own benefit and hide the proceeds of corruption in financial centres around the world, as illustrated by the alleged stealing of tens of billions of US dollars worth of state funds by the ex-leaders of Egypt, Tunisia and Libya.

In TI's 2011 *Corruption Perception Index*,³ two third of the 178 countries in the index score below five, on a scale from 0 (perceived to be highly corrupt) to 10 (perceived to have low levels of corruption), indicating a serious corruption problem. Findings from TI's *2010 Global Corruption Barometer* also found that six out of 10 people around the world say corruption has increased over the last three years, and that one in four people report have been paying bribes in the preceding year. Poorer people are twice as likely to pay bribes for basic services, such as utilities, medical services and education, than wealthier people. This has a clear impact on Ireland's aid programme priorities, as it becomes more difficult to deliver positive outcomes where resources are diverted.⁴

In the meantime, the work of anti-corruption activists and investigative journalists is getting more difficult. Challenging powerful interests has become more dangerous, with a growing number of TI national chapter staff receiving direct threats to their physical security in recent years. TI has serious concerns about the shrinking space for civil society in general to realise its productive role in the development process. Nearly 90 countries have adopted restrictions in 2009 and 2010 that limit civil society activity.

On the positive side, progress has been made in a range of areas. 2011 has shown for example that citizens no longer accept corruption and a lack of accountability, transparency and integrity. From the Arab Spring, European protesters hit by debt crisis, to Ana Hazare and his followers in India, citizens all over the world have demanded better governance from their leaders and the private sector. Regulatory enforcement of anti-corruption measures is increasing, as seen for example in the UK Bribery Act, passed in 2010, which is regarded as the strictest legislation in the world to date. This ground-breaking legislation contains provisions that impose stringent anti-corruption requirements on any companies doing business in the UK, regardless of where the company is based. At the international level there are encouraging trends with regard to how signatory countries are enforcing anti-corruption instruments such as the OECD convention⁵. Informed by a range of recommendations by TI, the G20 has committed to supporting a common approach to an effective global anti-corruption regime through the adoption of its anti-corruption action plan in November 2010, which subscribes to the principles enshrined in the provisions of the UN Convention against Corruption (UNCAC). The cross-debarment agreement signed by the world's top multilateral banks is another milestone for the anticorruption agenda. Finally, the strong commitments set out by countries in the North and South to make government more open signals a sea change in how citizens and leaders interact. As part of the Open Government Partnership, 50 countries have set out their pledges to fight corruption, bring citizens voices into government and make the public and private sectors more transparent and accountable.

It is against this background of an increasingly globalised world, with good governance becoming even more central and crucial, that Ireland should target its interventions. For Ireland to remain relevant and a key contributor to good governance, it needs to engage at an international level, while continuing to work

³ <http://cpi.transparency.org/cpi2011/>

⁴ http://www.transparency.org/policy_research/surveys_indices/qcb/2010

⁵ http://www.transparency.org/global_priorities/international_conventions/projects_conventions/oecd_convention

with partners at the national level (governments, civil society, and media) in its partner countries.

Key Issues: How should the Government respond to the key issues of hunger, fragility, climate change, basic needs, governance & human rights, and gender equality? Are there other issues?

The 2006 White Paper recognises that weak governance and corruption greatly curtail the effectiveness, impact and sustainability of development assistance. This observation is still valid today and it is therefore imperative that the mission to stop corruption and promote good governance remains central to Ireland's future development cooperation programme.

Investing in good governance not only supports building of accountable institutions, but it will in turn contribute to achieving progress in other priority areas, such as hunger, poverty and more broadly on the other MDGs. Results from the TI Global Corruption Barometer for example show that poor respondents consistently pay more bribes than other income groups to receive medical services, attend schools or seek police assistance.⁶ The right to a fair trial is also denied where the courts system is corrupted and judges take bribes. Corruption undermines democracy and the rule of law by compounding political exclusion: if votes can be bought, there is little incentive to change the system that sustains poverty. In short, corruption denies citizens their rights, contributes to poverty and blocks a country's path to development.

In line with approaches by other donors and as agreed to in Busan (2011), Ireland should work on anti-corruption and the wider governance approach in a three pronged way, namely

1. Contributing to anti-corruption efforts in partner countries to improve their development capacities (i.e. anti-corruption programming)
2. Ensuring the appropriate use of resources and funds managed and allocated by Ireland development programme
3. Addressing the supply side of corruption at domestic and international levels.

On point 2, TI has written guidance for donors (through the U4) on how to go about this, [which can be downloaded here](#). In summary, sound anti-corruption processes and procedures by donors build on three main pillars: prevention, detection, and sanctions. As part of prevention and detection, opening up donor's aid budgets to public review is an important part of the process. This is one the reasons why TI has worked with other actors to develop a common reporting standard for them (and other development actors) to disclose timely, comprehensive, comparable and accessible aid information (i.e. the International Aid Transparency Initiative).

On the third point, it is important to recognise that while donors play a key role in promoting good governance in developing countries, developed countries, including Ireland, must address the supply side of corruption as well as this is integral to fighting corruption at all levels. This involves combating bribery and corruption in the private sector as well as understanding how international trade, taxation, credit regimes and aid facilitate corruption. It also requires that domestic institutions meet international standards to effectively prevent corruption and enforce regulations at home. Given this imperative, a number of international instruments – both legally

⁶ http://www.transparency.org/policy_research/surveys_indices/gcb

binding and voluntary – have been developed in recent years to promote a common approach to anti-corruption at the global level that brings together the demand and supply dimensions provide guidance for anti-corruption work at the country level as well as facilitate international cooperation in the control and sanctioning of corruption. Examples of such instruments include the UNCAC, the *OECD convention on Bribery of Foreign Public Officials in International Business Transactions*, and the *Council of Europe convention and anti-corruption instruments*.

It is worth noting Ireland's adoption of these standards. TI has welcomed its ratification of UN Convention against Corruption and recent changes to its anti-corruption legislation. It also notes the effort made by the Irish Department of Justice and Law Reform in raising awareness of new legal obligations for Irish companies and encourages Irish Aid to engage with other government departments in drawing its stakeholders' attention to these standards.

Given the limited resources and the need to focus these, which issues should the Government prioritise in its future aid programming?

Ireland needs to be proactive on delivering its commitment to provide 0.7% of GNI for ODA and should focus on those areas where it has distinct added value and expertise (such as poverty and hunger relief). At the same time, it also needs to place good governance and anti-corruption at the centre of its plans in the years ahead. Stopping corruption is essential if Irish Aid is to reach its development goals. While this is clearly well understood by Irish Aid already, it is important that good governance and anti-corruption remain cross-cutting programmes in its future work. TI has argued that corruption can be explicit (e.g. stealing of public funds), implicit (e.g. a pre-requisite for accessing health services) and hidden. Given the many different facets of the problem, effective governance programming needs to be a fully integrated element of development programming.

Ways of Working: How can the Government further strengthen its ways of working in delivering an effective aid programme, with a view to delivering real results in poverty reduction?

The focus of donors in recent years has shifted towards results-based management and value for money. While it is indeed important to ensure maximum value for money and to show results, the risk with this shift is that complex issues which require long-term investment will be overlooked in favour of 'quick wins'. Civil society is also increasingly faced with donor efforts to 'projectise' funding. This may have a negative impact on CSOs working on accountability issues. This is particularly so given the long-term, complex nature of the work in which these organisations are engaged. Predictable strategic funding is therefore imperative if they are to be effective. Strategic funding also allows Civil Society to operate at the strategic level, respond to moving targets, innovate, operate at the policy level, and also allows CSOs to maintain a strategic and high level engagement with donors and other partners. Irish Aid should therefore provide unrestricted multi-annual programme funding to good governance CSOs that work towards clear long-term strategies instead of short-term projects.

Other comments: If the respondent seeks to address other issues – of direct relevance to the White Paper on Irish Aid – they should do so in this section.

N/A