



The World Bank

and Anticorruption
in Europe
and Central Asia

Enhancing Transparency, Voice and Accountability



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Europe and Central Asia

**Enhancing Transparency, Voice
and Accountability**

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It is now widely recognized that corruption is harmful to economic growth, that it diminishes the effectiveness of aid, and that it exacerbates poverty. Corruption is a fundamental obstacle to economic development. In Europe and Central Asia, the radical shift in economic and political systems that occurred in most countries after 1990 made existing forms of corruption more visible and opened opportunities for new forms of corrupt practices. Fostering transparency, accountability and voice, all of which reduce the incentives for corrupt behavior, has been a priority for the World Bank in Europe and Central Asia.

The World Bank's assistance in anticorruption ranges from direct advice in developing anticorruption programs to ensuring, more indirectly, that transparency and accountability feature prominently in all of our areas of assistance, from health care and education reform to

infrastructure and energy programs. This booklet provides a summary of the ways in which the World Bank is helping countries in Europe and Central Asia reduce corruption. It is not intended to be a full inventory, but rather a brief description of the breadth of our activities.

Institutional changes needed to reduce corruption take patience and perseverance. Even the best efforts require time. The World Bank, through its analysis, lending and policy advice, hopes to support the efforts of reformers throughout Europe and Central Asia to bring about these essential institutional changes.

Johannes F. Linn
Vice President
Europe and Central Asia Region

The World Bank and Anticorruption in Europe and Central Asia

In the World Bank's client countries of Europe and Central Asia, nearly 500 million people in 28 countries have now witnessed more than a decade of profound changes in their political and economic lives.¹ In many countries, freedoms unknown in earlier years have become commonplace as central planning was supplanted by markets and political monopolies have given way to multiple parties and elections. The region is remarkable for the shared institutional heritage of decades under communism which gave way to capitalism and democracy, an experience common to all countries in the region except Turkey, and for the diversity of historical and cultural traditions. From small, newly independent states to mighty powers like Russia, from Central Asia to the advanced European Union accession countries, the region represents varied legacies and challenges.

For most of the region, the aftershocks of the collapse of central planning and customary trading arrangements initiated a precipitous drop in output and sharp increases in poverty and unemployment. Although growth has now recovered throughout the region² poverty remains an important problem with nearly one out of five

people in the region surviving on less than two dollars per day.³ The World Bank's mission in Europe and Central Asia, as it is worldwide, is to work with clients and partners to reduce poverty and raise living standards.

The massive reorientation of states and institutions in the decade of transition brought another phenomenon into the spotlight. Once accepted by some as the grease that turns the wheels of commerce, corruption—usually defined as the abuse of public office for private gain—reached new heights and made painfully clear the costs that it imposes. The experience of recent years has brought about a greater awareness

¹ The World Bank's clients in Europe and Central Asia include all of the former socialist countries of Central and Eastern Europe and the former Soviet Union, as well as Turkey and Kosovo, Serbia and Montenegro.

² In 2002 every country in Europe and Central Asia experienced positive growth of real GDP except for the Kyrgyz Republic which had a modest decline of 0.5%.

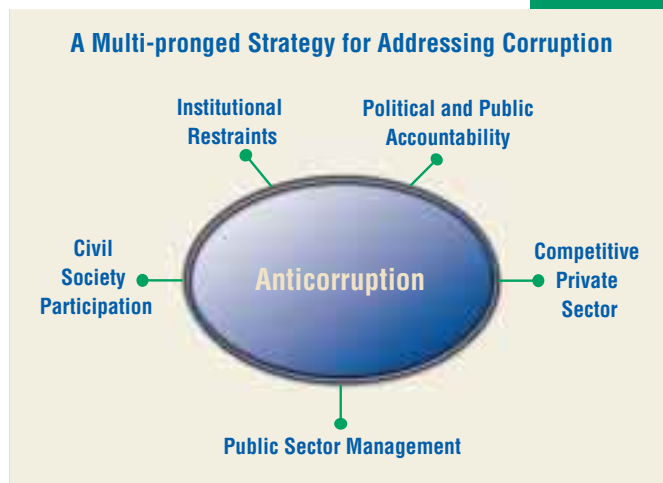
³ World Bank. 2000. *Making Transition Work for Everyone—Poverty and Inequality in Europe and Central Asia*. Washington, DC: The World Bank.

that improved governance and reduced corruption are essential to reach the long-term objectives of poverty reduction and sustainable growth. As the world's leading provider of development assistance, the World Bank has a special responsibility to make the fight against corruption a cornerstone of its development agenda. In the years since 1996 when James D. Wolfensohn spoke of the "cancer of corruption", the World Bank has broadened and deepened its assistance to countries combating corruption. Through lending operations and policy dialogue, the World Bank is helping its clients to address the underlying causes of corruption and is integrating governance concerns into its assistance in every sector, from rural transport to health care reform to legal and judicial reforms.

This booklet provides an introduction to some of the ways that the World Bank, in close collaboration with our clients and partners, helps the countries of Europe and Central Asia to address the challenge of reducing corruption. This is not meant to be an exhaustive inventory of activities; rather it provides an indication of the breadth of activities that help to address this vexing problem. The booklet leads off with a short introduction to key regional and country-specific diagnostic work on governance and anticorruption. Selected analytical and lending

activities that the World Bank has undertaken to reduce corruption in Europe and Central Asia are then described through the following five elements of a multi-pronged strategy, illustrated in Figure 1, around which this booklet is organized: building **political and public accountability**, strengthening **competitiveness in the private sector**, building capacity and institutions for **public sector management**, enhancing **civil society participation**, and fostering **institutional restraints**. Detailed information about specific projects can be found on the internet, and several web site addresses are listed at the end of this booklet.

FIGURE 1



Source: The World Bank. 2000. Anticorruption in Transition—A Contribution to the Policy Debate

Defining the Problem

Even as a consensus arose in the 1990s about the problems that corruption poses for economic development, many policy makers found themselves confronted with a seemingly intractable problem. The dimensions and patterns of corruption were the subject of rumor and anecdote and discussions were often highly politicized. Through regional and country-specific analyses, the World Bank has attempted to clarify the nature of corruption and to afford leaders and civil society with tools that would stimulate rational debate on reform priorities.

Contributing to the Policy Debate—Anti-corruption in Transition

For the 2000 Annual Meetings in Prague, the World Bank produced an influential report on corruption in transition countries. *Anticorruption*

in Transition—A Contribution to the Policy Debate helped draw attention to the complexities of corruption, recognizing that what has generally been treated as a one-dimensional phenomenon actually encompasses a broad range of interactions within the state and between the state and society, each with its

own dynamics. On this basis, the report set out a new typology of corruption and governance in transition economies which allows the identification and comparison of different patterns of corruption across different groups of countries. Recognizing the distinct origins and consequences of different types of corruption, specific policy recommendations were tailored for countries according to the typology, drawing from a common set of institutional and policy reforms. The recommendations emphasized how to target anticorruption efforts, how to sequence reforms and how to calibrate realistic expectations in different contexts.

The report also developed the concept of *state capture*, a form of grand corruption in which firms make private payments to public officials in order to influence the design of laws, rules and decrees. By capturing state institutions, firms are able to encode preferential treatment for themselves in the basic rules of the game of the market economy, creating a wide range of policy and institutional distortions that generate highly concentrated gains to narrow sectors and groups, often at a high social cost. This examination of the institutionalization of corruption into the very policymaking process broadened the scope of the report to address the political and economic roots of poor governance and the factors that can lock countries into a low-level equilibrium of misgovernance and corruption.



Since its publication, *Anticorruption in Transition* has been widely disseminated through workshops and presentations in ten countries in the region, as well as to donor partners, the media, and the academic and policy communities. In a number of countries, the report has had a catalytic effect providing a new vocabulary and conceptual framework for problems associated with the relationship between politics and business that are widely discussed but still poorly understood. It has also prompted substantial discussion in the development community on how to combat the problem of state capture to enable further reforms. This has sparked a greater demand for development of practical strategies to improve governance and reduce corruption.

The report drew insights from the experiences of more than 4,000 firms in 25 transition countries, firms that participated in the Business Environment and Enterprise Performance Survey developed jointly by the European Bank for Reconstruction and Development and the World Bank.⁴ The survey examined the quality of the business environment as determined by a wide range of interactions between firms and the state. The diverse and complex experiences reported

⁴ The survey data was also used for preparation of the EBRD *Transition Report*, 1999.

by the firms in Europe and Central Asia suggest the need for a more nuanced approach to anti-corruption, emphasizing public accountability, a competitive private sector, improved public sector management, civil society participation, and institutional restraints.

Three common themes which underlie the broad strategies for fighting corruption also form the basis for many of the development initiatives supported by the World Bank in Europe and Central Asia. First, bringing **transparency** to government processes and decision making makes corruption more difficult to disguise. Second, establishing institutions that emphasize **accountability** for public sector performance helps ensure that officials have incentives to perform well. Lastly, allowing stakeholders to have some **voice** or direct input into the decisions that affect them helps ensure a more responsive government. *These three fundamental features of good governance—transparency, accountability and voice—all contribute to reducing corruption and have been integrated throughout the World Bank's assistance program in Europe and Central Asia.*

Governance and Anticorruption Diagnostics

A key tool that the region has used in several countries to initiate a dialogue on corruption is the diagnostic study, usually based on large-scale surveys of households, enterprises and public of-



ficials.⁵ Diagnostic surveys help to identify the pattern and profile of corruption and facilitate analysis of the institutional weaknesses at the heart of governance problems. More generally, diagnostics provide information to assist governments and civil society organizations to develop an effective and well-informed strategy

against corruption, focusing the debate on institutions and performance, rather than on individuals. They can also help to mobilize an anticorruption coalition both within and outside the government.⁶

Anticorruption diagnostics set the stage for in-depth discussions with governments on a number of governance and public sector issues. The principles of transparency and partnership, which are the essence of the diagnostic process,⁷ set the tone for subsequent operations. In the Slovak Republic, for example, anticorruption diagnostics were requested by the Deputy Prime Minister and prepared in partnership with Transparency International Slovakia.⁸ Similarly, the anticorruption diagnostics in Romania highlighted the need to augment the government's previous enforcement-dominated anticorruption approach with moves toward transparency in both the political arena and public administra-

tion. In Bosnia and Herzegovina, the anticorruption diagnostics have served primarily as a means of raising the profile of anticorruption among the many imperatives on the policy agenda, while in Kazakhstan the governance and service delivery diagnostics provided initial evidence on the progress made through earlier reforms, notably those in the recruitment, discipline, and performance evaluation of civil servants. The governance and service delivery study in the Kyrgyz Republic used the surveys to highlight the link between poverty and weaknesses in governance.

Although the World Bank helped pioneer the use of surveys for public dialogue about anticorruption and governance, a promising trend has been the application of similar efforts by non-

⁵ The early experience with diagnostic surveys is described in Daniel Kaufman, Sanjay Pradhan, and Randi Ryterman. 1998. *New Frontiers in Diagnosing and Combating Corruption*. PREM Note No. 7. Washington, DC: The World Bank.

⁶ With the exception of Figure 2, the charts in this document are drawn from reports on the governance and anticorruption diagnostics.

⁷ All diagnostics are requested by client governments and are ultimately made public by the governments.

⁸ The diagnostic in the Slovak Republic, as in several other countries, was prepared in cooperation with the United States Agency for International Development.

governmental organizations and think tanks.⁹ The World Bank supports citizen-based efforts to spread information and elicit feedback from citizens, approaches which strengthen the accountability of communities and local governments. In Russia, Turkey and Armenia the World Bank has supported survey-based studies of corruption carried out by national think tanks.

Public Sector Management

A central aspect of the World Bank's governance and anticorruption assistance in Europe and Central Asia is the reform of the internal management of public resources and administration in order to reduce the opportunity and incentives for corruption. Reforming public sector management and public finance requires instilling a meritocracy with adequate pay in a depoliticized public administration, clarifying governance structures, enhancing transparency and accountability in fiscal management, and focusing policy reforms on improving the delivery of government services. In most cases, greater public oversight has to play a key role in the reform process.

With the growing understanding of the essential role of institutions and governance and of the pernicious effects of corruption, the Europe and Central Asia Region has increased substantially the share of institution-building projects in its program. Lending for public sec-

tor reforms reflects the imperative of good governance. Of the US\$5.5 billion of new commitments in Europe and Central Asia in 2002, some 24% was oriented directly toward public sector governance, as illustrated in Figure 2.

World Bank lending and policy advice are based on a wide range of analytical studies, the findings of which aim to increase the efficiency of the state and to make processes more transparent and less prone to corruption. Most analytical studies have multiple objectives, providing not only concrete policy advice, but detailed information for public discourse and benchmarks for monitoring future progress. The governance and anticorruption diagnostics described earlier draw attention to weaknesses in public administration and highlight priority areas needing reform. A similar diagnostic study, the *Institutional and Governance Review*, focuses directly on the political and institutional impediments to reform. In Armenia, the detailed assessment of the health sector, one rife with unofficial payments, con-

⁹ The first anticorruption diagnostics undertaken by the World Bank were all in the Europe and Central Asia region and were cooperative efforts between several parts of the World Bank, including the regional Public Sector and Governance team, the World Bank Institute, and research firms or nongovernmental organizations in each country.

cluded that the introduction of “new public management” reforms were premature since prerequisites such as rule of law, property rights, a meritocratic civil service, and internal controls to ensure proper use of public funds were not in place. In other countries like Macedonia, a third diagnostic study, the *Public Expenditure and Institutional Review*, suggested a more gradual approach to implementing reforms, one that aims to develop more transparent and contestable mechanisms for resource allocation and for pay-

ment and contracting for hospitals and specialist services.

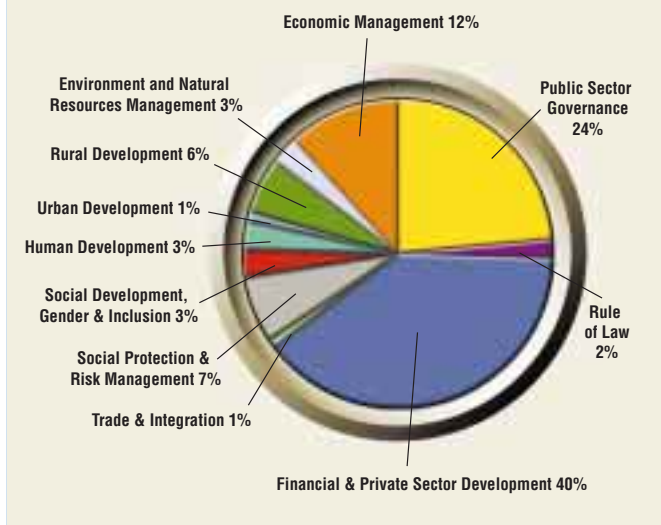
Financial Management

Building a sound system of financial management helps control corruption in many ways. Financial transparency makes disguising corruption more difficult and increases the accountability of those entrusted with spending the public’s money. The World Bank is actively supporting financial transparency in Europe and Central Asia by supporting the establishment of transparent budget formulation, treasury, accounting and auditing systems, and improving other areas of public financial management. These activities provide a valuable platform for dialogue on long-term improvements in fiscal transparency.

Open expenditure policy and management practices help ensure budget stability and increase accountability to the public for spending. In Europe and Central Asia, where the legacy is often one of central control rather than transparency, these issues loom particularly large on the reform agenda. The World Bank contributes to the analysis of public expenditures, primarily through *Public Expenditure and Institutional Reviews*. In Albania and in Bosnia and Herzegovina, for example, the aim was to improve the strategic focus in budget formulation and strengthen the link between sector policies, resources and

FIGURE 2

World Bank Lending (Commitments) in Europe and Central Asia in 2002



Source: The World Bank Annual Report 2002

the macroeconomic framework. Similarly, in the Kyrgyz Republic the analysis was oriented toward improving the budget preparation processes and integrating the capital and recurrent budgets.

Modern treasury systems help to reduce corruption through stronger and easily traceable systems of internal controls, and provide timely and accurate financial information to managers in the public sector.¹⁰ In many countries in Europe and Central Asia, the World Bank has supported government efforts to modernize institutional structures to manage public finances as they moved from centrally planned to market economies. In countries as diverse as Kazakhstan, Ukraine and Hungary, the World Bank has assisted in the establishment of appropriate legal frameworks and information systems required to support a modern treasury, stressing transparency and accountability in public expenditures. By helping to establish coherent budget classification structures, such systems improve the effectiveness of cash management and reporting of budgetary transactions. A key feature of a modern treasury is that spending, including most extra-budgetary funds and off-budget revenue, is consolidated under a single account held at the country's central bank

¹⁰ See Ali Hashim and Bill Allan. 2001. *Treasury Reference Model*. World Bank Technical Paper No. 505. Washington, DC: The World Bank.

and that all expenditure transactions are routed through the treasury. This allows transparent, timely and comprehensive reporting on budget execution, minimizes idle balances in government bank accounts and provides a means to ensure that expenditures cannot deviate from appropriations as approved by the legislature. These systems also strengthen coordination with budget policy and with internal and external audit, all essential for reducing the scope of corrupt practices. The World Bank program in Turkey typifies this coordinated approach to improving financial management systems. Standardized budget classification and accounting rules have helped improve transparency, while support for the Court of Accounts has strengthened accountability.

The experience of Hungary helps illustrate the benefits of modernization of the public financial management system. As a result of greater transparency regarding the budget and the balance sheets of the central and sub-national governments, Hungarian society started to exhibit a greater public awareness and independent views on government fiscal performance. Since 2001, several local research institutions and the media have been reporting “adjusted” deficit figures that reflect government off-budget



activities, and fiscal risk became an important issue in the 2002 election campaign.

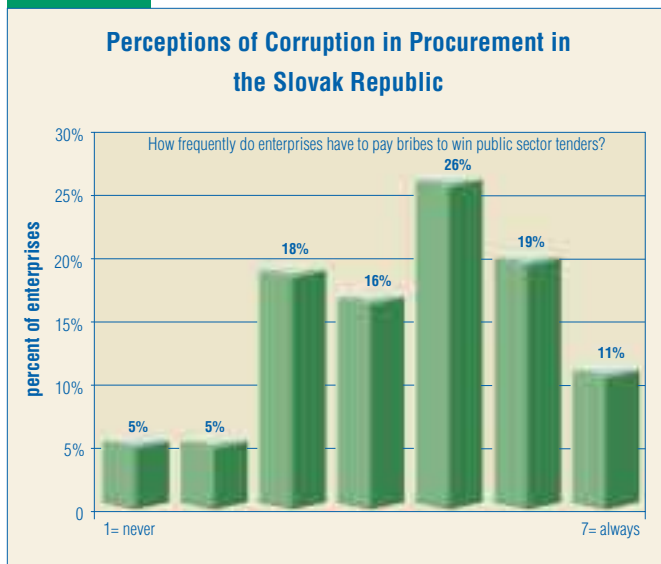
In addition to its large-scale lending program, the World Bank provides detailed analyses of the features of financial management. The *Country Financial Accountability Assessment*, which has been completed or is under preparation in nearly every country in the Europe and Central Asia Region, examines the strengths and weaknesses of financial accountability arrangements in the public sector.¹⁰ These assessments facilitate a common understanding of how and where the country's financial management arrangements in both the public and private sectors can be im-

proved and on the design and implementation of capacity building programs.

Corruption in procurement wastes scarce government resources that might otherwise be used to fight poverty or improve service delivery to the population. Weaknesses in procurement practices may cause inferior products to be purchased or public works to be abandoned before completion. In most countries of Europe and Central Asia, procurement systems were designed under central planning and were ill-suited to take advantage of market competition. Surveys of enterprises routinely suggest the perception of corruption in procurement, as illustrated in Figure 3. Reducing corruption in procurement requires improvements in procurement institutions and practices. The *Country Procurement Assessment Report*, also completed or under preparation in nearly every country in Europe and Central Asia, is the World Bank's primary instrument to provide an in-depth examination of the functioning of a country's procurement systems and policies. This assessment serves to identify and open a dialogue on the weaknesses of a country's procurement system which can be exploited for corruption and to suggest improvements to ensure value in the use of public procurement funds.

The diagnostic work done by the World Bank in procurement, financial accountability and broader public expenditure management plays an important role in ensuring that lending ac-

FIGURE 3



Source: The World Bank and USAID. 2000. Corruption in Slovakia—Results of Diagnostic Surveys

tivities are appropriately directed. In the Kyrgyz Republic, for example, a *Governance and Service Delivery Diagnostic*, undertaken to accompany the preparation of a governance-oriented loan, highlighted the interdependence of governance problems and poverty. The *Country Financial Accountability Assessments* found that the oversight of the executive compromises the independence of the Chamber of Accounts, an important institution for external accountability. As a result, the World Bank's program supports the strengthening of this institution's independence as well as the adoption of international audit standards. Similarly, the *Country Procurement Assessment Report* identified critical weaknesses in public sector management, weaknesses that will be addressed through amendments to the public procurement legislation and regulations aimed at streamlining and consolidating the regulatory framework. The World Bank's governance program in the Kyrgyz Republic supports these reforms with a mix of policy advice and technical assistance.

E-government has also emerged as a priority area for many governments in Europe and Central Asia, ranging from simple upgrades of traditional public services, such as tax administration, to more radical restructurings of citizen-state interactions, from the establishment of integrated one-stop shops for a cross-cutting range of public services, to direct citizen involvement

in the decision making processes within public institutions. The World Bank is working on a number of fronts in this area, providing financing for projects where the modernization of public institutions and contemporary information systems intersect. In Ukraine, for example, the World Bank is financing the use of technology to enhance transparency and lower the transactions costs of procurement to meet European Union standards and to facilitate efficient online public-private dialogue.

Decentralization

As part of the transition to a market economy, many countries are moving towards decentralized service delivery and are focusing on decentralization of decision making authority to lower levels of government as a means to increase voice and participation. The progress in Europe and Central Asia has been mixed: in most countries the central government has delegated the administration of many activities to lower levels of government, but in only a few cases has real decision making authority been devolved. Central governments are often reluctant (sometimes for valid reasons) to give up control of revenues.

In Central European countries, local government reform is an important component of European Union accession, while in some countries of the former Soviet Union, decentralization is

perceived as improving participation and the stability and transparency of fiscal relations between levels of government. In the Balkans, systems of fiscal decentralization play key roles in emerging governance structures. Most importantly however, in every country intergovernmental reforms involve a mixture of economic, political, administrative and institutional factors that make work in this area particularly complicated.

The World Bank addresses these challenges in different ways depending on the country's circumstances. In many cases, analytical work is being carried out to help support governments in

their reform efforts. In some countries, as in Ukraine, the World Bank is maintaining an active role in helping the Government with implementation of reforms. In the Russian Federation, the World Bank is breaking new ground with a loan to support the Government's efforts to reform the framework for intergovernmental finance and to strengthen budget management at the regional level. These efforts in Russia are complemented by an extensive program of technical assistance, including capacity building efforts at the local level.

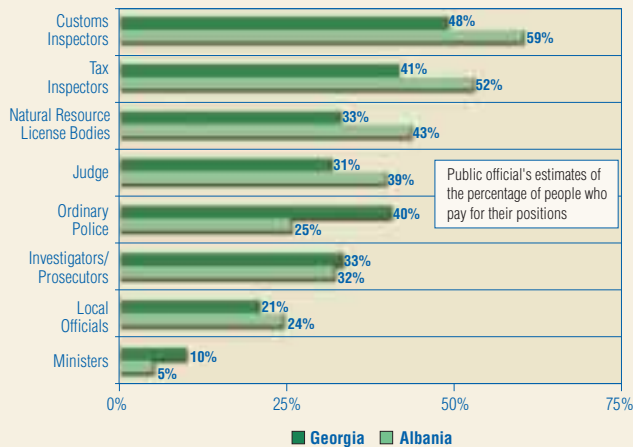
Civil Service and Administrative Reform

A merit-oriented, depoliticized civil service plays an essential role in limiting the spread of corruption. Indeed, in some countries there is the perception that corruption is widespread even in public sector appointments, as illustrated in Figure 4. Through its analytical studies, policy dialogue and lending operations, the World Bank is helping governments in many countries in Europe and Central Asia to begin to instill the features of transparent and accountable civil service institutions.

In Bulgaria, Macedonia and Albania, the World Bank has undertaken surveys of public officials in order to establish baseline measurements of the performance of the public administration and its constituent parts. These governments

FIGURE 4

Perceptions that Public Positions Can Be Bought in Albania and Georgia



Source: The World Bank, 2000. *Helping Countries Combat Corruption—Progress at the World Bank Since 1997*.

have committed to resurvey after two to three years so as to monitor systematically medium-term improvements in the functioning of the public administration. In addition, the World Bank has helped the Government of Albania undertake a survey of salaries in the public sector, the private sector and within the local offices of the donor community. This survey has provided important information for designing salary reform measures in Albania.

The World Bank's combination of technical assistance and ongoing policy dialogue in Albania helped establish key civil service practices, especially competitive recruitment and monitoring of actual civil service management practices. The experience shows both the promise and the challenge of civil service reform. While many Albanians were reluctant at first to relinquish the flexibility and lack of controls that characterized the previous system of management, the benefits of the reforms have quickly become obvious. A system of monitoring the change process has been instrumental, both for providing evidence of successes and for identifying tactics that were being used to avoid competitive processes. Building the institutions for a truly meritocratic and depoliticized civil service, however, will take time, and indeed challenges in implementation remain formidable.

The World Bank's analytical work in civil service reform have multiple purposes: know-

ledge creation, capacity building, and provision of technical assistance. In Russia, the World Bank provides demand-driven "just in time" technical and advisory services, including the development of a pay and employment model, an analysis of scenarios for pay reform and workforce rightsizing, and an assessment of the applicability to Russia of OECD reform approaches over the last ten to fifteen years. A Russian language public administration reform website¹¹ is now available for use by the private sector and the public at large ensuring widespread availability of information.

Tax and Customs Reform

Tax and customs administrations are enormously important given their role in collecting the revenue needed to carry out essential government programs, such as health, education and poverty alleviation activities. They also have the power to save or cost firms and the general public considerable sums of money, and, not surprisingly, are widely perceived as suffering from significant corruption. By eroding the resources available for useful programs, corruption in tax and customs weakens the state's ability to carry out its

¹¹ The Russian language public administration reform website is <http://www.pareform.ru>.

essential tasks, while encouraging firms to operate unofficially.

Reducing corruption is one of many goals in reforming tax and customs administrations, and the themes of transparency and accountability run through much of the World Bank's approach to this important sector in Europe and Central Asia.¹² Indeed, these themes are central to the World Bank's assistance supported by two loans to modernize the largest tax administration in the region, that of the Russian Federation. In the course of helping establish an effective and efficient national system of tax administration, the first project helped establish and pilot two centralized data processing centers, one for enterprise taxes and the second for individual income taxes, a reform that helped remove direct contact between the taxpayer and tax agent, a notorious opportunity for graft. In a similar way, World Bank assistance to Bulgaria has the long-

term objective of transforming the relationships between taxpayers and agency officials, to create a transparent, accountable, fair and service-oriented public agency. In addition to helping reduce the scope for corruption, these reforms promote voluntary compliance with the law, decreasing tax fraud and evasion.



Surveys in many countries suggest that corruption can be especially severe in customs and at border crossings. Addressing corruption requires not only stronger controls and deterrence, but the introduction of transparent procedures and accountability mechanisms as well. Given the cross-border nature of international trade, regional programs are especially important for reducing corruption in this area. In certain regions of Europe and Central Asia that suffered through wars, corruption in international trade became institutionalized as a means of financing military operations. In Southeast Europe, the World Bank is supporting the governments of six countries to reduce non-tariff costs of transport with a view to reducing corruption at borders. The programs combine modernization of customs administration with institutional reform and aims to bring transparency to border crossing procedures. The projects strengthen voice, transparency and accountability by stressing performance monitoring through user surveys and by integrating consultations with customs, other border agencies and key stakeholders such as firms and business associations.

¹² See Jit B. S. Gill. 2000. *A Diagnostic Framework for Revenue Administration*. World Bank Technical Paper No. 472. Washington, DC: The World Bank.

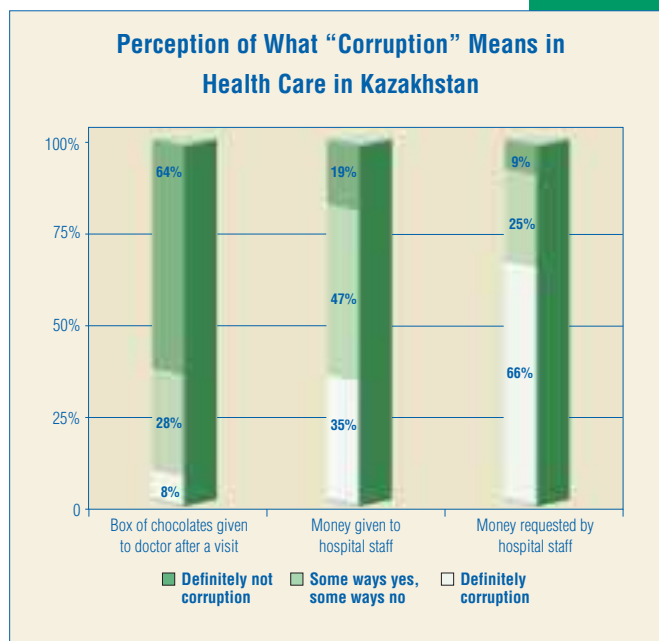
Service Delivery

Governance issues touch the population directly in the case of health and education, undermining the effectiveness of services essential to the well-being of the poor as well as the credibility of government. Surveys throughout Europe and Central Asia suggest that unofficial payments for health care are endemic. Although some view these payments as traditional expressions of gratitude or inconsequential methods of financing care, even small payments can be a burden on the poor and, as illustrated in Figure 5, are considered by many to be a form of corruption. Social assessments in Europe and Central Asia have provided valuable anecdotal evidence of the pernicious effects that unofficial payments for health care can have. Anecdotes abound of prescriptions unfilled and surgeries unperformed because of the difficulty in making these unofficial

¹³ See Nora Dudwick, Elizabeth Gomart, Alexandre Marc, and Kathleen Kuehnast. 2003. *When Things Fall Apart—Qualitative Studies of Poverty in the Former Soviet Union*. Washington, DC: The World Bank. Anecdotes can also be found in Deepa Narayan, Raj Patel, Kai Schafft, Anne Rademacher, and Sarah Koch-Schulte. 2000. *Voices of the Poor—Can Anyone Hear Us?*. Washington DC: Oxford University Press.

¹⁴ Maureen Lewis. 2000. *Who is Paying for Health Care in Eastern Europe and Central Asia?*. The World Bank.

FIGURE 5



Source: The World Bank. 2002. *Governance and Service Delivery in Kazakhstan—Results of Diagnostic Surveys*.

payments.¹³ Indeed, a 2000 World Bank study, *Who is Paying for Health Care in Europe and Central Asia?*, concluded that the practice of making informal payments for health care is emerging as a fundamental aspect of health care financing and poses a serious impediment to health care reform.¹⁴ The anticorruption diagnostic study in Poland and a follow-up examination of the pharmaceutical industry, however, both made clear that the problem of corruption in the health sector does not stop with the unofficial payments

that patients must make, but extends to corruption in pharmaceuticals and issuance of false certificates for disability benefits, patterns found elsewhere in the region as well.¹⁵

The institutional legacy of socialism and the poor fit of former financing mechanisms with the realities of hard budgets are important contributors to the problems of corruption in health care. Improving financing arrangements and strengthening health care management systems are, consequently, key elements of reforms. To improve the efficiency of service delivery and to reduce the prevalence of unofficial payments for health care, the World Bank is supporting efforts to make resource use in the health sectors more cost-effective and efficient and is assisting in the design of health financing reforms that guarantee universal access to basic care through insurance or risk-pooling arrangements with sustainable revenue sources. Through its lending and policy dialogue, the World Bank is helping to change management systems in the health sector, focusing on the sector's legal, institutional, regulatory and policy frameworks.

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The World Bank's program in Russia illustrates the essential link between public sector reforms and health care. In addition to establishing a

system of federal regulation, the reforms in Russia strengthen the health care system's long-term financial sustainability by shifting the emphasis from inpatient to outpatient care and from specialist to primary health care using modern guidelines. The World Bank program also supports realistic health care budgets by strengthening the analytical capacity for preparing equalization formulas, an aspect of public finance that is particularly important for a decentralized country the size of Russia.

Civil Society Participation

As stakeholders in the quality of governance and as institutions mediating between the state and the public, the organizations that comprise "civil society" have important roles to play in constraining corruption. These include citizens' groups, nongovernmental organizations, trade unions, business associations, think tanks and religious organizations. Under the old system, however, civil society was severely inhibited and in only a few cases did the power of the collective will manage to overcome the repression. In Poland, a strong trade union movement helped create political competition and supported social cohesion

¹⁵ Ryszard Petru. 2001. "Is the Polish Pharmaceutical System Transparent?" Warsaw: The World Bank.



through the painful periods of reform, and civic associations were featured in other Central and Eastern Europe transitions. Yet such organizations were the exception; early in the transition, and even today, nongovernmental organization in many countries are still in the early stages of development or remain closely linked to the state.

More recently, there has been an emergence in the transition countries of greater civil society activism. Grassroots initiatives in many countries demonstrate the varied roles that participation by civil society can play in fighting corruption. Most activities revolve around three key elements: creating public awareness about corruption, formulating and promoting action plans to fight it, and monitoring governments' actions and decisions in an effort to reduce corruption. Social and qualitative assessments provide a valuable tool for understanding the demand side of reform, one that focuses squarely on poverty. The 2003 World Bank publication, *When Things Fall Apart—Qualitative Studies of Poverty in the Former Soviet Union*, provides new insights into how poor people in the former Soviet Union have coped

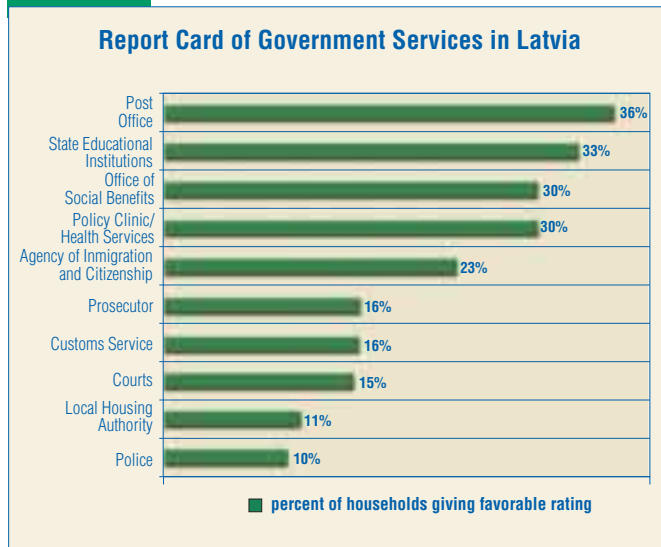
with the transition.¹⁶ Understanding how the poor are affected by weak governance and lack of access to services is essential for bolstering citizen involvement.

Citizen voice and participation are essential ingredients to improving governance, themes that touch on activities in many other areas as well. The World Bank strives to improve voice by providing information for public debate, encouraging government procedures entailing greater citizen involvement, and thus strengthening community involvement in economic development. Indeed, a key goal of the governance and anticorruption diagnostics is precisely to put information in the hands of the public and to stimulate the demand for reforms by, for example, providing citizen scorecards rating satisfaction with government services, as illustrated in Figure 6. Given the cross-border nature of many forms of corruption, pressure to reform can come not only from civil society, but from neighboring states. Along with other donors and member countries, the World Bank supports several key fora for mutual cooperation and accountability, among them the Stability Pact Anti-Corruption Initiative for South Eastern Europe, and the CIS-7 Initiative.

¹⁶Nora Dudwick, Elizabeth Gomart, Alexandre Marc, and Kathleen Kuehnast. 2003. *When Things Fall Apart—Qualitative Studies of Poverty in the Former Soviet Union*. Washington, DC: The World Bank.



FIGURE 6



Source: The World Bank. 1998. Corruption in Latvia—Survey Evidence

To reap the benefits of openness and dialogue, the World Bank incorporates these features into the preparation and dissemination of its own analytical work, as well as its development strategy. Analytical pieces such as *Public Expenditure Reviews* are now typically presented and discussed in public fora. Country-led dialogues, such as *Poverty Reduction Strategy Papers* and the *Comprehensive Development Framework*, both involve extensive consultations with civil society, helping increase trust in the processes and instill the concepts of openness and dialogue into the public consciousness. The World Bank has established an eight member Europe and Cen-

tral Asia NonGovernmental Organization Working Group to improve the cross-fertilization of ideas from civil society. The Group meets periodically to discuss regional issues such as poverty alleviation, good governance and anticorruption, and nongovernmental organization capacity building.

Freedom of Information

Providing information for public debate is but one way that the World Bank tries to expand citizen voice. Through policy dialogue and lending operations, the World Bank also supports the development of freedom of information regimes, opening most government activities and decisions to public scrutiny. Indeed, the availability of relevant and timely information about the functioning of the public sector is an important prerequisite for enabling civil society, the media and the public to contribute to the policy dialogue, participate in consultative processes and oversee the performance of public sector entities.

In the Kyrgyz Republic, the World Bank is using its lending to support the development of a freedom of information law and the establishment of public information centers. Toward the goal of increasing civil society's ability to monitor the state, the World Bank's program aims to improve the transparency and responsiveness of the public sector and enhance the ability of ex-

ternal stakeholders to hold it accountable. While the program includes components related to the internal function of the public sector such as the internal control environment, public procurement, and external audit, it also emphasizes external restraints such as personal accountability of political officials and civil servants, strengthened voice and participation through public access to official information, and improvements in the interaction between regulatory agencies and business enterprises. Each of these interventions strengthens accountability of leaders to the public at large and affords civil society the tools to help shed light on corrupt practices.

A single, clear and easy route of access to information on laws, policies and news lowers transaction costs for the population and increases government credibility in the public's eye. In Latvia, the World Bank is providing grant financing to support the Government's innovative efforts to give greater voice to the people. Recognizing the benefit of greater consultation with the public over important policy decisions, the Government is creating an internet-based communication toolkit to inform citizens at an early stage about new legislation in order to obtain effective public feedback, as well as strengthening capacity to organize public hearings. These initiatives, combined with the enhanced role of citizen groups and nongovernmental organizations, will create greater transparency and give

voice to those affected by laws and government actions. As it is more difficult to subvert processes exposed to public scrutiny, such transparency also serves as an effective check against corruption. To ensure that capacity constraints do not hinder implementation of these important laws, the World Bank supports the strengthening of capacity within ministries to meet the public's demand for information.

Community Driven Development

Perhaps the most fundamental way that the World Bank tries to improve citizens' voice in the public arena is by supporting the exercise of community control over decisions and resources directed at poverty reduction and development, an approach known as community driven development. Founded in response to poor past experience with centralized decision making, this approach affords communities greater control over development programs.

The World Bank's experience with community driven development shows how the various tools used in anticorruption efforts relate to each other. Building meaningful community driven development requires an enabling environment marked by decentralized decision making and legal institutions supporting community voice. The World Bank, in striving to help create such an enabling environment, is increasingly incorpo-

rating this approach into rural development, community works, micro-credit, and water projects in Albania and Tajikistan, among others. In order to learn from the experience to date in building voice through community driven development, assessments are underway of the experience in Central Asian economies and the conditions under which the approach works well in rural environments.

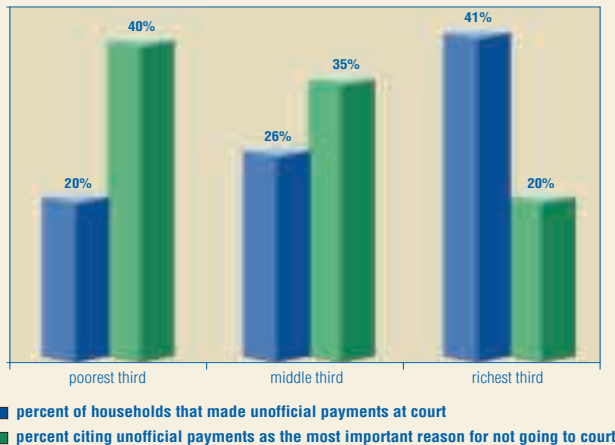
Institutional Restraints

The institutional design of the state can be an important mechanism in checking corruption;

in particular, the effective development of institutional restraints within the state, which is most effectively achieved through some degree of separation of powers and the establishment of cross-cutting oversight responsibilities among state institutions. Effective constraints by state institutions on each other can diminish opportunities for the abuse of power and penalize abusers when they are discovered. An independent and impartial judiciary is often the most important constraint, as the existence of genuine legal recourse underpins the credibility of other institutions of the state because it allows these institutions to be credibly challenged when necessary.

FIGURE 7

Access to Justice for the Poor in the Kyrgyz Republic



Source: The World Bank. 2002. Governance and Service Delivery in Kyrgyz Republic—Results of Diagnostic Surveys.

Judicial Reform

Among the many challenges facing reformers in the former Soviet Union and Eastern Europe is that of establishing the rule of law and independence of the judiciary, a challenge made all the more difficult by the region's widespread corruption in court systems. Indeed, the prevalence of unofficial payments in some countries makes justice less accessible for the poor, as illustrated in Figure 7. The World Bank provides both analytical and lending services to support the development of an independent and impartial judiciary. For example, the Slovak Government and Slovak Association of Judges asked the World Bank

to collaborate on a detailed assessment of weaknesses in the country's justice system that are contributing to inefficiency and corruption. The judicial assessment employed an economic analysis of the incentives faced by various players in the justice system, including private lawyers. It also drew attention to the systemic management issues in the justice sector which were fostering inefficiency and corruption and to the impact of key elements of the legal service market on access to justice and on corruption. The study suggested that underperformance of the courts—the main reason for corruption in the justice sector—should be countered by strengthening macro and micro-level management systems in the judiciary while the Government takes action to reduce incentives and opportunities for rent-seeking behavior by lawyers.

In Armenia, a country which also faces the formidable challenge of rebuilding after a severe earthquake, the challenges of reforming the judiciary are magnified. The World Bank is helping to finance the reconstruction of the basic infrastructure for providing access to justice, both through physical means, as with construction of courthouses, and institutional ones, with the introduction of modern court administration, case management and judicial training. This approach to justice reform also emphasizes the creation of a legal information database, making decisions more transparent, and a public awareness cam-

paign to inform people of their rights and raise the credibility of justice reform.

Implementing the needed judicial reforms often requires considerable financial assistance, and the World Bank is also active in this area, providing investment and technical assistance financing focused on legal and judicial reforms in Albania, Croatia, Georgia, the Slovak Republic, Romania and Russia, among others.

Money Laundering

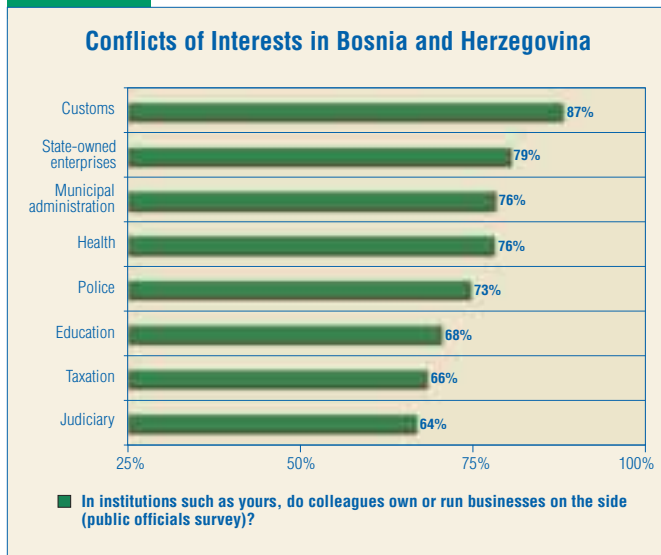
The gains from corruption are constrained the more difficult it becomes to conceal them, and for this reason money laundering and corruption go hand in hand. Institutional restraints on money laundering have a clear role to play in reducing corruption. Following the events of September 11, 2001, the imperative of reducing laundering of funds became even more acute and is now a priority among many countries in Europe and Central Asia. The World Bank, together with the International Monetary Fund and other international organizations, arranged an international conference on this important issue in Moscow, which, due to its success and utility as reported by participants, is being replicated in all other regions. The primary purpose of this conference, which was attended by representatives of 20 countries from Europe and Central Asia, was to show participants how international

standards are implemented in a variety of countries and to provide examples of best practices drawn from developing countries which have recently achieved global standards. The conference covered essential issues such as the creation of Financial Intelligence Units, development of supporting legislation and enforcement structures, regulatory and supervisory practices, and cross-border cooperation.

Public Accountability

Reducing corruption in a sustainable way requires that the leadership be accountable to the people.

FIGURE 8



Source: The World Bank. 2001. Bosnia and Herzegovina—Diagnostic Surveys of Corruption.

Public accountability refers to the constraints placed on the behavior of public officials by organizations and constituencies with the power to apply sanctions on them. As political accountability increases, the costs to public officials of taking decisions that benefit their private interests at the expense of the broader public interest also increase.

Conflict of Interest

Accountability rests largely on the effectiveness of the sanctions and the capacity of accountability institutions to monitor the actions, decisions, and private interests of public officials. Transparency via public scrutiny has proven to be one of the most powerful tools for monitoring public officials. Such transparency can be fostered by a number of measures, including opening sessions of the parliament, government, and the courts to the public, registering lobbyists' activities, and publishing the voting records of parliamentarians, annual reports of government bodies, trial records, and judges' decisions. Among these, effective laws on disclosure of potential conflicts of interest, including the gifts and other benefits received from private sources, are particularly lacking throughout the region. In some countries, public officials actively maintain their private businesses even while in office, as illustrated in Figure 8. To be fully effective, however, such

laws need oversight and implementation bodies. Public access to information on the interests of high public officials, as found in Latvia, can reinforce the impact. The World Bank strives to support initiatives in Europe and Central Asia to make high level officials accountable through the development of conflict of interest regimes and open disclosure of income and assets. Such programs are currently being implemented in several countries, including Russia, Albania, Latvia, and the Kyrgyz Republic. While such openness helps to uncover corrupt acts and may dissuade their being committed in the first place, an equally important result is that it helps restore the public's trust in its elected leaders.

Open Media

A functioning and independent media, long seen as central to democracy, is increasingly understood to be equally vital to economic development. The media serves as a conduit and filter of information for society and can be an essential ally in keeping the public aware of anticorruption efforts and the role the public itself can play in exposing corruption. A free and independent media can expose corruption directly in both government and the corporate sector, providing voice for the people and helping build a public consensus to bring about change. However, the press' success in helping fight corrup-

tion to reduce poverty and boost economic development in poor countries depends on its independence, its quality and its ability to reach a wide audience. In support of these ideas, the World Bank Institute produced in 2002 a path breaking study, *The Right to Tell: The Role of Mass Media in Economic Development*, including essays by Nobel Prize winning authors in both economics and literature.

In many countries of Europe and Central Asia, where state control over the media was absolute under the former system, the development of a free media has been a remarkable success, while in other countries, state control remains strong. Even in countries where the media is relatively free, however, the capacity of journalists to conduct serious investigations requires focused training. For this reason, the World Bank Institute has offered training programs in investigative journalism over the last five years. These courses have been delivered to reporters and editors in some fifty countries, among which many were from Europe and Central Asia. The World Bank Institute has an ongoing program in Russia that aims to strengthen the management, and thereby the economic viability, of independent media organizations. The Institute is also col-



laborating with partner organizations to develop programs on media interaction with parliaments, access to information, and media self-regulation and ethics, all essential elements of civil society participation in anticorruption. The media can be a powerful partner in disseminating information about anticorruption programs, as illustrated in Figure 9.

Legislative Oversight

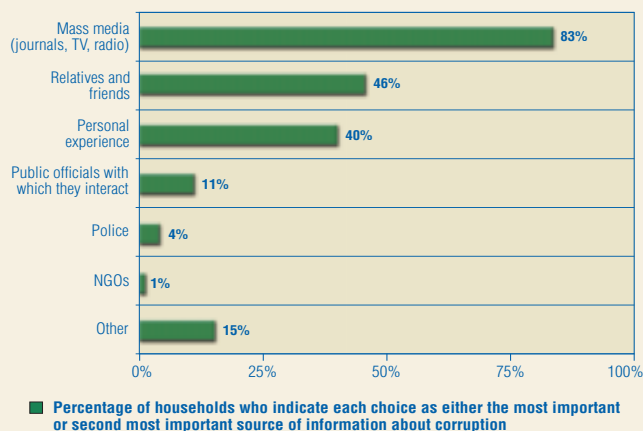
Legislatures can play a vital role as a bridge between state and civil society by carrying out leg-

islative oversight and representative functions and strengthening accountability, transparency and participation. Moreover, legislatures set the example of integrity for the population and have the potential for holding the government accountable for its actions. Although governance systems are usually state-centered and executive-dominated, parliamentary leadership is possible. Legislatures can provide essential oversight on the executive by making transparent the use of public funds and by cooperating with supreme audit institutions, which examine the activities of the executive and report directly back to the legislature. In Europe and Central Asia, where the legacy is one of political monopoly and a strong executive, weaknesses in legislative oversight, especially early in the transition, have relaxed a potentially important institutional restraint on corruption. In cooperation with other donors the World Bank supports the strengthening of supreme audit institutions as a means of legislative oversight in several countries such as Turkey and Albania.

Legislatures provide the strongest leadership when they demonstrate their commitment to fighting corruption by, for example, public disclosure and transparency of their own financing, income and assets, their votes in parliament, and their sources and amounts of political party finance. The World Bank programs in several countries in Europe and Central Asia emphasize

FIGURE 9

The Media as a Source of Information about Corruption in Romania



Source: The World Bank. 2001. Diagnostic Surveys of Corruption in Romania.

this leadership role, supporting initiatives to introduce meaningful declarations of income and assets for legislators, as well as improving the transparency of the processes by which laws are created. Such initiatives are important components of the World Bank governance program in Latvia and Romania.

The World Bank Institute has developed a program for legislatures that aims to assist them in playing their constitutionally designated role in the governance process. The program emphasizes strengthening the capacity of legislatures to oversee the allocation and use of public funds, helping legislatures better represent the interests of the poor in the policy process, maintaining legislative learning networks on key policy issues related to development, and supporting and facilitating leading research on the role of legislatures.

Understanding the Political Economy of Reforms

The first ten years of transition have demonstrated that despite the fact that economic reforms bring clear benefits, a country's political environment may make the government reluctant to adopt them. A major study from 2001, *Transition—The First Ten Years*, provides a political economy retrospective of the first decade of transition and surveys the policy and

institutional challenges that remain. By focusing on the conditions that encouraged the growth of new firms while imposing financial discipline on old firms inherited from the socialist past, the report provides insights into the ways that different political systems influence the configuration and choices of the winners and losers of reform. Concentration of economic power and the prevalence of state capture, both hallmarks of the first ten years of transition in many countries, are closely linked to the political systems that emerged during that decade.

Competitive Private Sector

The transition period has witnessed a rapid concentration of economic power in the hands of a few, while strong remnants of the state's capacity to intervene in the economy, inherited from the previous command system, may have survived. In some countries the privatization process has been susceptible to manipulation by powerful state actors, enabling them to gain control of substantial parts of the economy. Monopolies were often privatized in the absence of established regulatory frameworks. The rapid con-



centration of economic power was reinforced by corruptly assigned subsidies and guarantees, by the oppressive application of start-up rules and by inspections that disproportionately penalized small businesses. Unclear ownership structures often masked manipulation by powerful economic and state interests. This combination of concentrated economic power and bureaucratic control created a receptive environment for state capture and administrative corruption.

One of the key ideas driving the early stages of transition was the hope that the creation of a new generation of market entrepreneurs would generate the political demand for institutions to support the effective functioning of market economies, especially institutions that foster the rule of law and promote good governance. Yet in many countries in the region, this has not yet been achieved.

The dynamics of state capture can prevent essential institutional reforms from taking root. Competition enhancing strategies, such as the competitive restructuring of monopolies, the promotion of small and medium enterprises, and the easing of restrictions on market entry can have a powerful impact on the demand side for institutional change. Through its lending activities and policy advice in concentrated sectors such as infrastructure and power, the World Bank strives to enhance transparency and accountability and effectively constrain market power.

Infrastructure and Power

Much World Bank lending is not primarily aimed at reducing corruption, *per se*, but at other activities essential for development such as building infrastructure. While governance may not be the primary objective in these activities, the themes of transparency, accountability and voice still apply, such as in the power industry where the World Bank supports the development of a transparent and predictable regulatory framework. Similarly, in cases where transport subsidies are needed to ensure that essential transport services remain affordable for the poor, the World Bank works to ensure that they are allocated in a transparent manner. Market structure is also a central concern in these sectors, with demonopolization a key goal. Establishing liberalized and transparent markets for infrastructure and energy services helps control the concentration of economic power that brings about state capture. The World Bank's program in Turkey provides examples of many of these activities. The establishment of regulatory boards and market reforms for energy and telecommunications have been important milestones for transparency.

Regulatory Environment

A healthy and growing private sector is shaped not only by the market in which it operates, but

also by the regulatory and administrative atmosphere. Intervention in the form of regulations is a normal and essential method for implementing public policies and protecting citizen interests. When regulation is excessive or arbitrary, however, the costs may impede innovation and create barriers to trade, investment, and private sector growth. In countries suffering under destructive regulatory systems, officials are largely unrestrained in the regulations they elect to impose and operate with relative impunity in their enforcement actions. Such systems often act as incubators of corruption and work to destroy the possibility of economic growth.

The World Bank has been working actively in promoting an effective interface between the public and private sectors in Europe and Central Asia. Inspection bodies in many countries, for example, have made little effort to create clarity and consistency in their enforcement procedures, leading to opportunities for corruption. Private parties often do not know how to comply with their legal obligations and have strong motivation to avoid them either by operating unofficially or by paying bribes. In Latvia, the World Bank has supported systematic reforms such as the introduction of clear and consistent rules for regulatory bodies, an appeals system, and mechanisms to prevent fines from being collected on the spot by public officials. In the Kyrgyz Republic, the focus is on regulation, such as licenses,

permits and certifications, and how these affect the business environment. As such, the World Bank is supporting a system which will assess the market impact of regulations before their adoption. This regulatory impact analysis is intended to ensure that the benefits of government action justify the costs and that the option chosen maximizes benefits. A requirement for such an analysis prior to submission of regulatory acts for such things as licenses will require policymakers to justify their intention in regulating certain areas of activity. Transparent licensing requirements and up-to-date licensing and regulatory regimes reduce both the time and financial burdens on entrepreneurs when dealing with public officials, decreasing the incentive to avoid compliance by paying bribes.

Corporate Governance

In many transition countries the legacy of the privatization process is a corporate sector dominated by large industrial groups, where tight control of financial channels and easy access to government officials are key factors in the success of business activity. Corporate governance is critical in encouraging a vibrant, competitive private sector. The World Bank's *Corporate Governance Assessments* examine the legal, regulatory and business framework in which the private sector operates. The assessments review the laws

and regulations related to corporate governance, regulatory institutions responsible for enforcing the laws and regulations, and common business practices that may ensure full compliance with the laws or alternatively may encourage disregard for the legal framework. The World Bank also supports the voice of the business community in matters of corporate governance. In Turkey, for example, the World Bank has supported the creation of a business association for precisely this purpose.

Challenges Ahead

Though governance concerns are integrated into many World Bank initiatives, mechanisms to monitor government performance in this area are only beginning to emerge. There is increasing demand from counterparts to move to a system of regularized monitoring over time of specific aspects of government performance and vulnerability to corruption and state capture. Effective monitoring requires a set of flexible instruments, including surveys, ratings and review mechanisms, that can be tailored to the particular challenges of monitoring the direction and extent of change resulting from anticorruption measures implemented. Moreover, tools are required to track specific anticorruption goals set out in World Bank loans. Such monitoring instruments will help to mainstream accountability mecha-

nisms into World Bank activities aimed at enhancing governance and reducing corruption.

The World Bank has begun to implement a set of governance monitoring tools that can be tailored to address specific bottlenecks. They can be used by governments to monitor implementation of policies at various levels of the bureaucracy, by civil society groups and business associations to increase government accountability, and by everyone to assess change in desired outcomes as a result of government policy commitments. Plans for the implementation of such governance monitoring tools are underway in a number of countries in Europe and Central Asia. In Russia, an independent system has been developed to monitor implementation of a recently enacted deregulation program through periodic interviews of firms across the country. In Latvia, a system is being put in place for judicial monitoring. In Ukraine, it is planned to expand the People's Voice Program,¹⁷ an innovative civil society effort to monitor municipal government performance to include public procurement monitoring. In Albania, the World Bank is supporting the municipality of Tirana with the development of scorecards to evaluate the qual-

¹⁷ The People's Voice Program is funded jointly by the World Bank and the Canadian International Development Agency.

ity of selected municipal services. Governance scorecards are being developed to track government performance across the Stability Pact countries. A set of governance performance monitoring indicators, which will allow progress to be tracked regarding the size, composition and characteristics of the public sector, have already been developed for Albania and are under development with the Governments of Bulgaria and Ukraine.

An important effort to develop consistent indicators of governance has been the Business Environment and Enterprise Performance Survey developed jointly by the World Bank and the European Bank for Reconstruction and Development. The original 1999 survey explored a wide range of interactions between firms and the state and formed the basis for *Anticorruption in Transition*. A second Business Environment and Enterprise Performance Survey was undertaken in 2002, again in cooperation with the European Bank for Reconstruction and Development. The

new survey expanded coverage with two additional countries, and the overall sample size increased to 6,000. This survey will form the basis for a follow-on report to *Anticorruption in Transition*, to be released in the summer of 2003. The new study explores the drivers of change in the levels and forms of corruption in Europe and Central Asia.

Although the World Bank has come a long way in seeking approaches and techniques to deal with corruption, the battle for transparency, accountability, and voice is still in its early stages. Even in OECD countries, corruption poses a persistent threat, one which requires continuous re-evaluation of the institutional arrangements that may support or hinder it. In cooperation with partners in government, civil society and other donors, the World Bank will continue to integrate the themes of transparency, accountability and voice into its activities and do its part to help control the scourge of corruption in Europe and Central Asia.

Further Information

Further information on the World Bank's programs to help countries combat corruption can be found at the following sites on the internet:

- ◆ Public Sector and Governance in Europe and Central Asia:

<http://www.worldbank.org/eca/governance>

- ◆ Europe and Central Asia Homepage:

<http://www.worldbank.org/eca>

- ◆ World Bank Institute Homepage:

<http://www.worldbank.org/wbi/governance>

- ◆ Public Sector Homepage:

<http://www1.worldbank.org/publicsector>

The World Bank is committed to investigating and following up on allegations of corruption related to its own activities. To report allegations of fraud and corruption within the World Bank Group or in connection with Bank Group-financed projects, call the hotline, which is operated 24 hours per day, seven days a week, by an outside firm of trained specialists in order to ensure anonymity of the caller. Interpreters are available upon request. The toll-free number is 1-800-831-0463. For more information, including alternative methods of reporting allegations of fraud and corruption, visit the website of the World Bank's Investigations Unit:

<http://wbln0018.worldbank.org/acfiu/acfiuweb.nsf/>



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