



# Reducing corruption: lessons from Venezuela

*Involving people in policymaking can curb corruption and increase efficiency, equity, and transparency.*

Providing information to the public is an essential but insufficient step in making local government more transparent. A participatory process is also needed, both to ensure accountability and to reinforce healthy relations between people and government. Empirical data linked to a participatory program for institutional reform are key for eliciting broad interest in administrative organization—enabling citizens to improve municipal management.

A recent World Bank program in Campo Elias, Venezuela, used an innovative and effective approach to build participatory institutional frameworks and to apply best practices in public policymaking. As a result corruption has fallen and services are delivered more efficiently. The program, which ran from April 1998 to December 1999, involved the World Bank Institute, the municipal government, and civil society. The experience shows the powerful benefits that come when local political will, technical capacity to execute reforms, and strong partnership with civil society are mixed to enhance efficiency, equity, and transparency.

## Program background

Venezuela decentralized government services in 1989, spawning administrative and regulatory confusion. Unpredictable procedures and duplicated functions meant that there were no accountable or transparent methods for providing public services—creating incentives for corruption among local officials. Citizens often believed

that bribes were the most effective way to get services and were not motivated to participate in the public sector.

In 1997 the Bank and several local non-governmental organizations sponsored a regional workshop in Caracas, Venezuela, to expose local officials to the merits of institutional reform. Thirty-five Latin American mayors participated, twenty requested Bank assistance for government reform, and three signed letters of agreement to undertake reforms and participate in pilots. After visits to the three municipalities, Campo Elias was selected for a pilot program.

Campo Elias is in the state of Mérida, Venezuela. The municipality's 125,000 inhabitants are 89 percent urban and 11 percent rural. About 39 percent of the population is poor. In the past, corruption undermined the provision and maintenance of services and the quality of life in Campo Elias.

## Diagnosing the problem

A survey of customer perceptions was conducted in Campo Elias in June and July 1998. Enterprises and citizens were asked about the delivery of services and the integrity and credibility of municipal government. The diagnostic survey concluded that two main factors affected perceptions of corruption. First, inefficient, excessively complex, and unpredictable administrative procedures were used to certify tax payments and to grant construction, industrial, and commerce permits. Second, public information and accountability were lacking.

A mix of political will, technical capacity, and partnership with civil society can enhance efficiency, equity, and transparency in government

The results of the diagnostic survey were presented at a workshop facilitated by the World Bank Institute and held in participation with the community. Strategies for municipal reform were developed based on survey findings and group decisions. Working groups identified barriers to reform as well as available resources for curbing corruption and reforming municipal government. They also devised solutions and offered methods for monitoring change through an action plan.

The action plan placed priority on improving administrative procedures for

construction, industrial, and commerce permits and for certification of tax payments; and on finding mechanisms to improve information and make the municipal system more accountable (box 1). The action plan included technical assistance from the Bank to enhance accountability, transparency, cost-effectiveness, and credibility in the delivery of services.

## Monitoring and evaluation

Internal monitoring techniques included public budget hearings, a computerized public works monitoring system, and local workshops (see box 1). External monitoring was also used. The World Bank Institute facilitated a seminar in Mérida that targeted 38 mayors, city council members, and municipal authorities of Venezuela. The seminar monitored, evaluated, and followed up on the Campo Elias pilot using participatory methodologies. Seminar participants provided the government and citizens of Campo Elias with feedback on the reform effort. Participants also learned how such reforms could be replicated or adapted in their municipalities.

After implementation, a second survey of customer perceptions was conducted to evaluate the reform program in Campo Elias. At the same time, a representative sampling of services was conducted to evaluate productivity and cost-effectiveness. The 1999 survey found that increased consensus between civil society and local government had improved transparency, public access to services, and government capacity to address municipal problems. With the inception of participatory budget hearings, civil society has become an integral part of local decisionmaking and policymaking. Citizens of Campo Elias now decide how local spending is allocated—and because citizens are involved in setting priorities and determining tradeoffs, they demand efficiency. As stakeholders, they have been empowered to care about and monitor projects.

Between July 1998 and August 1999 perceptions of and performance on information, corruption, and administrative complexity improved more than 50 percent (table 1).

### Box 1 IMPLEMENTATION OF THE CAMPO ELIAS ACTION PLAN

*The problem: complex and inefficient administrative procedures encourage corruption*

The diagnostic survey concluded that complex and unpredictable administrative procedures encouraged corruption. Thus the action plan proposed that several tools be developed to simplify procedures for obtaining construction, industrial, and commerce permits. A manual was written to simplify and standardize administrative procedures, and all administrative data were integrated with a computerized data system that included tax registers and estimates. Both tools improved coordination among offices, avoiding duplicated efforts, reducing discretion, and speeding permit approvals. The action plan also improved the amount and flow of information available to the public.

*The problem: insufficient information impedes accountability and transparency*

The survey revealed few channels for disclosing public information and providing services. Thus a participatory budget hearing program and planning system, Public Audience 2000, was created. Public hearings allow the municipal budget to be elaborated in a citizen forum. Citizens identify and prioritize their needs, co-manage municipal resources, control and evaluate the mayor's commitments, and create opportunities for participation, accountability, and transparency. In addition, citizens can use computerized data systems to monitor information on munic-

ipal transactions. Finally, a Tripartite Auditing Commission—involving citizens, a representative of the municipal chamber, and local officials—was created to facilitate community participation in budget hearings and to select and audit public works and social programs.

*The problem: the government does not encourage citizen participation, and civil society does not influence government decisions*

Five measures were created—and enacted through municipal ordinances—to increase citizen participation in government:

- The program for citizen involvement in municipal budgets.
- The Tripartite Auditing Commission.
- The Office for Development and Citizen Participation, created to foster dialogue between government and civil society, to promote citizen participation in government, to organize and disseminate information about municipal services, officials, and procedures, to respond to citizen complaints, and to serve as a focal point for anticorruption campaigns.
- Guaranteed free access to public documents.
- Controlling Corruption—a service that allows citizens to track municipal transactions through the Internet. Citizens who do not have Internet access may gain access through the Office of Information.

**TABLE 1 IMPACT INDICATORS FOR THE CAMPO ELIAS REFORM PROGRAM**  
(areas cited by users of administrative procedures; percent)

Year	Lack of information	Effectiveness	Efficiency	Corruption	Accessibility	Administrative complexity
1998	10	81	74	39	78	32
1999	4	94	79	16	84	13

Overall, perceptions in the monitored areas of government performance improved significantly between 1998 and 1999.

## Impact and lessons

The Campo Elias program shows that issues of transparency and efficiency are strategic entry points for local government reform. These issues are also key for enhancing public sector credibility and legitimacy. In Campo Elias increasing public sector credibility has created a positive image of the municipality and enabled citizens and government to more effectively govern, use resources, provide services, and increase the quality of life. Several lessons came from the pilot program.

### *Political commitment is indispensable*

Political commitment at all levels is crucial for comprehensive institutional reforms—and, in particular, for creating accountable and transparent systems and curbing corruption. Likewise, developing and implementing an integrated framework to fight corruption at the municipal level is impossible without local political commitment. Throughout the pilot, Campo Elias demonstrated strong political commitment to institutional reforms.

### *Surveys are useful for raising awareness and for designing, monitoring, and evaluating reforms*

The surveys conducted in Campo Elias were useful for identifying problems and for monitoring and evaluating the reforms associated with corruption and shortcomings of a municipal government that was not accountable or transparent. Identifying problems through a participatory survey raised awareness and created an optimal environment for change. The survey was

conducted by independent consultants, which lent credibility to reforms and provided momentum for curbing corruption and reforming government.

### *Deficient regulation creates confusion, increases arbitrary discretion, and encourages corruption*

Deficient regulations and administrative procedures create incentives for corruption and dilute accountability. The first step in the Campo Elias action plan was to simplify administrative procedures—a move that had a strong effect on citizens. In the past year citizens' satisfaction with services increased and complaints fell 70 percent.

Functional responsibilities are now clearly delineated. Incentives to offer bribes for faster permit approval have been removed. Citizens are aware of the fees that can be requested by providers—and with the consciousness raised during the pilot, most people are now sensitive to the steps that must be followed for administrative procedures. Those who are not familiar with administrative procedures can turn to the Office of Information for information and assistance.

### *Public perceptions of wrongdoing contribute to corruption*

The secrecy surrounding local government reinforced public perceptions of wrongdoing, increasing incentives for corruption and decreasing incentives to generate and save municipal resources. In addition, the complexities of obtaining information discouraged citizens from demanding a transparent and accountable government.

### *Information is essential for accountability, transparency, and participation*

Reform of the information system in Campo Elias had a significant impact on government

Information is essential for accountability, transparency, and participation

The participatory methodology used in the workshops increased transparency, credibility, and capacity to address municipal problems

and civil society. Simple and accessible information is vital for efficient, accountable, and transparent systems at the local level. Participatory workshops, information campaigns, and the Office of Information's computerized data system provide streamlined, accessible information for public consumption, increasing transparency and accountability.

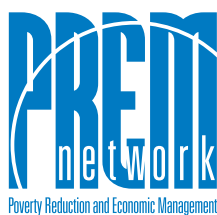
The participatory methodology used in the Campo Elias workshops increased transparency, credibility, and capacity to address municipal problems. As noted, citizens now decide how local spending is allocated. In addition, citizens understand that putting an end to bribery frees financial resources for essential social services. Citizens are more satisfied with municipal services and complain less now that they understand the priorities and tradeoffs needed when working with a limited budget. And they demand efficiency and care about project performance. Moreover, the credibility of the mayor and municipality has greatly improved.

The consensus-building approach used in Campo Elias is making the reforms more

sustainable. Other Venezuelan municipalities are learning from this experience, using the tools developed in Campo Elias. Civil society has also responded to the program, joining committees formed with government officials to monitor the allocation of public resources.

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