



**Asia-Pacific
Economic Cooperation**

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Preventing Facilitation Payments and Managing Gratuities

Submitted by: World Bank



**Workshop on Strengthening Integrity
Through Public-Private Partnership:
Preventing Facilitation Payment and
Managing Gift Rules
Medan, Indonesia
24 June 2013**

PREVENTING FACILITATION PAYMENTS AND MANAGING GRATUITIES WORKSHOP



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APEC MEETING Medan, June 2013

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Definitions

Governance

The manner in which the state acquires and exercises its authority to provide public goods & services

Corruption

Use of public office for private gain

- **Corruption** is an **outcome** – a consequence of weak or bad governance
- **Governance reform** helps combat corruption by addressing its **underlying causes**

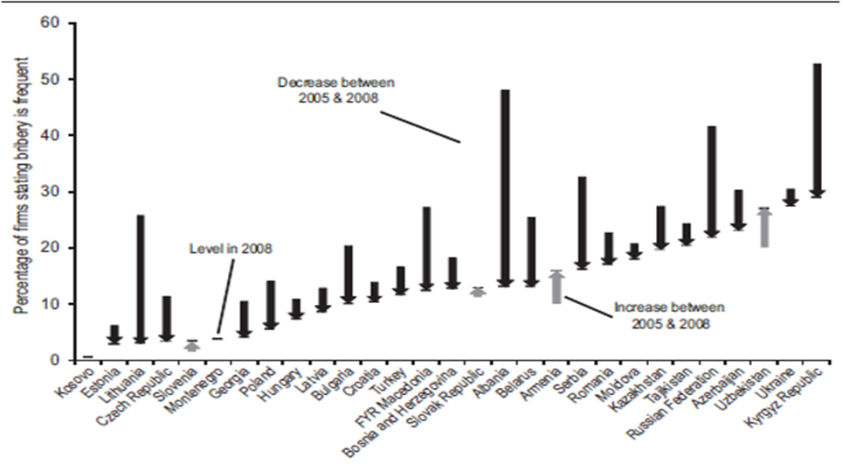
HOW TO ADDRESS BRIBE PAYMENTS AND CORRUPTION?

Greater local capacity, greater transparency and more effective accountability system

- A demand-driven and participatory process to improve governance and build local capacity
- Key features:
 - Medium/long term *partnership* between multiple actors for design and implementation
 - Mechanism to facilitate *feedback* from different stakeholders (focus groups)
 - *Multiple sources of data* (from households, firms and public officials) focused on *experience*
 - Rigorous technical *implementation*
 - *Local institution* implements; may need *international support*
 - Focus on monitoring *results and impact*

CORRUPT PRACTICES CHANGE #1 ADMINISTRATIVE CORRUPTION, BEEPS, 2005-08

Figure 3.4. Bribe Frequency by Country, 2005 and 2008



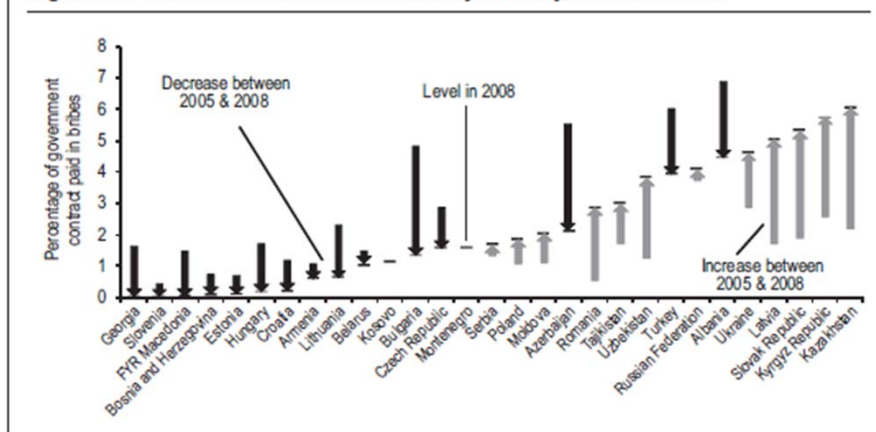
Source: BEEPS 2005, BEEPS 2008.

Business environment and enterprise performance surveys

CORRUPT PRACTICES CHANGE #2

BRIBES IN PUBLIC PROCUREMENT BEEPS, 2005-08

Figure 3.7. Bribes in Public Procurement by Country, 2005 and 2008



Source: BEEPS 2005, BEEPS 2008.

MULTIPRONGED STRATEGY FOR REDUCING CORRUPTION

Institutional Restraints

- Independent and effective judiciary
- Legislative oversight
- Independent prosecution, enforcement

Political Accountability and Monitoring

- Transparency in party financing
- Disclosure of parliamentary votes
- Asset declaration, conflict of interest rules

Civil Society Participation

- Freedom of information
- Public hearings of draft laws
- Role of media/NGOs

Anticorruption

Public Sector Management

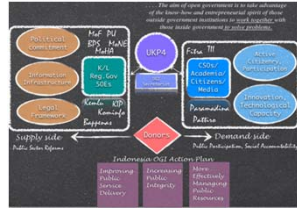
- Meritocratic civil service with monetized, adequate pay
- Budget management (coverage, treasury, procurement, audit)
- Tax and customs administration

Competitive Private Sector

- Regulatory simplification for entry
- Competitive restructuring of monopolies
- Transparency in corporate governance

Reflecting nature of heterogeneous challenges and requirement for sustainability

OPEN GOVERNMENT PARTNERSHIP IN INDONESIA: FOCUS ON PUBLIC INTEGRITY...



Background

- OGP a global multi-country partnership launched at UN General Assembly, Sep 2011;
- Indonesia one of 8 founding member countries, lead chair of partnership, Sep 2013-2014;
- Path-breaking Access to Public Information Law (UU RI 14/2008);
- Championed by President's Delivery Unit, UKP4;
- Concerted effort in Indonesia to bring together Civil Society, Public, Private, Political, Institutional elements to improve Public Integrity.

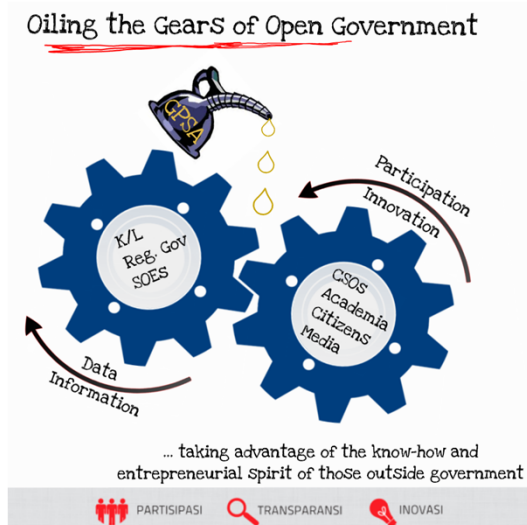
Principles

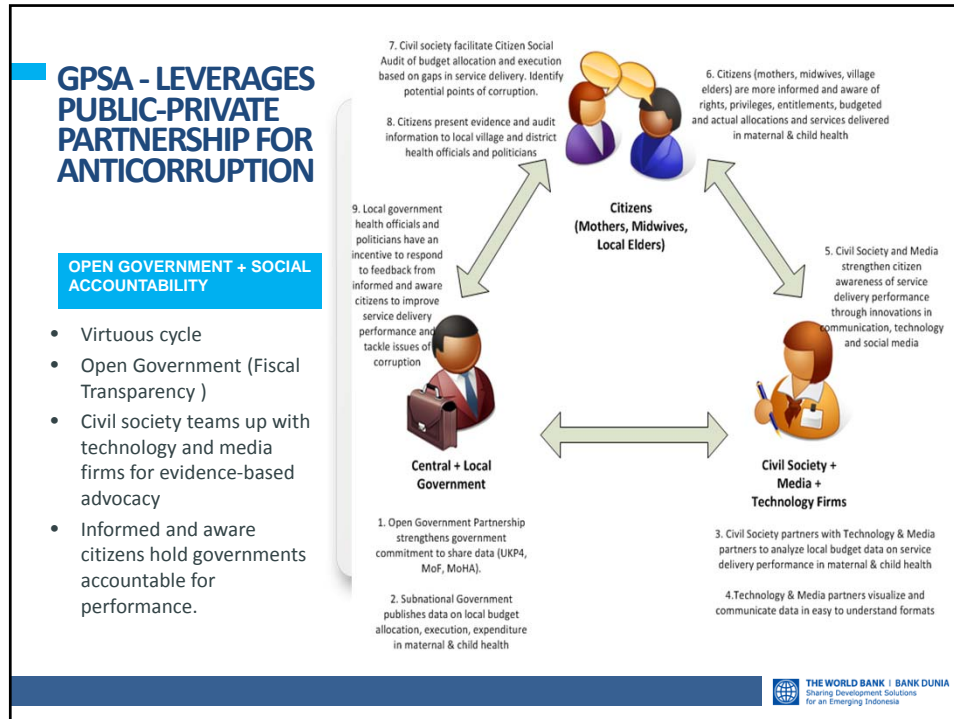
- Data is a public good;
- Governments are major producers of data;
- Mediators - journalists, economists, statisticians and technologists - create value for citizens by skillfully distilling big data into digestible and actionable knowledge;
- Informed citizens empowered to make governments accountable and efficient;
- Governments respond to calls for reform or adaptation by more informed and connected citizens.
- Big Data 'ability of society to harness information in novel ways to produce useful insights or goods and services of significant value'.

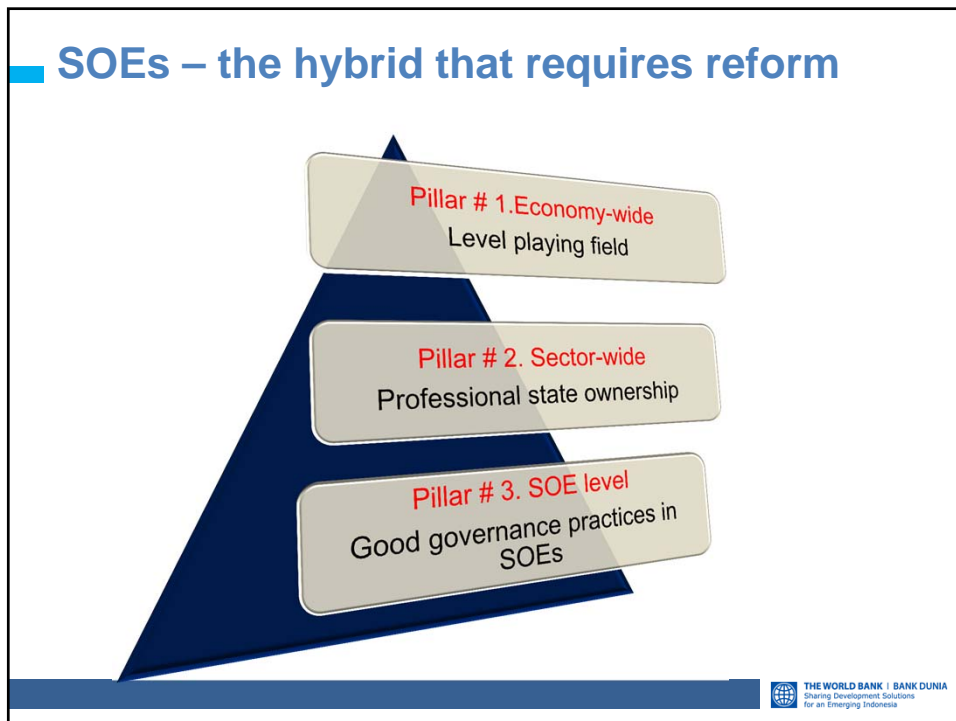
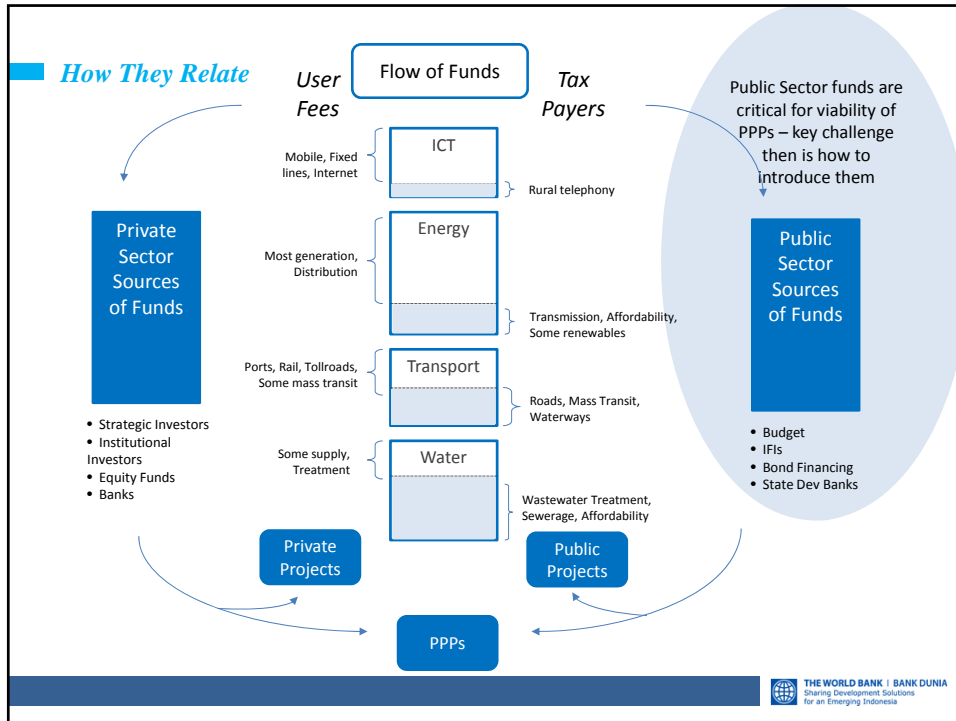
... BY BRINGING TOGETHER SUPPLY & DEMAND-SIDE ACTORS

FY13-FY15: World Bank program in Indonesia to support OGP, i.e.,

GPSA (Global Partnership for Social Accountability)







Fight Against Corruption in Georgia Comprehensive and Complex Approach

Legislation

State Administration downsized

80% of permits and licensed removed

Taxes lowered- recovery increased

Admissions- replaced by national standardized exams

Establishment of the Rule of Law- Punishment

Participatory Process

Intense Communication with Public – Public Awareness Raising Campaigns

SOUTH KOREA


■ 1993-2003: implementation of key reforms to reduce corruption risks:

- ✓ **The “real name financial transaction system”** – a policy adopted to cut the politics-business ties and make financial transactions more transparent.
- ✓ **Mandated asset declaration for high-level officials** - the public service act was revised, expanding the range of public officials subject to asset registration and post-employment restrictions.
- ✓ FOI Act
- ✓ Comprehensive anti-corruption act
- ✓ Code of conduct for public officials
- ✓ Pursued private-private cases; 7000 cases in 1998-99

— SOUTH KOREA SOE SECTOR...

- Performance Indices (updated at 2011)

	Indices	Evaluation method		Weights
		qualitative	quantitative	
Leadership and Accountability	Leadership	5		20
	Accountability	3		
	CS Management		5	
	Social Commitment	2	5	
Management Performance	Various operational Performance	15	30	45
Management System	Operational efficiency		8	35
	Organization and HRD	4		
	Pay System	4	4	
	Finance/budgeting	4	8	
	Labor relationship	3		


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— SUMMARY

- Corruption requires dealing with systemic governance weaknesses; focus on specific transmission mechanisms and 'strategic opportunism'
- Corruption levels can change through time
- New instruments – OGP and GPSA provide help
- Special features of a PPPs and privatizations are worth thinking about in terms of conduciveness to corruption; but PPPs remain 'boutique'; SOE reform valuable
- Conspiracies to corrupt and launder are often transnational; prevention and cure requires international co-operation
- Some countries – including Georgia and Korea – made demonstrable gains after a concerted, broad spectrum effort


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