



2015 AND BEYOND: THE GOVERNANCE SOLUTION FOR DEVELOPMENT

There are fewer than 1000 days remaining until the 2015 deadline for achieving the Millennium Development Goals (MDGs). Based on current progress, many will not be achieved. For Transparency International, a critical reason for the lack of success is weak governance and the corruption that follows.

In 2000, world leaders set out eight ambitious development objectives, known as the Millennium Development Goals (MDGs), which cover everything from education and health, to gender equality and the environment.

Official reports on country progress on achieving the goals show mixed results.¹ Globally, some MDGs are to be met at the aggregate level when all countries are assessed; other goals are off-track. For example, the MDG targets to improve people's access to safe drinking water (MDG7) and halve overall poverty (MDG1) have already been met ahead of the 2015 timeline. Yet the other goals related to education (MDG2) and maternal health (MDG5) are unlikely to be met.² Even in cases where specific MDGs have been attained, stark disparities remain among rural and urban groups as well as along gender lines.³

Our research shows that ensuring good governance and fighting corruption makes it many times more likely that we can eradicate poverty and raise living standards around the world. That is why any post-2015 commitments must include a governance goal and governance targets.

THE ISSUE

MDG progress has clear and strong correlations with the levels of governance and corruption in a country.⁴ Good governance is understood to be “participatory, accountable, transparent, efficient, responsive and inclusive, respecting the rule of law and minimising opportunities for corruption”.⁵ Our analysis looks at levels of transparency, accountability and integrity in a country drawing on related national indicators for public access to information, checks and balances and rule of law.⁶ Corruption in this study is measured by reported rates of bribery and refers to any action which is used to gain an advantage but which is illegal, unethical or a breach of trust.⁷

Our findings show that there is a development dividend when countries have strong levels of openness, mechanisms to hold government actors to account, and effective and well-functioning judiciaries and law enforcement bodies. These conclusions are based on country data for key MDG targets for education, health and water.⁸

The conclusions from these findings are clear: if countries want to achieve their MDG commitments, they must undertake policies and actions that recognise the strong link between development and open, accountable and participatory governance on the one hand, and corruption on the other.

As global discussions continue about what goals will succeed the current MDGs, it is essential to make governance a cornerstone of any new promises. The United Nations and its member states must adopt a governance goal, with specific indicators, and include governance targets in other pledges, such as those on education, health and water.

THE CASE

To achieve the MDGs and take them beyond 2015, now is the moment to link development, governance and anti-corruption in policy and practice.

This opportunity is a consequence of the global consensus that has recently arisen around how transparent, accountable and participatory governance is a catalyst for development and can positively change the everyday lives of people. The UN Secretary General has underscored the need for any new development commitments to include peace and governance after the current goals end in 2015.⁹ Similar recommendations were offered by the UN High-Level Panel on the Post-2015 Development Agenda which called for a goal on good governance and another for stable and peaceful societies.¹⁰ It is also the recognition of more than 1 million people – consulted via electronic and in-person surveys – that put an “honest and responsive government” as one of their top three development priorities.¹¹

When effective and just governance is lacking in a country, public institutions are not responsive to their citizens and corruption sets in. Every day, people experience corrupt officials – be it doctors, headmasters or government officials – who try to extract illegal payments from individuals for basic services. Transparency International’s recently published Global Corruption Barometer 2013 found that more than one in four people around the world had reported paying a bribe in the last 12 months for basic services. For the least developed countries included in the survey, this number jumped to one in two people.¹² Clearly, corruption punishes the poorest.¹³

Yet the problems go much deeper than just the act of bribery. When teachers, nurses and other public servants act to benefit themselves or privilege certain

people or groups, the cost is borne by the whole society. Services are not provided based on need but on who can pay the bribes demanded. This undermines people's trust in public institutions and ultimately belief in the effectiveness of government.

THE FINDINGS

Transparency International has looked at the relationship between progress on key MDG targets and levels of corruption and governance in a country. We also looked at other factors such as per capita income, investment in the sector and the political context.¹⁴ To do this we used the most recent findings on bribery based on Transparency International's Global Corruption Barometer. Governance indicators have been used that look at levels of transparency, accountability and rule of law.¹⁵

BRIBERY

In countries where there is more bribery, more women die during child birth and fewer children are educated, irrespective of how rich or poor a country is. Particularly in rural areas, people are less likely to find clean water to drink and more likely to lack indoor plumbing.

For the education goal, lower levels of reported bribery¹⁶ in countries such as Bulgaria are linked with higher youth literacy rates. Literacy is a good proxy not only for universal access to education as promised under MDG2 but also for the quality of learning that children are being given (or denied).

Maternal health, one of the MDGs that will not be met globally, is positively and significantly correlated with lower levels of bribery, as seen in the case of countries such as Colombia.¹⁷ This holds true even when controlling for a country's level of public expenditure on healthcare.¹⁸

Findings for access to sanitation¹⁹ suggest that a one percent rise in the rate of bribery correlates with a half percentage point reduction in access to such things as public sewers and basic latrines.²⁰ These linkages are seen in countries such as Sierra Leone where high rates of bribery topping 84 per cent correspond with figures showing that only 13 per cent of the population has access to basic sanitation.

While the target on access to safe water for MDG7 has been met, there is a large rural and urban divide where high rates of reported bribery correlate with lower access to water. Figures show that 83 per cent of people without access to clean water and sanitation live in rural areas.²¹

INCOME

The strong relationship between bribery and reduced development are often so strong that they distort the usual correlation that exists between a country being richer and having better development.

For example, bribery is seen to offset more than half of the positive effect that increased wealth has on a country being able to educate its children.

In the case of maternal health, the correlation between bribery and maternal mortality suggests that lowering bribery correlates with a nearly two-thirds reduction in maternal mortality, which is greater than the correlation that exists between increased national wealth and lower maternal mortality rates.

GHANA: LEVELLING THE PLAYING FIELD

Like many countries, nearly two out of every five people who interact with the education sector in Ghana report having paid a bribe in the last year,²⁶ leading to distorted educational outcomes and increasing the obstacles facing the poorest in society.

Exposing one such case,²⁷ a Transparency International legal advice centre in Ghana received a complaint from a teacher at a government high school who claimed some of her colleagues were demanding bribes from students and from the school in return for supplying answers in exams – ensuring higher grades for students and higher pass rates for the school. Alerting authorities to the case, the advice centre made sure the cheating did not take place – and the teachers did not receive their bribes.

NEPAL: STOLEN CHILDBIRTH FUNDS

Bucking an international trend, Nepal is one of few countries to reach its MDG target on maternal mortality – successfully cutting childbirth fatalities by 75 per cent. Much funding has been poured into the sector to back the effort, raising the risk of corruption tainting some of the money.²⁸

Tipped off by a whistleblower, Transparency International's legal advice centre in Nepal exposed a number of corrupt health officials who were stealing money meant to help expectant mothers. The funds, which were created to incentivise hospital treatment in regions where home births left expectant mothers at risk, were instead being pocketed by officials who created lists of fake mothers to cover their tracks.

Working with the whistleblower to break the case to the media, Transparency International Nepal successfully prompted the officials to admit their wrongdoing and return the money to state coffers. The possibility remains, however, that other leakages may have gone unnoticed – undermining development, and driving up the cost to the taxpayer.

BRIBERY HURTS DEVELOPMENT

In countries where bribery is common, progress on the Millenium Development Goals is slower, depriving people of even the most basic services.*

% OF POPULATION WHO PAID A BRIBE IN THE PAST YEAR**

LESS THAN 30%

30% - 60%

MORE THAN 60%

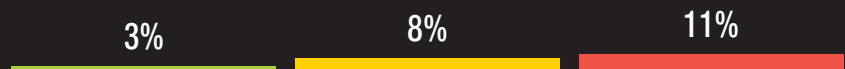
WOMEN DYING IN CHILD BIRTH

Average maternal mortality rate per 100,000 live births in 2010.



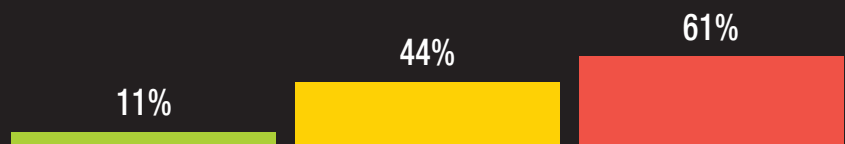
YOUNG PEOPLE WHO CAN'T READ

Illiteracy rate of 15-24 year olds (%) in 2010/2011.



PEOPLE WITHOUT TOILETS

Proportion of the population who did not have access to sanitation in 2011.



*Data for bribery and MDG indicators available at the country level. Sample size for data available: Bribery - 91 countries; Maternal mortality rate - 91 countries; Youth literacy rate - 52 countries; Access to basic sanitation - 83 countries; Access to safe water - 87 countries. All data for the MDGs is based on available official UN indicators used to track country progress. For more information, see: <http://mdgs.un.org/unsd/mdg/Host.aspx?Content=Data/snapshots.htm>.

**People who reported paying a bribe in the last 12 months. Source: Global Corruption Barometer 2013.

GOVERNANCE

In countries that are more transparent and where there is good oversight and law enforcement:

- Pregnant women get proper healthcare and have healthy births.²²
- More children and young people go to school and learn to read.²³
- Families have access to clean water and have piping to take their sewage away.²⁴

For example, greater transparency in the health sector means that citizens have access to information about whether pre- and post-natal health care is free and where facilities are located. People have better access to water where there are more channels to hold public officials to account²⁵ regarding, for example, the location of wells or the provision of piped water.

RECOMMENDATIONS

Better governance and increased transparency and accountability help bolster countries' abilities to attain the MDGs and improve people's lives. Anti-corruption initiatives can serve as a catalyst. They can make governments more open, accountable and responsive by stemming bribery, making information public and accessible, establishing checks and balances over the public and private sectors, and ensuring judges and police officers perform their jobs effectively. These are universal actions that all governments must take. A stand-alone governance MDG, with targets and measurable milestones, can make this happen.

In setting out new global commitments that look beyond 2015, all governments must:

- Establish a stand-alone goal for open, accountable and participatory governance with measurable, intermediate and progressive targets.
- Develop specific targets for areas which are critical to achieving a governance goal: citizen engagement, rule of law, fiscal transparency and procurement.
- Integrate the governance principles of transparency, accountability, integrity and participation into all other proposed goals, each with measurable, intermediate and progressive targets.

These actions will help all countries to introduce the appropriate legislation, institutional change and practical tools to ensure governance and anti-corruption are a catalyst for development.

BRAZIL: CORRUPT WATER

Even though the MDG on access to sustainable water has been achieved ahead of time, people in rural areas, even in a middle-income country like Brazil, continue to experience difficulties accessing safe drinking water. In Brazil, dozens of people marched in 2013 in rural towns in the drought-affected state of Piauí, located in the north eastern part of the country, demanding accountability and an end to corruption in the water sector. In Piauí, 199 of the 224 districts are in a state of emergency due to drought. People depend on water trucks for vital access to water. However, politicians decide who gets served by the water trucks, leading to accusations that votes are allegedly swapped for water and of collusion among the water truck owners and politicians to prevent the building of new pipelines to bring water to the region. The Transparency International partner organisation, Amarrigo Brasil, is helping local community members raise awareness of these problems and working with them to set up their own local organisation to monitor government spending on public services like water.²⁹

CLEAN PROCUREMENT AND MDG ACHIEVEMENT

Around the globe, large amounts of money pass through government procurement projects aimed at providing basic services. This has made it a vulnerable area for corruption. Opaque procurement channels can lead to funds being diverted and compromise the quality of materials used.³⁰ In looking at the integrity of procurement processes³¹ we find positive correlations between better procurement practices and improved attainment of relevant MDG targets on education, health, water and sanitation.³² In the case of the water sector, where capital investments are double the amount of other utilities,³³ we find that transparent and accountable procurement processes have a positive correlation with increased access to sustainable drinking water, even when controlling for the level of public investment.³⁴

NOTES

¹ For more information, see: <http://mdgs.un.org/unsd/mdg/Host.aspx?Content=Data/snapshots.htm>. Accessed on 3 September 2013.

² United Nations, 'Millennium Development Goals Report 2013' (New York: UN, 2013). <http://www.un.org/0F85B5B8-32E2-4315-BBDA-AF3B991F0076/FinalDownload/DownloadId-BC72FE76FF469BB2969AF8E29993B826/0F85B5B8-32E2-4315-BBDA-AF3B991F0076/millenniumgoals/pdf/report-2013/mdg-report-2013-english.pdf>

³ Ibid.

⁴ The objective of our analysis was to determine if factors of bribery and governance correlate to specific MDG indicators. This analysis does not determine if these factors have any causal effects on attainment of MDGs. The study is a follow up to an earlier assessment done by Transparency International. See: Transparency International, 'The Anti-Corruption Catalyst: Realising the MDGs by 2015' (Berlin: Transparency International, 2010).

http://www.transparency.org/whatwedo/pub/the_anti_corruption_catalyst_realising_the_mdgs_by_2015

⁵ See "Governance" in: Transparency International, 'The Anti-corruption Plain Language Guide' (Berlin: Transparency International, 2009). http://www.transparency.org/whatwedo/pub/the_anti_corruption_plain_language_guide

⁶ TI has used the Global Integrity Index indicators (www.globalintegrity.org/report) for citizen access to information (as a proxy for transparency), government safeguards and checks and balances (as a proxy for accountability), anti-corruption law (as a proxy for integrity), and transparency in procurement processes (as a proxy for efficient public spending).

⁷ See "Corruption" in Transparency International, 'The Anti-corruption Plain Language Guide' (Berlin: Transparency International, 2009). http://www.transparency.org/whatwedo/pub/the_anti_corruption_plain_language_guide

⁸ To analyse the correlations with governance indicators, the country sample included more than 40 countries. To analyse the correlations with reported bribery rates, the country sample included more than 80 countries.

⁹ UN Secretary General, 'A life of dignity for all: Accelerating progress towards the Millennium Development Goals and advancing the United Nations development agenda beyond 2015', Document A/68/202 (New York: UN, 26 July 2013). http://www.un.org/ga/search/view_doc.asp?symbol=A/68/202

¹⁰ See: UN High Level Panel, 'A New Global Partnership: Eradicate Poverty and Transform Economies through Sustainable Development' (New York: UN, 2013). <http://www.post2015hlp.org/the-report/>

¹¹ These are the results as of 17 September 2013. See: www.myworld2015.org/?page=results. Also see: Claire Melamed and Paul Ladd, "My World survey offers architects of post-2015 agenda an unmissable cue", Poverty Matters Blog, *The Guardian*, 25 March 2013. www.guardian.co.uk/global-development/poverty-matters/2013/mar/25/my-world-survey-post-2015-cue

¹² See: Transparency International, 'Global Corruption Barometer 2013' (Berlin: Transparency International, 2013). <http://www.transparency.org/gcb2013/results>.

¹³ See: Transparency International, 'Global Corruption Barometer 2013' (Berlin: Transparency International, 2013). <http://www.transparency.org/gcb2013/results>

¹⁴ For more information, refer to the annex.

¹⁵ TI has used the Global Integrity Index indicators (www.globalintegrity.org/report) for citizen access to information (as a proxy for transparency), government safeguards and checks and balances (as a proxy for accountability), anti-corruption law (as a proxy for integrity), and transparency in procurement processes (as a proxy for efficient public spending).

¹⁶ Based on data for over 50 countries.

¹⁷ This relationship holds true for bribery rates in 2010, 2011 and 2013.

¹⁸ The bribery sample sizes for the analysis of maternal mortality were 83 countries in 2010/11 and 88 in 2013.

¹⁹ Based on finding for 74 countries.

²⁰ For more information on how access to sanitation is defined, see: http://www.who.int/water_sanitation_health/mdg1/en/.

²¹ Data is based on 86 countries.

²² The sample size for access to information and rule of law was 61. The rule of law indicator has a positive correlation to reduced levels of maternal mortality rate. However, this correlation is not significant. Refer to the annex for details.

²³ Based on data for over 40 countries.

²⁴ Based on findings for 59 countries.

²⁵ This indicator captures information both “in-law” and “in-practice” for accountability along four dimensions that are executive accountability, legislative accountability, judicial accountability, and accountability in the budget process.

²⁶ See Transparency International, ‘Global Corruption Barometer 2013’ (Berlin: Transparency International, 2013). <http://www.transparency.org/gcb2013/results>.

²⁷ Unless otherwise cited, all information from: Transparency International, “Cheat Sheets – True Stories on Corruption”, Website, accessed on 17 September 2013; http://www.transparency.org/news/story/cheat_sheets

²⁸ Unless otherwise cited, all information from: Transparency International, “Birth Rights – True Stories on Corruption”, Website, accessed on 17 September 2013; <http://www.transparency.org/gcb2013/stories> For the MDG figures, see: http://www.who.int/pmnch/media/news/2012/20120516_unfpa_report/en/

²⁹ Lirian Pádua, “Marching against corruption in Brazil”, Transparency International blog. <http://blog.transparency.org/2013/07/19/marching-against-corruption-in-brazil-day-two>

³⁰ Transparency International, ‘Global Corruption Report 2008: Corruption in the Water Sector’ (Berlin: Transparency International, 2008). http://www.transparency.org/whatwedo/pub/global_corruption_report_2008_corruption_in_the_water_sector

³¹ This indicator measured by Global Integrity captures both “in-law” and “in-practice” measures on a country’s procurement process; www.globalintegrity.org/report.

³³ See annex for details on findings.

³³ Transparency International, ‘Global Corruption Report 2008: Corruption in the Water Sector’ (Berlin: Transparency International, 2008). http://www.transparency.org/whatwedo/pub/global_corruption_report_2008_corruption_in_the_water_sector

³⁴ Data based on 59 countries. See annex for more details.

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