

Corruption & Development Aid

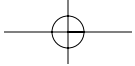
Confronting the Challenges

Georg Cremer

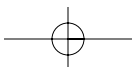
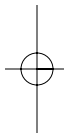
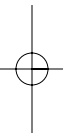
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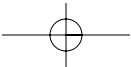
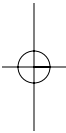
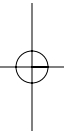
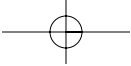
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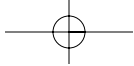
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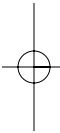
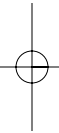




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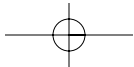
Confronting the Challenges

Georg Cremer



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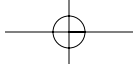
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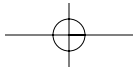
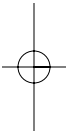
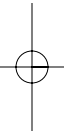
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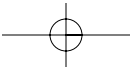
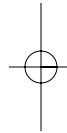
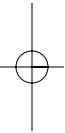
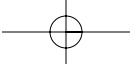


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Foreword

CONCERN ABOUT THE EFFECTS OF CORRUPTION ON AID motivated a number of us in the early 1990s to start fighting corruption. In my work on development projects and later as a representative of the World Bank in Kenya, I had observed time and again how deals between companies from the industrialized world and high-ranking local officials led to utterly dysfunctional “white elephant” investments, undermining governance, destroying the environment, and worst of all, harming people and their chances for progress. But my partners in development and I had been much less aware of corrupt practices related to the projects for which we shared responsibility. Our growing recognition of the impact of corruption on development was one of our prime reasons for founding Transparency International in 1992.

Since then, a lot has changed. Development organizations work hard to contribute to the fight against corruption. There are many websites offering relevant strategies, regulations, controls, sanctions, codes, and commitments, and many books and articles have been written about corruption and development. About corruption and development *assistance*, however, dramatically less can be found. Suspicion and charges related to corruption are even more damaging for an aid system already under pressure than for suspects in the public and private sector. Publicity about corruption in aid is therefore avoided, or is rejected as inappropriate and overblown generalization. This is especially problematic because, in our experience, transparency and an informed and educated public are a necessary component of fighting corruption successfully. The taboo surrounding the subject of corrup-

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tion in development aid has protected it for many decades; where this taboo lingers, fighting corruption becomes more difficult.

But there are ways out of this dilemma, and this book offers one of them. The book promotes transparency and understanding about the reasons behind and the detailed mechanisms of corruption related to development assistance. It facilitates communication among people directly involved in development work, in local and international organizations at all levels. In its German-language edition, it has proven a favorite in teaching and learning about corruption in development cooperation. More broadly, it contributes to open dialogue about the risks and realities of corruption, a dialogue so essential to fighting it successfully.

The author, Georg Cremer, positions corruption that affects development assistance within the broad context of the societal and economic causes of corruption in general, both globally and nationally. This approach precludes unrealistic expectations such as zero tolerance or the withdrawal of aid from countries where corruption occurs daily. But while Dr. Cremer is frank about the prevalence of corruption, he does not encourage us to accept a corrupt environment as an excuse to tolerate corruption. Instead, analyzing risks and describing concrete steps to avoid or reduce them, his book translates into the everyday practice of development aid the experiences of the global anticorruption movement, where we have learned that understanding more about corruption helps us to combat it, and to cope with it.

— *Peter Eigen*
Founder and Chairman of the Advisory Council,
Transparency International

Preface

I HAVE BEEN PREOCCUPIED WITH THE PHENOMENON OF CORRUPTION in development work ever since I went to Indonesia in 1986 to work as a project leader under contract with a German organization. I was not prepared for what confronted me. The dangers of corruption within my own project or in my immediate surroundings had not once been addressed during the half year in which I was otherwise very thoroughly prepared for my deployment.

I left to work for an Indonesian research institute for education and employment and to support it in qualifying its work and carrying out studies that would help the Indonesian government in making political-economic decisions. When I started to understand the relationships between the institute and the officials in various ministries, it became evident that the research assignments we received had a certain “side effect”: part of the international aid earmarked for research was, at the least possible level of risk, being turned into additional income for underpaid office holders. This, of course, irritated me. At least as irritating was the fact that the corruption-related reports I submitted to my dispatching organization were considered more a bother than anything else. Corruption was a taboo subject in project work, left off the record as a matter of course. The reaction of my dispatching organization was completely normal back in the mid-1980s.

Taboos are harmful. They prevent development aid organizations from learning from the diverse experiences of their staff and from better restricting corruption within their projects. The aim of this book is to contribute to breaking taboos. Another goal is to support

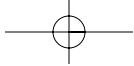
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those who work in the field of development aid in any capacity—in project work, in the headquarters of aid organizations, in many private initiatives—when they confront corruption, to a small or to a large degree. I hope that private donors also find an answer to the question of whether or under what circumstances their money actually reaches the needy.

* * *

I would like to mention several people to whom I owe thanks. I thank E. J. Sawong, my Indonesian counterpart who passed away in 1987. With extraordinary openness he helped me to comprehend the system of “deviating funds.” I thank my former superiors at the international department of Caritas Germany, who encouraged me to concentrate on issues of corruption control, even though it is an unusual topic among aid organizations. I am grateful to the students who attended my lectures on corruption control at the University of Freiburg and at the Swiss Federal Institute of Technology in Zurich for their many helpful questions. My thanks go out to all who read and provided their critical comments on the manuscript for this book: Michael Berger, University of Freiburg; Rolf Kappel, ETH Zurich; Johannes Müller, SJ, College of Philosophy, Munich; Jakob Rösel, University of Rostock; as well as Christel Jost, Christoph Klitsch-Ott, Franz-Josef Vollmer, and Christine Wegner-Schneider of Caritas Germany. I am grateful to Ilse Buschmann at the Arnold-Bergstraesser Institute in Freiburg, who put the manuscript to a tough test of comprehensibility. Special thanks go to Elizabeth Schüth for translating the revised German version. Finally, I thank my wife for her encouragement, critical questions, and support.

— G. C.



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