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The Two Problems of Corruption and Poor Governance

After the invasion of Afghanistan in late 2001, the U.S. Agency for International Development (USAID) developed a program to provide basic health care to the population, which languished at the bottom of global rankings of child survival and maternal health. The U.S. aid agency supported the Afghan Ministry of Public Health in delivering a basic package of health care to 90 percent of the country at a cost of $4.50 per person per year, largely through contracts with nongovernmental service providers. The program focused on measureable results, and USAID commissioned an independent evaluation that found that vaccination rates and the provision of services such as family planning shot up between 2004 and 2010. Partly as a result, from 2004 to 2010 Afghanistan experienced the most rapid increase in life expectancy worldwide, from 42 to 62 years. This increase was driven by a drop in child mortality that each year kept alive 100,000 children who previously would have died.

But accounting standards at the Ministry of Public Health troubled one of the oversight bodies that monitors USAID's work: the U.S. Special Inspector General for Afghanistan Reconstruction (SIGAR). SIGAR's mission is to "promote economy and efficiency of U.S.-funded reconstruction programs in Afghanistan and to detect and deter fraud, waste, and abuse."

It called for the health program to be suspended because of "financial management deficiencies" at the ministry.[1]

In spite of these claims, SIGAR's investigation into the USAID health care delivery program found no evidence of corruption, and there was no argument about its success.[2] All the results were fantastic, but according to the U.S. government the health program's receipts were not in order, and thus the program was condemned. This case is far from an isolated incident, and illustrates a growing problem: The focus on corruption as a barrier to development progress has led donor agencies to make policy and institutional changes that are damaging the potential for aid to deliver development. This book examines ways to fix that problem.

Why Isn't Development Working?

A focus on corruption as a factor in development has sharpened over the past two decades, with the launch of Transparency International in 1993, the 1997 Organization for Economic Cooperation and Development (OECD) Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, and the 2003 United Nations Convention against Corruption. The concern has engulfed donors as well. In 1996, World Bank president James Wolfensohn gave a celebrated speech on "the cancer of corruption" and created an internal unit to track fraud and corruption in the organization's projects. European donors created the U4 Anti-Corruption Resource Center and ramped up spending on corruption and governance programs. And institutions such as the World Bank and the U.S. Millennium Challenge Corporation (MCC) have added measures of institutional weakness or corruption risk to their financial allocation formulas.

In development thinking, weak governance and corruption are seen primarily as challenges to the efficient delivery of outcomes such as health, income growth, education, infrastructure, and a thriving private sector. There is no doubt that failures of governance and corruption do present such challenges. The examples are legion—from crumbling schools and absent teachers to bribe-happy police officers, from capriciously enforced

1 Sandefur (2013).

2 Sandefur (2013).

regulation all the way to kleptocracy on a scale large enough to drain treasuries. But there is a second problem of corruption in development, and it is the donors' response to the (perceived) threat. The belief that weak governance is the major problem of development, and the conclusion that the problem is intractable, justifies aid fatigue—a resigned sense that "it's broke, and we can't fix it." Concern with weak governance and the risk of malfeasance is the primary justification for donors to heavily interfere with or even directly select, design, and manage projects from distant donor capitals, making such projects slow, expensive, and (often) of limited impact. Perhaps more important, countries that are perceived as corrupt simply attract less foreign investment and trade.

If corruption really were an insurmountable stumbling block to delivering development, and if we really knew which countries or states were particularly corrupt, this second problem of corruption would not be a bug of the system; it would be a feature. Tight control (if it worked) and aid fatigue (if it did not) would be a logical response. But there is no compelling evidence that weak governance is a barrier to all development progress or effective aid programs, and donors know considerably less than one might think about which countries (or sectors or activities) are weakly governed or particularly corrupt. As a result, anticorruption approaches can do more harm than good. And although in the short term it may be useful for donors to frame the development discussion around their recipients' failures, in the long term such a negative perspective is bad for recipients and donors alike. Saying that a country is poor because it is corrupt, and that it is corrupt because of slow-changing institutions, is a way of avoiding the moral responsibility to act.

As important, it is not even clear that external anticorruption approaches reduce corruption. Donors have treated corruption as an issue that they can measure and improve, and from which they can insulate (or ring-fence) their projects at acceptable costs. They focus on countering corruption in their own projects by monitoring receipts, and they direct funds based on perceptions of corruption. But aid outcomes are not significantly determined by donor procurement oversight, nor are they derailed by the kind of activities that corruption indicators appear to reflect. Moreover, aid-financed anticorruption efforts do not appear to do much to change those corruption indicators.

It is time for donor agencies to fundamentally rethink their anticorruption approaches. Rather than trying to measure the dimensions of the black box of corruption and change its internal dynamics, this book suggests that donors should focus instead on shrinking the box by minimizing the impact that corruption can have on aid outcomes. If an aid project produces good results at a fair price, the rents that drive corruption will be reduced.

And although governance and probity are both important to development outcomes, the ideology of institutional determinism—that poor, historically rooted institutions necessarily lead to poor development—has weak empirical roots, and the application of this ideology to development policy relies on even weaker evidence. Approaches including the MCC's "hard hurdle," which excludes countries from assistance on the basis of perceived corruption, alongside tighter procurement oversight by multilateral agencies, not only lack a solid rationale but also carry considerable costs. Donor agencies have a role in governance and anticorruption efforts, but corruption is but one of many barriers to development, and the role of outsiders in the process is limited, context-specific, and dependent on many unknowns.

This book will cover what is known about governance, corruption, and development, and what that knowledge means for aid policy. It will look at the disconnect between the kind of corruption that concerns people in developing and rich countries alike and the corruption that donors focus on. It will evaluate the quality of existing measures of corruption; lay out the case against institutional determinism; explore what is known about how to improve institutions and, in particular, the role for outsiders in that process; and finally make some policy conclusions regarding development practice in bodies such as the World Bank and bilateral development agencies. It will then conclude by examining what the broader context for aid suggests about the declining relevance of the aid project and related project-level anticorruption approaches, regardless of the questionable efficacy of these approaches.

The Costs of Weak Governance and Corruption

These concerns aside, corruption is a real and significant challenge to development, and should be an issue of donor focus. It is possible to distinguish corruption by type of gain (power, money, position, goods or services), by method of corruption (bribery, embezzlement, future employment) or by the target influenced (laws and regulatory design, legal or regulatory application, procurements, hiring decisions, distribution of resources or services), but in the spirit of this book's focus on results, the following sections address some of the varied impacts of corruption.

Leakage and Stealing

There is a lot of bribe-paying in the world. According to Transparency International's Global Corruption Barometer, one-half or more of its respondents in the poorest countries report paying a bribe. The comparable number in most rich countries is less than 10 percent (see figure 1-1). Every year, as many as 1.6 billion people pay bribes for government services, and about one-third of people worldwide who deal with the police report having paid a bribe.[3] Within countries, corruption is frequently regressive; poor people are made to bribe with greater regularity, often for access to services that should be free.[4] Firms bribe as well, of course: the global total value of bribe payments may be as high as 2 percent of global gross domestic product (GDP).[5]

In some cases, the bribes are a pure shakedown—government officials stealing from citizens. In other cases, bribes help citizens steal from the government. For example, in Bangladesh and Orissa, India, in the mid-2000s, only around 55 percent of generated power was paid for. The rest was lost to technical and commercial losses. Of this, perhaps 15 to 18 percent of the losses were accounted for by true technical losses, suggesting that illegal connections or underbilling accounted for as much as 30 percent of generated power.[6] Much of that loss was facilitated by bribe payments to electricity workers.

Officials also steal from the government. Public-expenditure tracking surveys, which track the flow of resources through the layers of government bureaucracy, have found significant leakage of funds—between 30 and 76 percent of nonwage funds designated for primary schools in African countries, for example. Some, perhaps most, of these losses were from redirection of resources rather than outright theft, but these find-

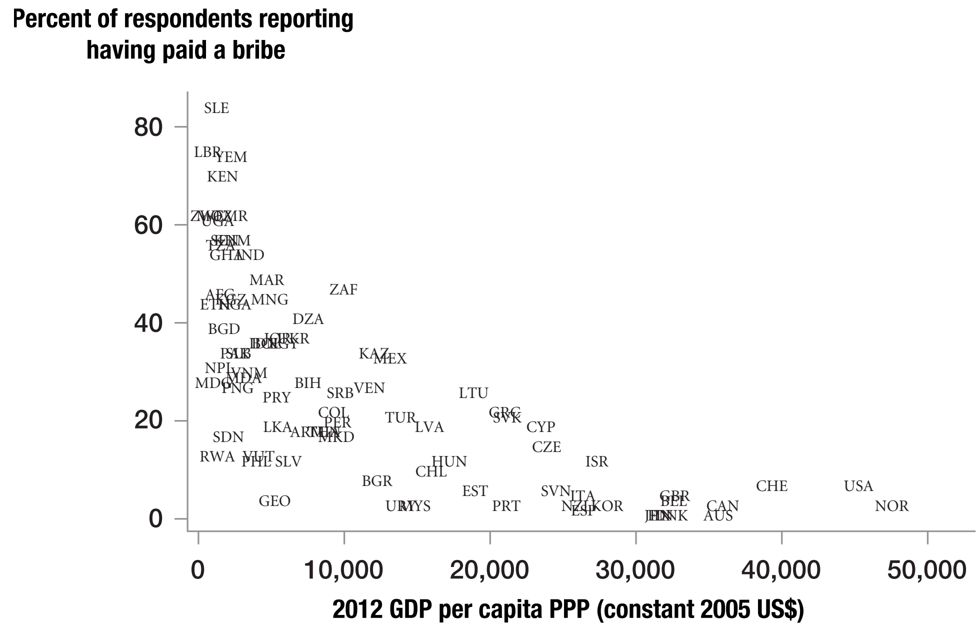
3 Rose (2015).

4 Transparency International (2015).

5 International Monetary Fund (2016).

6 Gulati and Rao (2006). Similarly, Davis (2004) suggests that 35 percent of total water flows in India come from unaccounted-for water.

Figure 1-1. Bribery Is More Common in Poor Countries



Source: Transparency International Global Corruption Barometer and World Bank World Development Indicators

ings nonetheless suggest the potential scale of the problem of official theft. Government employees can also "steal" from the state by failing to perform their duties. Eleven percent of teachers are absent from school on the average day in Peru, 16 percent are absent in Bangladesh, 25 percent in India, and 27 percent in Uganda. In unannounced visits to schools in Andhra Pradesh in India, the chance that a teacher—a civil servant, and therefore a government employee—was actually in a class and actively engaged in teaching during the school day was 28 percent.[7]

Increased Price of Investment

Rampant bribery and calculated theft have significant knock-on effects in affected regions and countries. Not least, they increase the cost of government investment. Using data on World Bank–financed road projects, it is possible to analyze the average costs per square meter for a standard

7 Reinikka and Svensson (2002).

road reconstruction assignment.[8] Costs for road rehabilitation are higher in countries where the average bribe paid for government contracts (as reported in World Bank Enterprise Surveys) is larger. The average cost paid per square meter for rehabilitation of a two-lane highway across 18 countries for which there are good data was $36. In countries where the average bribe for a government contract was reported to be below 2 percent of the contract value, this cost was $30. For countries where bribes for government contracts were reported to be larger than 2 percent of their value, the average cost per square meter of road rehabilitated was $46.[9]

Decreased Returns on Investment

Weak governance and corruption can also reduce the quality of investment. The World Bank Integrity Department's review of Bank-financed projects in India's health sector provides some examples of such poor-quality work. To assess a health project in Orissa, civil engineers visited 55 project hospitals and found that 93 percent of them had problems such as uninitiated or incomplete work; severely leaking roofs; crumbling ceilings; molding walls; and nonfunctional water, sewage, or electrical systems financed under the project. Yet the construction management consultants who supervised the work certified that 38 of these hospitals were complete and in line with project specifications, and in February 2006 the Orissa Department of Health and Family Welfare reported that work at 45 of them was complete.[10]

Low-quality construction related to corruption can reduce the longevity of new infrastructure by as much as one-half or more. One estimate is that every dollar's worth of materials skimped in road projects to finance corrupt payments reduces the economic benefit of the road by $3.41 as a result of degraded quality and shortened lifespan.[11]

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8 This analysis is for a two-lane road between 6 and 8 meters wide with a bituminous surface, for countries with four or more estimates based on individual project data. Data are drawn from the World Bank's Road Cost Knowledge System (ROCKS) database, www.worldbank.org/transport/roads/rd_tools/rocks_main.htm.

9 Kenny (2009).

10 Olken (2007).

11 Ibid.

Reduced Quality of Regulation

Alongside publicly funded infrastructure, private infrastructure projects can be seriously and negatively impacted by the deleterious effects that corruption and poor governance have on regulation. Buildings in developing countries often collapse as the result of substandard construction.[12] In 1999, more than half of all buildings in Turkey failed to comply with construction regulations, even though 98 percent of the country's population lives in earthquake-prone zones.[13] One result of this regulatory evasion is massive loss of life: in 1999, 11,000 people died as a result of shoddy construction when an earthquake struck near Istanbul. In the 2010 Haitian earthquake, building collapses claimed numerous lives because existing building codes had not been enforced.[14] Bribery and the "theft of time" by regulatory employees may well have been two of the factors behind these tragedies.

In the developing world, politicians and bureaucrats often use—and design—regulations specifically to extract bribes or other favors rather than to actually make things safer, more sustainable, or more efficient. Mary Hallward-Driemeier of the World Bank and Lant Pritchett of Harvard's Kennedy School examined data on the length of time it should take for firms to legally obtain a construction permit and the time that firms reported actually having spent to get those permits across countries. There was almost no relationship at all between the measures. In Brazil, for example, the actual time taken to get a construction permit in reality averages 85 days. If all regulations had been followed to the letter, it would take 411 days to receive the same permit.[15]

Looking across countries, going from an official time requirement of 77 days to 601 days increases the *actual* time taken to get a license by the firms whose requests were granted fastest by a mere three days. For disfavored firms—those that may not have good connections or are unwilling to bribe the necessary people—it is a different story: for them, the time taken to get a permit climbs by 130 days. And World Bank analysis suggests that countries with particularly onerous official licensing processes are also those where firms report more serious problems with corruption.[16]

12 Polgreen and Khwaja (2010).

13 Bohlen (1999).

14 Kenny (2011).

15 Hallward-Driemeier and Pritchett (2011).

16 Madani and Licetti (2010).

At its extreme, the regulatory apparatus of the state can be bent to the considerable benefit of a very small coterie. Enterprises with direct ownership links to disgraced Tunisian president Ben Ali accounted for about 3 percent of Tunisia's private-sector output but 20 percent of profits. The sectors in which Ben Ali firms were active were significantly more likely to be subject to prior government authorization and foreign direct investment (FDI) restrictions. In those sectors, only the Ben Ali firms made outsize profits, suggesting that regulatory capture was the reason for the family's business success.[17]

Public Attitudes to Aid in the West

With all of this evidence that corruption is a real and pervasive issue in developing countries, it should not be surprising that corruption is a big concern for citizens in donor countries when they think about overseas development assistance. But many people in the rich world go further: they have attitudes toward developing countries that would make Rudyard Kipling, poet propagandist for empire, proud. Public opinion in Europe and the United States appears to be that developing-country governments are simply useless, and the citizens of developing countries are helpless in the face of kleptocracy.

A recent survey by InterMedia looked at popular attitudes toward international development in France, Germany, the United Kingdom, and the United States, among others.[18] The good news is that a lot of people in Europe and America care about global development. Between 31 percent (United States) and 50 percent (United Kingdom) of the four rich-country populations surveyed are interested in international development or global health issues and have participated in social or political engagement (from donating or volunteering through blogging or tweeting) in the past six months. The report calls them "interested citizens." But the bad news is the widespread belief that only the rich world can save poor countries. When asked who was primarily responsible for addressing challenges

17 Rijkers, Freund, and Nucifora (2014).

18 InterMedia, n.d., "Building Support for International Development: A New InterMedia Research Report," www.intermedia.org/building-support-for-international-development-a-new-intermedia-research-report/.

in developing countries, many of these interested citizens in rich countries suggested outsiders were primarily responsible. In France, 52 percent felt that the primary responsibility fell to rich-world governments and international organizations, compared to only 26 percent for governments in the developing world. In the United Kingdom the same shares were 27 percent and 50 percent. In the United States each view had an equal 39 percent support.

What underlies the widespread belief that only the rich world can save poor countries is the sense that people and governments in the developing world are completely useless at helping themselves. A 2011 review in the United Kingdom suggests that the dominant image of developing countries remains "malnutrition and pot-bellied young children desperate for help with flies on their faces."[19] Perhaps this image problem is not surprising when well-intentioned efforts to mobilize support for famine relief or prosecution of war criminals in Africa tend to emphasize the worst of the continent and play up the role of outsiders in bringing change.

Regarding aid, according to the abovementioned British review there is close to "a universal feeling that efforts have long been made to combat poverty in places like Africa and yet little has changed." The common explanation for this impression, according to InterMedia, is corrupted aid. Only between 16 percent (in France) and 29 percent (in the United Kingdom) of interested citizens in rich countries disagreed with the statement that "most financial aid to developing countries [is] wasted." Between 44 percent (in the United States) and 66 percent (France) agreed.

Set "interested citizens" aside, and the opinion that aid is wasted is even stronger among the general population. The median survey respondent in the United States thinks that 60 percent of aid ends up in the hands of corrupt officials. It is no surprise that this perspective leads to aid fatigue. Between September 2008 and February 2010, the percentage of people in the United Kingdom suggesting that corruption in poor-country governments makes it pointless to give money climbed from 44 percent to 57 percent, while support for increased government action to reduce

19 Darnton and Kirk (2011, p. 23).

global poverty slipped from 49 percent to 35 percent. And more than half of respondents suggested that the single most important reason for why poor countries are poor is because of corrupt governments.[20]

Concern with corruption unites popular distrust of government across the political spectrum, from those who think that governments are in hock to big business to those who think that government is simply a license to print money for bureaucrats and politicians. This distrust is a big problem because no country has become wealthy without a large government, one involved in a huge range of regulatory, investment, and spending roles. No high-income member of the OECD club of rich countries has general government spending lower than 31 percent of GDP, according to the OECD's own data. South Korea has the lowest level, and it still spends around $10,000 per person per year on government services and investment.[21] By pandering to those who distrust government in the West, donors' obsessive focus on corruption helps to hobble governments in the developing world, with dire consequences for aid levels and effectiveness as well as broader development progress.

At one time, the common explanation for why poor countries were poor was because they lacked financing and resources. Now, all too many appear to believe that the cause of this poverty is the moral failings of the people in those countries—the same reasoning used to justify cuts to domestic social safety nets, freeing countries of any obligation to help their own poor. When it comes to aiding poor countries abroad, the opinion that "they are corrupt" is a reasonable excuse for apathy.

The Aid Agency Response to Corruption

Aid agencies have responded to the real evidence of corruption alongside popular concerns with corruption in donor programs with tough talk. World Bank president Jim Kim recently declared that "in the developing world, corruption is public enemy number one," and that "we will never

20 Skelly, Chalisey, and Pierson (2010).

21 Data from OECD, "General Government Spending," https://data.oecd.org/gga/general-government-spending.htm.

tolerate corruption."[22] But agencies also have responded by centralizing processes, running projects out of donor capitals with little involvement of beneficiary governments or people.

Former USAID administrator Andrew Natsios lists the web of oversight and control institutions that ensure USAID staff spend most of their time monitoring compliance:

> The Offices of the Inspectors General; the Office of Management and Budget; the Government Accountability Office; the Office of the Director of Foreign Assistance in the State Department; the Special Inspector General for Iraq Reconstruction and the Special Inspector General for Afghanistan Reconstruction; a set of voluminous federal law, such as the Federal Acquisition Regulations—the infamous 1,977-page FAR—that governs all federal contracts for all federal departments, including USAID; [the Defense Department's] regulatory control over all overhead rates for all federal contractors and grantees, including USAID; Congressional oversight committees; and the 450-page Foreign Assistance Act of 1961, among many others.

Natsios suggests that this network of regulatory oversight, which he labels "the counter-bureaucracy," lies behind donor countries' preference for working with large Washington-based contractors (who understand all of these regulations), rather than with recipient-country or small providers. He also reports that as many as one-third of all USAID staff are hired explicitly to fulfill compliance duties at the agency.[23]

USAID's Afghan health project, discussed at the start of this chapter, is just one example of the impact that the concern over controls can have on a development project. Aid to Haiti after the devastating 2010 earthquake is another. Because of low faith in the government's fiduciary capacity, only 1 percent of 2010–11 aid flows to Haiti went through the government while hundreds of millions went to nongovernmental organizations (NGOs)

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22 World Bank, "Corruption Is 'Public Enemy Number One' in Developing Countries, Says World Bank Group President Kim," December 19, 2013, www.worldbank.org/en/news/press-release/2013/12/19/corruption-developing-countries-world-bank-group-president-kim.

23 Natsios (2010).

and contractors. In 2010 and 2011 combined, the Haitian government received about $23 million in aid, an amount less than what the U.S. government contracted with Chemonics International, Lakeshore Engineering Services, Development Alternatives Inc., PAE Government Systems, and Management Sciences for Health for their work in Haiti. This model may have ensured elegant accounting records regarding every penny spent, but it appears to have done less when it came to rapid recovery in Haiti itself. Furthermore, it is worth noting how much these centralized approaches contradict the internationally agreed Paris Principles on aid effectiveness: that aid that is “owned” by recipient countries and runs through government budgets is likely to be more effective.[24]

Concerns over receipts and the resulting pressure to centralize aid spending has spread through a number of aid agencies. For example, about one-fifth of global bilateral aid is delivered through NGOs, nearly all of whom are headquartered in donor countries.[25] Much of the rest comes through private firms based in those same countries. By comparison, as of 2014, general budget support to recipient countries accounted for less than 1 percent of bilateral aid flows according to OECD data. For most donor agencies, moreover, receipt-tracking has become a larger endeavor than results-tracking. The World Bank spends considerably more each year on procurement and financial management specialists and investigators looking for fraud and corruption than it does on evaluations of whether its projects have achieved their intended outcomes for improving wealth, health, and well-being.[26] The focus on receipts makes for bureaucratically costly aid that achieves less.

Corruption concerns have also been used to channel aid flows. The World Bank’s “Country Policy and Institutional Assessment,” which includes a subjective staff assessment of corruption levels, helps determine the institution’s level of low-interest lending to poorer countries. Similarly, the MCC notes that control of corruption is one of its highest priorities.[27] As mentioned above, it uses a “hard hurdle” in its selection procedure that requires a country to score above the median of its income group on the

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24 See OECD, n.d., “Paris Declaration and Accra Agenda for Action,” www.oecd.org/dac/effectiveness/parisdeclarationandaccraagendaforaction.htm.

25 OECD (2013).

26 Kenny and Savedoff (2013).

27 Millennium Challenge Corporation (2007, p. 2).

control of corruption component of the World Bank's Worldwide Governance Indicators: "The inclusion of the Control of Corruption indicator as a hard hurdle is tied directly to MCC's mission to pursue economic growth and poverty reduction. Economics literature shows the importance of controlling corruption for economic growth and poverty reduction," the MCC explains. It further justifies tying eligibility for compact assistance to performance on the control of corruption indicator by noting that "if donors are going to provide more assistance, recipient countries need to provide greater accountability and deliver results."[28] Although the empirical evidence underlying the MCC's claims is fragile at best, the system remains in place.

The corruption-fighting industrial complex that donor countries have created has every incentive to sacrifice development outcomes and efficiency to the quixotic search for accounting purity in fragile states. Tina Søreide from the Chr. Michelsen Center suggests that as NGOs get more funding for anticorruption work, they are increasingly likely to point at corruption: "[T]he whole development community is 'guilty' of signaling (too?) high levels of corruption."[29] As Søreide also points out, there are negative effects of the focus on corruption beyond the aid industry. Global measures like Transparency International's perception indicators label some countries as extremely corrupt, a statement that depresses a range of engagement between North and South such as trade, travel, and private investment. Who would think of setting up a factory in a region supposedly run by crooks?[30] For those who do engage, the very label of corruption increases the temptation to engage in wrongdoing: considerable experimental evidence suggests that firm executives who are acting in what they believe is a "culture of corruption" have a less psychologically demanding time deciding to bribe.[31]

The din of complaint and concern about corruption by rich-country politicians and leaders of multilateral institutions also drowns out softer

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28 Ibid.

29 Søreide (2014).

30 Brouthers, Gao, and McNicol (2008); and Habib and Zurawicki (2002).

31 See also Corbacho and others (2016). Søreide (2009) notes that middlemen, agents, and legal firms that offer "facilitation" services and arm's-length relationships with government officials have a positive incentive to suggest that most firms pay bribes or that local officials are incompetent or corrupt. In fact, they have the incentive to create that situation. This might make the risk-averse strategy be the strategy to bribe.

rhetoric about more obscene misdeeds. There is a perhaps uncomfortable irony that donors' statements and actions on steering a contract or taking a bribe are far more strident than on the forced genital mutilation of women, the imprisonment of protestors, or the torture of political opponents. Seen in this light, it might appear that corruption is a cancer to be fought with all possible means while torture and intimidation are minor misfortunes that the polite do not dwell upon.

Toward a New Vision

Thankfully, the model of hopeless peoples under kleptocratic and incompetent leadership is at best a partial view of the developing world. Corruption and weak governance are all too common, but the quality of life across the planet is better than it has ever been. Incomes are rising, mortality is falling, education rates are climbing, and the number of electoral democracies is increasing. The proportion of people living on less than $1.25 a day worldwide has far more than halved since 1990. In Africa, eight economies in the region doubled in size over the course of the most recent decade. Furthermore, the overwhelming reason for all of this change is not charitable giving by the people and governments of rich countries, it is the efforts of the people and—it is important to emphasize—*governments* of the developing world. Given how small aid flows are compared to the economic size of most countries that receive it, development assistance has had an outsize impact. Successes such as the eradication of smallpox and rinderpest and the elimination of polio from Africa depended crucially on aid, and there is growing evidence that aid is a force for economic growth as well.[32] Nonetheless, such assistance accounts for an average of about 1 percent of the GDP of recipient countries.[33] Assume for the sake of argument that aid is a tool for development 10 times more powerful than a recipient country's domestic resources—that would still mean the development story is 90 percent about the domestic activities of the developing world, alongside trade, investment, and migration, rather than aid.

These facts highlight that the strict anticorruption approach to aid is nested in a broader misunderstanding of the role of foreign assistance in

32 Galiani and others (2014).

33 Kenny (2012).

development. Aid is no longer about financing foreign exchange and major parts of national investment programs. The traditional model for aid is dated in all but a few small, poor economies and postconflict states. A new model for aid is needed, one that emphasizes results over receipts. That model would involve tracking outcomes of projects and, where possible, paying recipients on the basis of those outcomes. Such a model provides the right incentives for development projects to succeed and minimizes the ability of corruption to derail them—but it does so by design rather than by constant oversight.

The evidence on corruption, aid, and development also implies lessons for how aid agencies and NGOs frame the narrative on what they do: beyond emphasizing success over control when discussing developing countries, they should emphasize agency over helplessness. If they focus on failure and stagnation in Africa or South Asia, highlight corruption, and suggest that poor people will make improvements only with the help of the rich, they reinforce the toxic narrative of failure. Donors should care about corruption—it is a serious tax on development progress that can hit the poorest hardest—but they should respond with approaches that work to deliver development rather than hinder it.

The following chapters make the case against the assumptions that underlie the current donor consensus on corruption and aid. Chapter 2 questions the common measures of corruption, specifically looking at the disconnect between the popular concern with corruption and survey evidence of bribe payments and "expert perceptions" indexes. Expert perceptions appear to be biased and inaccurate measures of both bribery levels and popular concern about corruption; it is very unclear what they actually measure. Even survey estimates of bribery appear uncertain, but they do suggest that any one measure of national corruption is likely to hide considerable variations within countries. The existing direct corruption measures are not good enough to be used for decisionmaking or determining what works. We can measure a range of outcomes, however, and these outcome measurements are linked to a country's success at tackling corruption.

Chapter 3 challenges a model of development that suggests that weak governance and corruption are slow-changing, insurmountable barriers to development progress. Corruption, at least as it is usually measured, is an important factor in development outcomes, but it is not the ultimate arbiter of future development success. Consequently, anticorruption efforts can do more harm than good.

Chapter 4 turns to responses, focusing on transparency and results measurement as key tools to improve outcomes at the country level. Chapter 5 discusses the weak empirical basis for current donor approaches to anticorruption and calls again for a focus on transparency and outcomes. Finally, chapter 6 directly addresses supporters of the current approach to corruption and suggests that the inconvenient truths that this book has outlined emphasize the need to focus on results, not receipts.

Countries are (largely) responsible for their own destiny, and the results of the past 15 years suggest that they can make remarkable, at times historically unprecedented, progress on development outcomes. Donors that reinforce misinformed domestic popular perceptions that the developing world is a corrupt and hopeless mess do themselves and developing countries no favors. It is time for a new approach.