

**Directorate for Education
Programme for Co-operation with Non-members**

**EDUCATION CORRUPTION:
PROPOSAL FOR SUB-SECTOR FOLLOW-UP IN THE ACN REGION**

Education matters in the fight against corruption worldwide. A corrupt education is harmful; it hinders economic growth and can negatively impact the efficiency of public spending. Without targeting this sub-sector, anti-corruption strategies are likely to remain incomplete and their long-term impact – limited.

Corruption is perceived as particularly prevalent in the education systems in Eastern Europe and Central Asia, but is difficult to verify, as there are few reliable, internationally comparable data. Yet, without information and proper analysis, policies addressing the problem will remain blind and their success hard to document.

In order to support members of the Anti-Corruption Network for Eastern Europe and Central Asia (ACN) to address this challenge, with this proposal the OECD suggests elaborating a methodological framework for diagnosis of corruption in education in the ACN region. The outcomes may be either used as stand-alone tool or integrated in the broader ACN monitoring work, currently carried out within the Istanbul Anti-Corruption Action Plan.

This proposal builds on the proceedings of the ACN Conference on Good Governance and Fighting Corruption held in September 2009 in Astana, Kazakhstan.

I. Context: education matters

In the Astana Statement on Good Governance and Fighting Corruption adopted on 16 September 2009 at the ACN conference in Astana, Kazakhstan, the ACN members confirmed that fighting corruption at all levels and in all vulnerable sectors such as public procurement and education will remain a high priority.

It is a common insight that corruption can neutralise or even reverse the effort of states to create well functioning institutions and ensure prosperity. Its negative impact on economic growth, levels of investment, poverty rates and other indicators of sound policy making is measurable and is, evidently, dramatic. Studies estimate that a 1 point increase in the Corruption Perception Index of Transparency International (TI) reduces the annual growth rate of a country by 0.55 percentage points (Mo, 2001). In contrast, a 1 index-unit improvementⁱ leads to an increase in foreign direct investment of 2.9 % of GDP (Mauro, 1995). Corruption also seriously threatens social stability by raising poverty rates, creating inequality of access to public services, and by undermining the essential values of a democratic society.

A challenging feature of bad governance practices is that they can affect any part of the public domain. Without identifying and targeting sub-sectors of relevance like education, anti-corruption strategies, especially in settings with scarce budget resources, will remain incomplete and their long-term impact – limited. The significance of a more in-depth, sector-level approach has also been underlined on several occasions in the ACN and Istanbul Action Plan co-operation contextⁱⁱ.

Education matters a lot in the fight against corruption in any country of the world. By including education in the proceedings of the 2009 Astana conference and for the first time in such a broad international forum, the ACN members signalled a strong concern about the consequences of unethical conduct in education and in the reform-dominated, lower-income countries of their region (CIS and SEE). The concern is justified.

Education corruption is harmful. The loss of trust and integrity is particularly dangerous when it affects the young – the economic and political future of a country. Corrupt teachers and corrupting parents suggest that corruption is acceptable as a norm of behaviour, and corrupt schools and universities fail in their main mission – to transmit knowledge, to promote on the basis of merit and not of money and to be an example for values of importance for the public good such as solidarity, social responsibility and respect for the rule of law.

Education corruption hinders economic growth. Corrupt education systems lower the quality education, and recent OECD work on the economic impact of low student achievement reveals that this comes at a very high price. Even small improvements in the skills of the labour force can have very large impacts on the future well-being of a nation. A modest boost of the average performance of students in PISAⁱⁱⁱ by 25 points over the next 20 years would generate an aggregate GDP gain^{iv} of USD 115 trillion over the lifetime of a generation^v (OECD, 2010).

Last but not least, *education corruption is likely to impact public spending.* Financially and in terms of human resources, education is the first or second largest public sector in most countries, and in the OECD area it accounts for up to 22% of total public spending^{vi} (OECD, 2009). Education covers around 20 % of the population nationwide and teaching normally is the largest single employer of graduate labour (OECD 2005). It can safely be assumed that corrupt practices in this sub-sector can have serious consequences for the efficiency and levels of public spending. According to UNESCO, in some countries the leakage of funds from education ministries to schools can be tremendous, representing as much as 80 % of the total education budget (Hallak – Poisson, 2007).

II. Challenges: education corruption

TI's Global Corruption Barometer indicates that the prevalence of education corruption is perceived as particularly high in the ACN region. In the countries of the Western Balkans education is considered to be even more corrupt than the police. The Barometer also shows that the former Soviet states have the worldwide highest incidence of bribery in education (TI 2007). As with most perception-based surveys on corruption however, the breath of coverage comes at the price of detail.

Indeed, education corruption can be difficult to verify, as all sides involved – students, parents, teachers, school principals, administrators – are in most cases also beneficiaries. The tolerance of corrupt practices in education is high, and awareness of perpetrators and victims about the damage caused – low, as it often fits into a broader culture of weak governance and nepotism, where the ones involved are unaware of the real damage they are causing. In addition, education has a number of systemic characteristics which make it particularly vulnerable to corruption and not transparent for the external viewer.

Education systems are large, but very fragmented and complex, often with multiple layers of governance, decentralised arrangements and autonomy of institutions (higher education), all of which make policy and regulatory interventions difficult. Education is also perceived as a major mechanism for social and economic promotion, so that the stakes and consequently – the motivation to succeed, sometimes at any price – are high. Last but not least, education is a policy area of very asymmetric, high-dependency relationships (student-teacher, child-parent, parent-teacher), but learning (or what happens in the

classroom) is a personal, individual process which cannot and should not be regulated in a straightforward way.

ACN members recognise the prevalence of the problem. Many of the challenges listed and many ACN countries attribute high significance to education in their anti-corruption policy documents and statements. A number of anti-corruption activities in the countries of the Istanbul Action Plan explicitly aim at lowering the perceived levels of education corruption, assuming that this will reduce overall levels of corruption too.

States are nevertheless still reluctant to fully engage in the policy realm of fighting corruption in education. In a certain extent this is understandable. Despite the substantial contributions of organisations like UNESCO IIEP, the World Bank, the Council of Europe and others on conceptualising different aspects of the phenomenon, there is still an un-bridged divide between theory and policy practice, perceptions and data, anecdotes and evidence-based analysis, wishful thinking and action. In absence of internationally or regionally comparable data and indicators, decision makers will be doomed to only react to corruption in education, but not act against it. Without information and sound analysis, even good intentioned policies remain blind.

III. Proposal for action

A main message of the 2009 Astana Conference is that follow-up to its proceedings is crucial. With a range of still not systematically documented country experiences, a relatively broad legislative base, and an institutionalised dialogue on anti-corruption policies, the ACN represents a unique setting for co-ordinated action against poor governance practices in a social sector of a tremendous importance such as education. If supplied with a systematic, evidence-based framework for a regular (peer) review process, the countries of the network could in time position themselves as leaders in the fight against education corruption worldwide, in a way never seen anywhere before.

The OECD Directorate for Education (EDU) has vast experience in education policy analysis and in providing timely policy advice. Since 1992 through its Programme for Co-operation with Non-member Economies (NME), EDU carried out more than 60 reviews of education policies all over the world, with governance and financing being one of the main areas of focus. Based on data analysis, research and extensive site visits, issues are being traced across a range of education policy domains such as (but not limited to) access and equity, assessment, curricula and textbooks, teaching.

The OECD (Directorate for Enterprise Affairs/Anti Corruption Division and Directorate for Education/NME) is interested in putting its expertise at the disposal of ACN members in addressing the challenges listed above, and offers to elaborate a conceptual and methodological framework for a country-level diagnosis of education corruption in the sector of education in the ACN region. Used as basis for peer reviews, the framework will allow for systematic capturing of corruption occurrence, it will deliver comparative information for tracking progress and cross-country comparisons, and over time will help create an evidence base for further policy research.

A desirable outcome of this activity would be the integration of the sub-sector of education in the mainstream review process of the ACN Network and its Istanbul Action Plan.

In view of all above stated and in follow-up to the recommendations elaborated at the Working Session on Corruption in Public Education at the 2009 Astana Conference on Good Governance and Fighting Corruption, the following next steps are proposed for consideration to members of the Steering Group of the Anti-Corruption Network for Eastern Europe and Central Asia:

III. A Piloting phase

It is proposed to create a Working Group on Corruption in Education under the overall co-ordination of OECD Directorate for Education and ACN Secretariat. It is proposed to involve a core group of international experts from ACN and OECD countries, and selected international organisations. The Working Group will be in charge of developing a methodological framework and a questionnaire for a pilot review, to be presented for adoption at the next ACN Steering Group/general/monitoring meeting in 2010.

It is further suggested to select 4 to 6 countries for a regional review, based on piloting of the framework. It could be the first Istanbul Anti-Corruption Action Plan countries undergoing the second round of monitoring or any volunteer countries from ACN, keeping in mind a regional balance. The main deliverable will be an updated framework and a regional review report.

The piloting phase will deliver:

- End of 2010 and in time for the next ACN Steering Group/general/monitoring meeting - a conceptual and methodological framework and a questionnaire for sub-sector reviews on education corruption;
- End of 2011 and in time for next ACN Steering Group/general/monitoring meeting for the year – education corruption policy reviews of selected ACN member countries.

III. B Mainstreaming phase

By drawing on the outcomes of the Piloting Phase, it is proposed to discuss the integration of work on education and corruption in the ACN Work Programme. It can be done either by integrating this theme in the monitoring process, namely the Istanbul Anti-Corruption Action Plan or – by developing a thematic project/review strand on education corruption.

The mainstreaming phase will generate:

- An updated review framework and questionnaire;
- Development of Policy guidelines on good governance and on fighting corruption in education;
- Integration of work on education and corruption in the ACN Work Programme.

The outcomes of work in all phases might result in the elaboration of a set of OECD Guidelines on the fight against education corruption, and will be presented to the Education Policy Committee and other relevant OECD bodies.

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ⁱ The study of Mauro used a corruption index previously compiled by Business International (BI) and is now incorporated into *The Economist Intelligence Unit*. The BI indices are integers between 0 (poor) and 10 (good) and measure a range of institutional variables of relevance for the investment and business climate of a country. What is meant here is a one-standard-deviation increase.

ⁱⁱ *E.g.* Sub-Regional Anti-Corruption Action Plan for Armenia, Azerbaijan, Georgia, the Russian Federation, Tajikistan and Ukraine (2003).

ⁱⁱⁱ The Programme for International Student Assessment (PISA) is an internationally standardised assessment that was jointly developed by participating economies and administered to 15-year-olds in schools, to assess how far students near the end of compulsory education have acquired knowledge and skills in the domains of reading, mathematical and scientific literacy.

^{iv} OECD average is 13.3% (2006).

^v The calculations are based on projections for the generation born in 2010.

^{vi} OECD average for 2009.