

**PARTNERSHIP FOR TRANSPARENCY FUND
PROJECT COMPLETION ASSESSMENT**

**V4 City Institutional Corruption Index
Transparency International – Czech Republic (TIC)**

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Background

1. This assessment was completed after reading all the background materials provided by PTF and following a three day visit to Prague from January 23-25, 2005. (This report should be read in connection with the Final Report submitted to PTF by TIC on September 30, 2004. It provides an excellent overview of the project, its accomplishments and the lessons learned by TIC.) My January visit was organized very well by Mr. Michal Sticka, Project Manager for this project, who went out of his way to be helpful in arranging for the contacts noted below and to facilitate an open exploration of the project experience and its impact.

2. During the visit I was pleased to discuss this project and the broader context of the anti-corruption efforts in the Czech Republic with the following individuals, to whom I am most grateful for their time and insights:

Ms. Adriana Krnacova, Executive Director, Transparency International Czech Republic
Mr. Michal Sticka, Project Manager, TIC
Mr. Martin Trnka, Chief Executive Director, City of Prague
Ms. Martina Deverova, Director, Legal and Law Department, City of Prague
Ms. Lenka Petrakova, Project Manager, Oziveni (Bohemian Greenways) (NGO)
Mr. Tomas Kramar, Project Manager, Oziveni (Bohemian Greenways) (NGO)
Mr. Ladislav Klika, Division Manager, GfK Prague (survey firm)
Mr. Tomas Sedlacek, Advisor to Dep. PM and Min. of Finance, Czech Republic
Mr. Radek Spicar, Deputy Vice Prime Minister for Economic Affairs, Czech Republic
Prof. Andreas Ortmann, Charles University Center for Economic Research
Mr. Stuart Summers, UK Embassy, Prague

Project Objectives and Design

3. TIC believed it very important to have a strong factual basis on which to build its case for stronger measures and institutions to combat corruption in the Czech Republic. While TIC finds the TI Corruption Perception Index (in which the Czech Republic falls about in the middle) very useful to raise public awareness about the existence of corrupt practices, they believe it is not adequate for developing effective action programs to provide

solutions to these problems. Thus, TIC proposed to PTF and other funders early in 2004 a project using an innovative methodology to survey the level of corruption in the official institutions of the Visegrad Region's four capital cities – Bratislava, Budapest, Prague and Warsaw. (The original idea for a comparison of this kind started in a V4 Roundtable in 2003; TI/Hungary volunteered to set it up, but as little was happening after many months, TIC essentially took it over.) The project required the development and application of two survey instruments – an “objective” review of the existence of anti-corruption laws, procedures and policies in these cities (based on interviews with two senior city officials in each city), and the “subjective” assessment of how these anti-corruption tools were being used (as reflected in the views of about 100 interviewees from selected knowledgeable groups in each city – i.e., city assembly members, journalists, ngo representatives and “active citizens”- businessmen and city officials). These two interrelated surveys were intended to provide an initial basis for assessing the “corruption propensity” of each city, comparing results between them, and using the findings to raise public awareness of the corruption problem.

4. The total cost of the project was about \$59,000, of which PTF provided \$13,846 or about 23 percent. The PTF grant was approved on March 2, 2004. Other funders were the UK Embassy in Prague (about \$14,000) and the Soros Foundation's Open Society Institute (about \$27,000). While the PTF portion was administered without any issues, the UK Embassy was less happy about the administrative details as their larger amount of assistance (about GBP22,000) was provided in three segments and they were not always kept informed prior to some new expenditures being made – though in the end, for example, they were happy that their funding had permitted TIC attendance at an OECD Symposium. (Note that the UK Embassy thinks very highly of TIC and its effectiveness and has every intention of continuing to support its activities.)

Implementation Experience

5. The entire project was carried out under considerable time pressure, as the original goal was to present the complete findings at the “Corruption-free Town Hall in the Visegrad Region” Roundtable in Warsaw on May 14, 2004. The setting of anti-corruption standards in five areas (public procurement, internal audit and control mechanisms, codes of ethics, conflict of interest, and access to information), the selection of the survey firm through competitive bids (GfK), the development of the index methodology, the collection of data, the completion of the collection and calculation of the index, and the presentation of the data were all completed to meet this schedule – with one notable exception. The data for Bratislava had to be redone as its accuracy was deemed poor by TI/Slovakia (there was no additional cost to TIC, as the problem was with the Bratislava branch of the survey firm, and not with TIC), and this delayed the full survey presentation until June 30, 2004.

6. The survey results showed that Budapest had by far the strongest set of anti-corruption tools in place, while Warsaw, Prague and Bratislava lagged far behind. In terms of perceptions as to how well these anti-corruption tools are used, Budapest again led the four cities, while Prague was at the bottom of the list, although the four cities are bunched

rather closely together in this “subjective” survey. The survey itself was carried out very professionally and produced a massive array of useful data which was analyzed by GfK and by TIC and made available in attractive printed documents in various accessible formats. TIC monitored implementation on a weekly basis during the survey period, ensuring that the activities were carried out according to plan.

Assessment

7. Technical Aspects. The survey gets generally high marks from the people with whom I met, although TIC and other knowledgeable people did identify some weaknesses, both in design and implementation. For example, having only 100 respondents in each city on the subjective questionnaire was less than ideal; 250-300 or more would have been preferable – though the mix within the 100 is quite good. The limits here were set by cost and time constraints. There was also concern from the Prague city officials I spoke with that a number of the questions did not reflect the complex reality of their situation, leading to answers that inadvertently harmed Prague’s standing. (While the Mayor’s Chief of Staff thought there were enough such questions to change the overall results, this is not the view of other observers; moreover, it is probable that with further explanations he would have been somewhat more satisfied, at least about the methodology used.) According to the Project Director, the survey methodology was also the subject of a comprehensive discussion at the Warsaw Roundtable and so other useful suggestions were received at that time (including, for example, the pros and cons of coming up with a single unified measure rather than two). When a second such survey is undertaken – and the plan is to do so in the next year or so – TIC (and presumably GfK-Prague, with whose work they are very happy) will seek to enlarge the sample and draw other useful methodological lessons from this first survey. Overall, Professor Ortmann, who provided methodological advice early in the project’s conceptualization but was not involved in the development of the survey itself, believes that the study design, structure and results are “remarkably good” and wrote positively about the survey in *The Prague Post* when it was released.

8. Project Benefits. Based on my review of project documentation and conversations with the people listed in paragraph 2 above, the project yielded many important benefits, both for the knowledge base about corruption in these four cities and for the stature of TIC itself.

- a) The data base is the only one of its kind and provides TIC and others important, reliable and actionable information on the state of corruption in these four cities. TIC will be able to use it to shape its future work, and it will provide useful baseline data for the planned subsequent survey.
- b) The survey results, which required the cooperation of the four city governments to be collected, have gained the attention of governments – at least in Prague. While not happy with the conclusions, the Mayor’s Chief of Staff is trying to benefit from the data. For example, he invited his Budapest counterpart to Prague to explain how his city more successfully approached the corruption problem. Moreover, TIC will provide anti-corruption training

for the Prague City officials in March/April 2005. The Mayor's Office would welcome another survey and "always appreciates cooperating with TIC", although at the moment some politicians are a bit unhappy with TIC as they had no advance warning of the results.

- c) The results provide strong evidence of the need to improve the Prague government's performance, and the NGO staff (at Oziveni) I spoke with said they had frequently used the survey results to lobby hard for strengthened independent external audit procedures, a code of conduct, and other measures.
- d) A number of university students in Prague are using the survey data in their dissertations on governance issues.
- e) There were about 60 "hits" for the June 30, 2004 press release about the survey results, and the Project Director appeared on a popular morning TV show, thereby reaching a large audience.
- f) The Warsaw Roundtable (which was not financed by PTF but was valuable to the project in a number of ways) has spawned increased cooperation among NGOs throughout the Visegrad Region on anti-corruption work.
- g) In addition to the Warsaw Roundtable in May, the Survey was presented to an international audience at an OECD symposium on September 9-10, 2004, thereby increasing understanding of the region's situation, promoting the survey methodology and enhancing TIC's reputation abroad. (PTF's role as a funder was given recognition in the TIC presentation.)
- h) The survey and the professional way it was designed and implemented has added to the already good reputation TIC has in most quarters in the Czech Republic; and
- i) PTF's role was important to the project being carried out, especially as its grant provided the essential last piece of required funding. The PTF decision was reached quickly and without bureaucratic bother, thereby permitting the project to proceed on schedule. Had PTF funding not come though, the Survey would probably have gone ahead but with a much reduced scope and value.

9. Project Weaknesses. In addition to the various suggestions noted above on the methodology, none of which in my judgment significantly reduces the value of the survey in this first, path-breaking version, there is one area in the design and implementation worth further attention by PTF and TIC - the issue of follow-up to the survey itself and its sustainability. It is not apparent that in the TIC design, or in any exchanges with the several project funders, that much attention was paid to ensuring that the Survey results were well-utilized and a full program of post-Survey actions was planned and funded. In fact, as noted above, the results are being used in a number of useful and important ways by various actors, which is commendable, but these individual steps do not represent a strong and coherent program of follow-up actions and so the Survey sits on a shelf more than is desirable. There was no money built into the basic project for follow-up – although the UK Embassy did provide related funding (without it being planned) that was used to send TIC representatives to the OECD Symposium. I did not have the opportunity to speak to representatives of the TI chapters in the other three cities, but the Czech Project Manager was not aware of any special follow-up in those locations either,

and it was clear that TIC was in the lead on this project. Thus, it is likely that the impact of the project in the other cities was weak, although I cannot confirm that from my other informants.

10. A related aspect is a characteristic of most NGOs that are operating on a hand-to-mouth basis – staff are overworked, and while the Project Manager in this case would have liked to focus more on follow-up, his time was immediately swallowed up by having to manage several other projects and to raise money for them, and so he simply did not have time to do what was needed – and what he would have liked to have done. This reinforces the importance of PTF, in the original project agreement, programming time and resources for follow-up if this is an important feature of the investment, as it should have been in this case.

11. Overall Impressions. TIC is very influential and well-regarded in the Czech Republic – its officials appear on TV frequently, its Director was the cover story on the most recent (Jan. 24, 2005) issue of Tyden, the Czech Time Magazine, and there are many other examples of the wide respect TIC engenders. The quality and competence of the leadership and staff, in my opinion, are very high, and they are open, good-humored, self-critical and eager to learn from experience. The Survey Project seems to have clearly further strengthened that image, despite any technical criticisms that may exist and which should be corrected the next time the Survey is done. TIC is likely to continue to receive support in small amounts from a variety of sources, but in this field such contributions – used in combination with others – goes a long way. Domestic contributions from private sources are still hard to find – although the TIC office rent is now heavily subsidized by its landlord – and so reliance on the Soros Foundation and its various subsidiaries, OECD governments, and small foundations will continue to be crucial in promoting TIC's important work. By itself, of course, the Survey cannot be expected to reduce the level of corruption in these four cities – and anecdotal evidence provides conflicting judgments as to whether the level of corruption in the Czech Republic is up or down in recent years. Only effective follow up by all interested groups and officials, using the survey data to bolster arguments for change and to shame poor performers into improvements, will produce lasting results. In my judgment, however, this nearly \$14,000 from PTF was money well spent, and it will have a lasting benefit over a long period of time.