



Political corruption

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POLITICAL CORRUPTION

Written for U4 by Inge Amundsen, CMI

Political corruption undermines political and economic development in many countries, and raises difficult challenges for foreign aid.

What is political corruption? What are the main mechanisms? What can donors do when partner governments are corrupt? These are some of the questions addressed by these focus area pages. The purpose is to extract and present the latest knowledge on issues of political corruption, and we invite advisors in the field of good governance and economics (agency staff and academics) to share opinions, lessons learned and best practice on all aspects of this challenging topic.

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WHAT IS POLITICAL CORRUPTION?

The table below shows estimates of the funds allegedly embezzled by some of the most notorious leaders over the last three decades (from TI Global Corruption Report 2004:13). They represent only the tip of the iceberg of the problem of political corruption. Government leaders still abuse their political power to extract and accumulate for private enrichment, and use politically corrupt means to maintain their hold on power.

Political corruption can be defined both with reference to the main actors involved, namely persons at the highest levels of the political system, and the purpose of the corrupt behaviour, namely to sustain the hold on power. Hence, political corruption can be for private and group enrichment, and for power preservation purposes. Often these two forms of political corruption are connected. Some of the larger and more serious political corruption scandals include both processes - accumulation on the one hand and the misuse of extracted or public money for political purposes on the other. The latter process is somewhat under-researched and underestimated, since much of the focus in the literature has been on accumulation.

Head of Government	Estimates of Funds Allegedly Embezzled
Mohamed Suharto President of Indonesia, 1967-98	US \$ 15 to 35 billion
Ferdinand Marcos President of Philippines, 1972-86	US \$ 5 to 10 billion
Mobutu Sese Seko, President of Zaire, 1965-97	US \$ 5 billion
Sani Abacha President of Nigeria, 1993-98	US \$ 2 to 5 billion
Slobodan Milosevic President of Serbia/ Yugoslavia, 1989-2000	US \$ 1 billion
Jean-Claude Duvalier President of Haiti, 1971-86	US \$ 300 to 800 million
Alberto Fujimori President of Peru, 1990-2000	US \$ 600 million

Political corruption in the form of accumulation or extraction occurs when government officials use and abuse their hold on power to extract from the private sector, from government revenues, and from the economy at large. These processes of accumulation have been called extraction,

embezzlement, rent-seeking, plunder and even kleptocracy (“rule by thieves”), depending on the extent and context. Extraction takes place mainly in the form of soliciting bribes in procurement and government projects, in privatisation processes and in taxation. Military procurement is known to be particularly affected by extractive political corruption worldwide, because of the involvement of top-level politicians, national interests and secrecy.

The other process, when extracted resources (and public money) are used for power preservation and power extension purposes, usually takes the form of favouritism and patronage politics. It includes a favouritist and politically motivated distribution of financial and material inducements, benefits, advantages, and spoils. Techniques include money and material favours to build political loyalty and political support. Power-holders can pay off rivals and opposition and secure a parliamentary majority. By giving preferences to private companies they can get party and campaign funds, and by paying off the governmental institutions of checks and control they can stop investigations and audits and gain judicial impunity. Furthermore, by buying loyal decisions from election commissions and by buying votes they can secure their re-election.

Political corruption takes place at the highest levels of the political system, and can thus be distinguished from administrative or bureaucratic corruption. Bureaucratic corruption takes place at the implementation end of politics, for instance in government services like education and health. Political corruption takes place at the formulation end of politics, where decisions on the distribution of the nation’s wealth and the rules of the game are made.

Political corruption is usually also distinguished from business and private sector corruption. This is only a matter of academic classification, however, since the bribes offered by private companies, domestic and international, are frequent and significant corruption drivers. Our focus here, however, is not on the supply side of corrupt transactions, but on the demand side. Most definitions of corruption also emphasise the demand (state) side, for instance in stating that corruption is “abuse of public authority and power for private benefit”.

In this text, we will not go into bureaucratic/administrative corruption, except when relevant to illustrating the systemic character of political corruption - the pyramid of upward extraction. We will keep the focus on the demand side, on corrupt governments, while acknowledging the importance of the supply side as drivers. We will furthermore focus on political corruption in developing and transition countries, and not the developed world (although examples from the developed world are used to illustrate certain mechanisms).

Challenges for donors

What can donors do when the aid recipients/partner governments and/or senior government officials and politicians are corrupt? The two forms of political corruption pose at least three types of challenge for donors.

Firstly, how can the lack of political will to address the problem be confronted? When key individuals with political power are corrupt, there is often a deep lack of political will within government to address the problem. Political corruption cannot be tackled by a technical or bureaucratic approach alone, nor can it be treated only as another problem of market regulation or defective administration. Political corruption calls for solutions of a political nature that can be influenced by donors only to a very limited extent.

A second challenge for donors is how to contribute to constraining the corrupt extraction practices of certain governments and of government institutions and officials. On the one hand, this is a question of donor country/developed world companies offering bribes - how to dry out the supply side of the problem. On the other hand, the question is how can donors help create an environment that makes it harder for politicians to milk the system - to restrict the demand. The challenge is how to plug the holes of illicit extraction, and how to create transparency, accountability and domestic control mechanisms.

A third challenge for donors is how to constrain the corrupt use of resources for power preservation purposes. The corrupt use of public and private money by power-holders to maintain their hold on power is to a large extent a question of democratic controls, by state institutions (institutions of checks and balances, control and oversight), by independent civil society organisations and the media, and by citizens through the ballot box (democratic elections).

DELIMITING POLITICAL CORRUPTION

Definitions

Political corruption is a phenomenon that defies direct measurement as well as clear-cut definition. In terms of measurement, researchers have relied on indirect methods and people's perceptions. In terms of definition, researchers have been confronted with a broad spectrum of popular connotations. "Political corruption" is frequently used synonymously with "corruption" (in general), whereas "governmental", "grand" and "coercive" corruption is sometimes used to denote political corruption, but the overlap is not obvious.

Political corruption has on the one hand been understood very broadly as "unethical behaviour which violates the norms of the system of political order". This includes almost anything and may embrace all sorts of moral and political judgements. On the other hand, it has been understood as "the breaking of the formal rules that regulate a position of political authority". This would restrict it to a matter of legal interpretation and criminal investigation, but would miss the deliberate manipulation of political institutions, laws and rules of procedure.

The most widely used definition of corruption is the World Bank's working definition of corruption as "abuse of public power for private benefit". Transparency International (TI) takes a somewhat broader approach and defines it as "the abuse of entrusted power for private gain". In this line, political corruption can be defined as "abuse of political power for private benefit". But the problem remains of defining what is "abuse" and what is "political".¹

Taking it back to Aristotle, the ancient Greeks had an understanding of corruption as a deviation from or perversion of sound government systems. Tyranny, for instance, was a corrupted monarchy, where the monarch no longer had the well-being of the nation (his subjects) in mind, but his own advantage. Corruption was basically seen as a problem of moral decay.

¹ See for instance:

Heidenheimer, Arnold J. & Michael Johnston (eds) (2002): *Political Corruption. Concepts and Contexts*. Third Edition. New Brunswick/London, Transaction Publishers. (footnote continues next page >)

Amundsen, Inge (1999): *Political corruption: An introduction to the issues* [PDF]. CMI, Bergen, 1999:WP7.
<http://www.cmi.no/publications/1999/wp/wp1999-7.pdf>

Transparency International (Hodess, Robin) 2004, *Global Corruption Report 2004* (Special focus: Political corruption):
http://www.transparency.org/content/download/4459/26786/file/introduction_to_political_corruption.pdf

See also the literature section at the back of this issue for recommended readings on political corruption and its manifestations

In 18th century England, corruption meant the encroachment by the executive on the legislature, for instance by money payments, the offer of positions and pensions, and the trading of patronage. Corruption was the violation of the principle of constitutional "checks and balances", authoritarian tendencies and the subsequent decay of the political order.

These and other historical understandings of corruption bring in two important aspects, namely motives and consequences. The corrupt motive is wealth, status and power, or more specifically self-enrichment, self-indulgence and power preservation (as contrasted to the non-corrupt political leader's concern for the well-being of the nation). The consequences of political corruption are institutional decay, arbitrary power, authoritarian tendencies and reduced liberty.

However, the consequences of political corruption cannot be the basis for a definition. That would be to put the cart in front of the horse. Not all acts of political corruption necessarily lead to institutional decay and political oppression, and political corruption is not the only factor that leads to institutional decay and political oppression. Not all acts of political corruption are even necessarily to the detriment of the 'public interest'.

The corrupt motive of power preservation is important. The concerns of the ancient Greeks bring in the possibility of collective benefit or gain, in addition to private benefit. Political corruption is therefore when the rulers or ruling elites misuse the resources they control for the benefit of preserving their political power.

A more specific delineation of political corruption can thus be made. The main aspects of political corruption are that it takes place at the highest levels of the political system, and that it involves politicians, government ministers, senior civil servants and other elected, nominated or appointed senior public office holders. It occurs when these officials, who make and enforce the laws in the name of the people, are themselves corrupt.

Furthermore, political corruption includes two basic processes. One process is located on the demand side of corrupt transactions; it is the methods by which ruling elites abuse their hold on power to extract and accumulate resources. It occurs when political power-holders enrich themselves, individually and collectively. The other process is the corrupt use of these (and other public) resources for the purpose of power preservation and expansion. It occurs when political power-holders use extracted resources or other corrupt means to maintain or strengthen their hold on power.

A: Extraction

Political leaders may use their power to capture and accumulate resources in an illegal and immoral way through bribes, embezzlement, and fraud. The same purpose of accumulation can be achieved also in processes of privatisation, land allocation, public contracting, lending, and through preferences that benefit the business interests of office holders, even when they are legal or made relatively legal.

- Direct extraction from the private sector includes bribes, “commissions”, and fees demanded from private businesses. It includes the classic (demand side) forms of corruption: payments taken for the granting and delivering of government services, licences, guarantees and loans, public projects and contracts. Bribes can also be taken to “protect” companies, and for the political creation of market protection, preferences, and monopoly rights. It includes payments taken for giving exemptions and relief from, for instance, tax regulations, environmental protection, and labour laws.

One example is the South African arms deal scam, in which deputy president Jacob Zuma allegedly solicited bribes from an arms company in return for protecting the company from investigation and giving it his ‘permanent support’. Another example is the shady financing of politicians in Costa Rica, a scandal which involved former president Rodríguez in a bribery scheme with the French telecommunications company Alcatel. Alcatel was awarded a contract to improve the country’s cellular phone system after its officials successfully paid a US \$2.4 million bribe, with 60% allegedly demanded by Rodríguez personally. Moreover, former president Figueres also received a US \$900,000 bribe from Alcatel, and current President Abel Pacheco has been asked to explain an undeclared US \$100,000 donation by Alcatel.

- The ruling elite can extract by giving preferences and favours to businesses in which they have a direct ownership. It is political corruption when through such means power-holders build up their private businesses and enterprises, while in power. It includes many of the same mechanisms as above, like the political granting of services, contracts, and licences, politically created market protection and monopolies, and regulatory exemptions.

One example is the military-political corruption case in Uganda. Here, the Tri-Star company obtained unusually generous favours from the government (like start-up capital, tax holidays, and more). This led some Parliamentarians to suggest that Kananathan, the formal owner of the Tri-Star company, was a mere front for President Museveni. Another example is Zimwe Construction Co. Ltd., which has become one of the most successful bidders for government construction work. The company is successful because its owners have important connections with technocrats and political ties with high-level politicians (including the President). By

some accounts, Zimwe Construction Co. Ltd is indirectly owned by the President.

- The ruling elite can also extract through theft and embezzlement of public resources. These practices include off-budget transfers and manipulated privatisation processes, and they include extraction from (and sometimes the depletion of) the country’s natural resources, such as oil and gas, minerals, fish, and timber. *The creation of the Russian oligarchs is symptomatic of how large privatisation processes may benefit only a few people with political connections. Another example is again military-political corruption in Uganda. Here, army officers, senior defence ministry officials and civilian politicians, including President Museveni, have benefited from Ugandan military operations in neighbouring countries. For instance, Ugandan forces have advanced into areas of eastern Congo to profit financially from the plunder of natural resources. Congo has proven to be a veritable treasure trove for a small number of high-ranking army officers who, together with their civilian counterparts, have become rich from this plunder.*

Another example is the Goldenberg Affair and the graft of the Kibaki regime in Kenya. The Goldenberg affair was a gold and diamond re-export plan, in which the government of former president Moi paid the Goldenberg company export subsidies for exports that later proved fictitious. Witnesses have given details of how former government officials allegedly took part in looting government resources through this fake gold and jewellery export compensation scheme. But the graft of the current Kibaki regime is also evident, according to a report of the former leader of the Kenya Anti-Corruption Commission, John Githongo. Allegedly, senior officials in the Kibaki regime are linked to a series of fraudulent contracts with the non-existent Anglo Leasing Company. Not only were Ministers involved in approving payments, but they also attempted to cover it up when it became clear that they were going to be investigated.

In these direct and indirect ways, power-holders can use their political control to extract from (and sometimes ruin) the private sector at large. When the returns to the companies are meagre, this form of corruption can be seen as extortion. Examples abound of businesses going bankrupt because of excessive and undue government extraction. In addition to impeding normal economic activities, the consequences can be devastating for investment, and increase economic inequality and inefficiency. When systemic, extractive corruption can destroy a country’s development potential.

The consequences in political terms are equally grave. Corrupt extractive practices annihilate the political will of politicians to address the corruption problem in any serious way, erode trust and legitimacy in the government and in politics in general, make political decisions non-transparent

ent, and can foster authoritarian political tendencies. Most important, the possibility of extraction can represent the strongest incentive for politicians to enter politics in the first place, and to try to hold onto power indefinitely.

B: Power preservation

Incumbents can use many techniques to maintain power, of which many are perfectly legal while others are illegal and corrupt. The corrupt use of political power for power preservation and extension may take the form of buying political support through favouritism, clientelism, co-optation, patronage politics and vote buying. The means include the distribution of financial and material benefits (money, gifts and rents), but also symbolic values like status and “inclusion”. The corrupt use of political power for power preservation and extension also includes the manipulation of various oversight and control institutions, creating various “impunity syndromes”.

- One form of political corruption for power preservation is the use of money and material inducements to build political loyalty and political support. This can take place at all levels from opposition parties and MPs to citizens. Political loyalty and support can be bought in very many ways: it may take the form of direct money payments or promises thereof, the offer of jobs, appointments and positions (including ministerial, judicial, regional and other senior government positions), or positions in public companies and parastatals, and even titles of nobility.

Parliamentary majorities can be bought. One example is vote buying in congress in Brazil. In 2005, the minority ruling Labour Party was accused of paying a monthly allowance of R 30,000 (US\$ 12,500) to congressmen from two allied parties in return for their votes.

Coalitions, ‘opposition parties’ and other political support groups can also be bought. One important technique is co-optation, which is the buying off of rivals. Civil society organisations and media can be incorporated (consumed) by government agencies; and journalists, NGO leaders, and activists can be co-opted. One example is the Angolan Christmas bonuses. One of the tactics used by the Government of Angola to foment a split in the rival party UNITA and force people into the new, regime-loyal “UNITA-Renovada”, was to strip the non-compliant parliamentarians of their parliamentary privileges like homes, cars and cellular phones. Furthermore, ‘worthy’ members of the political establishment receive an annual ‘Christmas bonus’ from the President, including parliamentarians and members of ‘opposition’ parties who have behaved well. This bonus has in some years run as high as \$30,000, dwarfing their annual salaries.

Voters and elections can also be bought. An example of vote buying in Latin America is Brazil’s municipal elections in 2001, in which 7 per cent of voters were reportedly offered money for their votes. Different surveys in

Mexico place the frequency between 5 and 26 per cent, while a 1999 survey in Argentina found that 24 per cent knew someone who had sold his or her vote. The object of transaction is not always cash; offers include food, clothes, construction material, infrastructure projects, and more. Short-term jobs and public contracts were traded in Colombia’s 2002 presidential campaign.

- By corrupt means, power-holders can secure their hold on power by buying and manipulating the public institutions of accountability and control. Parliamentary majorities and favourable legislative decisions can be bought, as can favourable decisions and lenient controls by various control agencies (ombudsmen, comptrollers, auditors, prosecutors). Even loyal decisions from electoral commissions and high courts have been bought.

The latter point is clear from the example of the questionable impartiality of the election commission in Bangladesh. The alleged problem is that appointments to various positions in the Commission have been made based on political considerations, bringing into question the impartiality of the commission. The example of the Nicaraguan pact demonstrates how an informal agreement between the leaders of the two biggest parties has secured them both a seat in the National Assembly (and thus immunity), and has blocked opposition in parliament and investigations of corruption.

- It is political corruption when state resources - made available to office holders for public purposes - are used for party campaigning and electioneering in a biased, unconstitutional way. Material support to political parties and political campaigns can also be obtained from private businesses, and will be corrupt if state resources or other advantages are offered in return.

One example of public money being used for a particular party or party campaign is the ‘Dashain allowance’ in Nepal. In 2005, the Royal Commission for Corruption Control began the prosecution of six former ministers for misusing the prime minister’s relief fund to distribute some NPR 4 million (US \$57,000) to political supporters. The Costa Rican case above (shady financing of politicians) is an example of how resources can be extracted from the private sector and invested in power preservation; the undeclared US \$100,000 donation by Alcatel was given to President Pacheco’s presidential campaign. The Israeli money and party financing example demonstrates how illegal donations for the political campaigns of ruling parties and candidates have been funnelled through foreign companies and family members. In 2005, the Israeli Attorney General indicted Omri Sharon, son of Prime Minister Ariel Sharon, for campaign finance violations during his father’s campaign for the leadership of the Likud party in 1999 and during the 2001 national elections. Allegedly, Ariel Sharon took illegal donations of NIS 5.9 million

(US\$1.3 million) to enhance his chances of winning the elections.

The consequences of this form of political corruption are also grave, perhaps even worse than the consequences of extractive political corruption. Political corruption for power preservation purposes leads to bad governance in the form of unaccountable and favouritist political decisions; manipulated, weak and distorted institutions; lack of transparency and accountability; immunity and impunity; and elections that are not free and fair.

C: The full circle

The two processes of political corruption - extraction for private benefit and enrichment, and the use of corrupt means for power preservation - are important analytical categories, especially when it comes to formulating counter-measures. Importantly, the two processes are often connected. Many of the larger political corruption scandals include both aspects: large-scale bribery schemes are concluded when the extracted money is used to buy political support, and the full circle is made when the purpose of power is wealth and the purpose of wealth is power.

One of the most prominent examples in Western Europe of bribes and embezzlement taken from a company not only for personal enrichment but also to extend the powers and ensure the re-election of the rulers is the French Elf Scandal. Here, huge sums were embezzled for private consumption, but millions were also funnelled into the infamous "caisse noire" that benefited the ruling party, patronage purposes in France and even French foreign policies. Another less famous French example is the "Ile de France" trials, where corruption in public procurement of schools extended into a system of payments to various political parties and their political campaigns.

In the developing world, systems of corruption, embezzlement, fraud, patronage and vote buying can lead to a complete "criminalisation of the state" (Bayart, Hibou & Ellis, 1997).

Delimitations

A. Political and bureaucratic corruption

The distinction between political and bureaucratic corruption is rather ambiguous, because it depends on the separation of politics from administration and the separation of an individual's status as a public official and his/her status as a private person. This distinction is unclear in most political systems.

The distinction is nevertheless important in analytical and practical terms. Political corruption takes place at the formulation stage of politics, whereas bureaucratic or petty corruption takes place at the implementation end of politics. Thus, we should not regard as political corruption the

forms of corruption that take place in service delivery, in health care and education services, and where people meet the government as clients and users of public services. We are not here concerned with common criminals buying their way out of custody, or bribes paid to the public telephone company, or other petty corruption cases without political implications. However, petty corruption can sometimes add up to a pyramid of upward extraction, through which small bribes accumulate into larger fortunes at the top of the system.

Whether local authorities (such as council members and governors) are included in the concept is a matter of debate. Some researchers will have them included, others not. We believe this is a matter of practical delineation: a state governor in Nigeria is very different from a local council ("commune") member in Senegal.

B. Illegal and immoral

Political corruption usually involves a violation of existing laws and regulations, but it is not restricted to this. It is political corruption also when the national laws and regulations have custom-made loopholes and are deliberately side-stepped or ignored. President Ferdinand Marcos of the Philippines, for instance, had sections of the Philippines Constitution reformulated to legalise his looting of the nation's wealth.

Thus, it remains unclear what are the legal, normal and acceptable political means of influence, and what are not. Take public nominations, for instance. Many presidents have an exclusive right to nominate a large number of top-level civil servants, military and security personnel, managers of state companies and parastatals, etc., and this right is of course used politically, for what it is worth, for the purposes of power preservation, status and even wealth maximation. As such, it is seen by many researchers as a core problem, for instance of African politics (excessive presidentialism), and it demonstrates democratic deficiencies and favouritism. But it is perfectly legal within the given system.

So where is the line to be drawn between political corruption and other undue uses of political influence? It is important that international standards be included in setting the benchmarks, because political corruption is a breaking of national legal and regulatory principles, and/or a breaking of internationally accepted standards and principles.

C: Money involved

Some political scientists have defined political corruption in terms of transactions between the private and public sectors in which collective goods are illegitimately channelled into private pockets. Thus, money enters the definition as an indispensable aspect. Most researchers would argue that some pecuniary benefits must necessarily be involved.

Elements of Political Corruption

- Political corruption involves political decision-makers, those who have the power to formulate laws and regulations (politicians and senior civil servants). Political corruption does not involve civil servants at the implementation end of politics. Nor does it include the service delivery sectors, although the distinction is unclear and bureaucratic corruption may constitute a pyramid of upward extraction.
 - Executive branch: president, cabinet and government ministers, top civil servants, including military and security apparatus leaders
 - Legislative branch: members of parliament
 - Judiciary: supreme and high court judges
 - Local and regional authorities: governors, local council members, etc. Not included in all definitions
- Political corruption is the misuse of political power for private benefit (personal or group gain), in particular the benefits of power, status and wealth.
 - Status and self-indulgence
 - Maximising wealth (pecuniary profit)
 - Private and collective benefits (individuals, parties, governments)
 - Preservation and extension of power
- Political corruption usually involves a violation of existing laws and regulations, but it is not restricted to illegal acts. It is also political corruption when national laws and regulations have loopholes and are deliberately side-stepped, ignored and custom-made. Thus, international standards must be included in setting a benchmark.
 - Breaking of legal statuses and regulatory principles
 - Breaking of international standards and principles
- Political corruption must necessarily include or promise some sort of material inducement, such as money and monetary equivalents like goods and favours.
- Political corruption takes two basic forms. One is corrupt accumulation and extraction (from private sector and national wealth). This takes place mainly where politics and business meet (in the political-private sector nexus, and where corporate money is involved). The other form is corruption for power preservation and expansion (favouritism and patronage politics). This takes place in political decision-making and electoral processes.
- Corrupt accumulation and extraction include

- Bribes, “commissions” and fees taken from private sector businesses
- Undue extraction through taxation and customs
- Fraud and economic crime
- Politically created rent-seeking opportunities
- Politically created market favours benefiting businesses owned by political elites
- Off-budget transfers, manipulated processes of privatisation
- Extorting party and campaign funding from the state, private sector and voters
- Corrupt means of power preservation include
 - Buying political support and majorities from other parties and politicians
 - Co-optation and maintenance of patron-client networks
 - Buying decisions from parliament, judiciary, control and oversight bodies
 - Favouritism and patronage in allocation of government resources
 - Buying voters and votes, electoral fraud
 - Use of public money for political campaigns
 - Buying off media and civil society

Moral and institutional decay is not a necessary element in the definition of political corruption, but the accumulation of material benefits to political leaders is. Without the inclusion of money and material favours in the definition, the concept would encompass any illegal and/or illegitimate political action (and decision), any form of undue influence and any abuse of political power.

For instance, the Watergate scandal revealed misuse of political power by the president and his office, in order to undermine his opponents, in clear violation of the rules in the US. This led to the near impeachment and resignation of President Nixon and the imprisonment of many of his closest advisors. But the Watergate scandal was not political corruption. It was abuse of office, in blatant disregard of the constitution, but it was not corruption because it did not involve pay-offs for private gain. Money was not the factor that led to the scandalous political decisions.

It is also difficult to establish the involvement of personal gain or gain for a group, for instance the government or a political party, in the form of money and other material benefits. Especially difficult are promises of future benefits, promises that can be understood as such and that can influence decisions and loyalties. An example is the promise of future positions, such as ministerial positions given to parliamentarians for enacting certain pieces of legislation. However, a broad understanding of private and group gain will include issues of favouritism, nepotism, clientelism and patronage in the definition of political corruption.

POLITICAL CORRUPTION CASES

Below are presented a number of examples of political corruption (or what the authors consider to be and have described as cases of political corruption). These examples are taken from the academic literature, media reports, and discussion groups. The cases have been abbreviated and slightly edited for the purpose of clarity.

Please note that many of the larger scams involve both types of political corruption: extraction, and corruption for the purpose of power preservation. Some of the case examples clearly illustrate this.

EXTRACTIVE POLITICAL CORRUPTION

The first group of cases provides examples of individual and group enrichment, i.e. the misuse of political power, mainly driven by self-indulgence and private wealth-maximising incentives. The examples are listed 'from the top', with examples firstly of self-enrichment by Presidents and Heads of State (including vice-presidents and president's offices and inner cabinets), secondly of ruling parties and government/cabinet ministers second, and finally of military officials, top-level bureaucrats, parliamentarians and other senior power-holders.

Presidents, prime ministers and heads of state

South Africa: The arms deal scam²

South Africa's deputy president Jacob Zuma came under investigation for allegations that he attempted to solicit a bribe from the head of the South African branch of the arms company Thomson in return for protecting the company from investigation and giving it his 'permanent support'. The case was brought to an end when the director of prosecutions, Bulelani Ngcuka, announced in August 2003 that Zuma would not be charged because, although there was a strong *prima facie* case against him, the government could not be sure of winning the case in court. But the charges against Schabir Shaikh, a businessman closely involved with Zuma, have spelled out in considerable detail what the evidence was - the money and other benefits Zuma allegedly received.

Other questions remain unanswered. BAE Systems won a contract for jet trainers with their venerable Hawk in competition with the cheaper Aermacchi MB339, preferred by the South African air force, raising questions about the tender process. (Performance parameters were modified and,

² Case examples cited from TI Global Corruption Report 2004:59-62. (Joe Roeber): <http://www.transparency.org/publications/gcr>

For an update on this case, see for instance the Mail & Guardian online: Yengeni to be given hero's send-off: http://www.mg.co.za/articlePage.aspx?articleid=281681&area=/breaking_news/breaking_news__national/

when this manipulation did not produce the required answer, the ministers' committee instructed the evaluators to ignore price in the approved value system.) The offset arrangements, touted as the crowning triumph of the financing process and the ultimate justification of the deal, have been questioned. Sweetheart deals abound as part of the offset programme, allegedly giving friends of senior politicians - and even President Thabo Mbeki's brother, Moeletsi - a share of the defence pie under the rubric of 'black empowerment'.

Costa Rica: Shady financing of politicians³

The first scandal erupted in October 2004 when former president Miguel Angel Rodríguez was forced to resign as Secretary-General of the Organization of American States. He stepped down after allegations implicated him in a bribery scheme involving the French telecommunications company, Alcatel. In mid-2004, details emerged showing that Alcatel had been awarded a contract to improve the country's cellular phone system allegedly after its officials successfully bribed José Antonio Lobo, Rodríguez's protégé and a former director of the state electricity company, Instituto Costarricense de Electricidad (ICE), with a US \$2.4 million 'prize'. Lobo said he had been 'advised' to accept the sum by Rodríguez, who is reported to have demanded 60 per cent of it.

Digging deeper into Alcatel's dealings, allegations emerged that it had attempted to influence previous and current Costa Rican politicians as well. José María Figueres, a former president, was forced to step down from his senior position at the World Economic Forum in Geneva in October 2004 following allegations that he had received a US \$900,000 bribe from Alcatel during his years of public office. Current President Abel Pacheco has been asked to explain an undeclared US \$100,000 donation to his presidential campaign, also by Alcatel. In total, the authorities believe that Alcatel, which enjoys a near monopoly of telecommunications services in the country, has paid more than US \$4.4 million to Costa Rican politicians and officials.

Uganda: Business-political linkages⁴

Patronage and personal interests are key factors in business-politics linkages in Uganda. Senior military officers and their civilian business associates have profited from military procurements largely because of their personal ties with the powers that be (including the President). This crony capitalism has been worsened by the absence of effective institutions to check the excesses of corrupt officials.

Compounding the corrupt military procurement practices has been the rise of profitable "civilian" businesses (such as Speke Resort, Munyonyo and Mosa Courts) owned by

³ Case examples cited from TI Global Corruption Report 2006:146-147. (Roxana Salazar): <http://www.transparency.org/publications/gcr>

⁴ Excerpts from Julius Kiiza: "Business-Politics Linkages in Uganda", a Medium-Term Dynamics Consultancy Report, commissioned by DFID. Kampala March 2004.

individuals who are connected to leading members of the Movement [ruling party]. Business investors are not given equal treatment. Big local businesses are preferred over small-to-medium enterprises. Government's preference for certain companies - which underpins the Movement's "interventionism" - stifles competition. Vast donor support for privatization, liberalization and institutional reform has also been used to reward loyalists, recruit new supporters and/or buy off opponents.

The cosy relation between foreign business and local political elites is evident in the case of Sudhir Rupharelia, a real estate tycoon of Asian origin. Sudhir reportedly has strong connections with leading members of the Movement government. The controversial Tri-Star company (a "manufacturer" of textiles for export to the USA under the African Growth and Opportunity Act - AGOA) is also important. The company obtained unusually generous favours from the Movement government - start-up capital, tax holidays, labour commitments, and an assured external market access - leading some Parliamentarians to suggest that Kananathan, the formal owner of Tri-Star is perhaps a mere front of President Museveni.

The second example mentioned by our informers is Zimwe Construction Co. Ltd., one of the most successful bidders for government construction work (under the Movement regime). The Company is successful because its owners have important connections with technocrats (eg. Sebaana Kizito, Mayor of Kampala City Council and the Permanent Secretary, Ministry of Works). However, the company's technocratic connections would probably have little effect without its political ties with high-level politicians (such as the President). By some accounts, Zimwe Construction Co. Ltd is the "official" contractor of State House.

Uganda: Military-political corruption⁵

One of the most notorious areas of corruption everywhere is that concerned with the procurement of military equipment and defence supplies. In the case of the NRM Government, in power in Uganda since 1986, it has been mainly since the late 1990s, when the government began acquiring more and larger military hardware. A number of major tenders were entered into for aircraft, guns, and tanks as well as items such as food rations and uniforms. These deals invariably involved bribes and kickbacks and also massive overpayments from which many officers, top government officials, and middlemen profited.

Senior military officers and their civilian business associates have also profited whenever military operations have had to be concluded to combat insurgencies threatening Uganda's security. For instance, Ugandan soldiers have been deployed in neighbouring Democratic Republic of Congo since Au-

gust 1998. But Ugandan military involvement in the Congo was extended well beyond the border security zone. By most accounts, the Uganda People's Defence Force (UPDF) advanced into areas of eastern Congo to profit financially from the plunder of natural resources. Indeed, Congo has proven to be a veritable treasure trove for a small number of high-ranking army officers who, together with their civilian business partners, have become rich from smuggling and resource plunder.

We argue that the prevalence of military corruption has been the result of government and army leaders not being subject to public accountability. Not a single leader has been faced with prosecution or punishment for corrupt military behaviour.

In 1996, the RNM Government decided to buy Russian helicopter gunships because of their potential effectiveness against the Lord's Resistance Army (LRA) [...]. The gunships have, however, remained grounded at Entebbe air force base, and the Government has lost over \$12 million on the deal. In December 1998 the Ugandan army took delivery of a consignment of 62 tanks which were to be used to intervene against Sudan. They turned out to be obsolete Russian T-55s, all but eight of which were not operational on arrival in Uganda. In early 1998 they arranged the sale with the defence ministry and reportedly received \$4 million in commission payments while the total cost of the deal was \$28 million, at least four times above the market price for outdated tanks.

Serious cases of military corruption occurred in Uganda in the late 1990s. These were prevalent predominantly in the procurement of defence equipment and army supplies but occurred also where the UPDF was deployed in war situations. Most of those involved in diverse corrupt military behaviour were army officers, but senior defence ministry officials and civilian business people also participated. Many of these military and political figures were closely connected - at times related - to President Museveni and his wife. And indeed, it was President Museveni who was responsible for permitting an environment to emerge conducive to much military corruption by a handful of his relatives and supporters.

We conclude by arguing that military corruption has been used to maintain the NRM regime in power. Corrupt military procurement and economic plunder have benefited key UPDF officers as well as promoted their loyalty to the regime.

Kenya: The Goldenberg affair⁶

A key suspect in Kenya's biggest ever corruption scam said he got ex-president Daniel arap Moi involved in this gold and diamond re-export plan. Kamlesh Pattni, a major share-

5 Excerpts from Tangri, Roger & Andrew M. Mwenda (2003): "Military Corruption & Ugandan Politics since the late 1990s" in Review of African Political Economy no.98, pp 539-553, 2003: <http://www.roape.org/>

6 BBC World News; Suspect 'links' Moi to gold scam and Kenya's biggest scam probe ends, May and November 2004: <http://news.bbc.co.uk/2/hi/africa/3733489.stm>
<http://news.bbc.co.uk/2/hi/africa/4025375.stm>

holder of Goldenberg, told the inquiry into the scandal that Mr Moi was keen to earn foreign currency for Kenya. Mr Moi denies any part in the affair, in which Kenya lost up to \$600m between 1990 and 1993.

Current President Mwai Kibaki set up the inquiry a year ago to investigate why Mr Moi's government paid Goldenberg for the supposed exports, which proved fictitious. Mr Pattni, who is the main defendant in the trial, said the scam had started out as a noble idea but turned into a scandal after it was sabotaged by greedy individuals who wanted a share. His idea had been to legitimise the re-export of gold and diamonds coming into Kenya from third countries. Kenya itself has negligible amounts of either commodity. He said things started to go wrong when he sought the support of senior government officials to help him clinch the deal. He was able to enlist Mr Moi's help because the former president saw the plan as an opportunity to earn money for Kenya rather than relying on aid from the IMF and the World Bank.

But prosecutors say the exports never took place, although the scandal cost Kenya the equivalent of more than 10% of the country's annual GDP or as much as \$600m between 1990 and 1993. Kenyan court of appeal judge Samuel Bosire has drawn the curtains on what is being termed the most expensive government probe into a saga that is blamed for the long-lasting cash-crunch at Kenya's treasury.

A total of 65 witnesses appeared before the commission, including Kamlesh Pattni, now considered the chief architect. They gave details of how former government officials allegedly took part in looting government resources through a fake gold and jewellery export compensation scheme. Those adversely mentioned also include some senior officials in President Kibaki's government, among them former Vice-President George Saitoti, now minister in charge of education.

Ruling parties and government/cabinet ministers

Kenya: Graft of the Kibaki regime⁷

According to a report of the former leader of the Kenya Anti-Corruption Commission, John Githongo, senior officials in the Kibaki regime were linked to graft. This constituted a clear case of political corruption because although low-level officials may have been involved, it was driven by high-level politicians who were siphoning off the profits. According to Githongo, who is now residing in exile in the UK following a series of death threats, his report contains "incontrovertible evidence that most senior members of our government" were involved in a series of fraudulent contracts with the non-existent Anglo Leasing Company. Not only were Ministers involved in approving these payments,

they also actively attempted to cover up this and many other fraudulent transactions once it became clear that they were the subject of ongoing investigations. The scandal resulted in the resignation of the Finance Minister in January 2006 and a number of other high-level Ministers have received summons from the Kenyan Anti-Corruption Commission who are investigating the Githongo report.

France: the ELF scandal⁸

The investigations, which Britain's Guardian newspaper called 'perhaps the biggest financial scandal in a western democracy since the end of the Second World War', illustrate the problems of political corruption that have characterised the French oil industry for decades. Elf Aquitaine had no monopoly on political corruption but it makes an excellent case study, because it 'got caught'.

In France in 2003, 37 defendants were accused of accepting nearly €400 million (US \$457 million) from the former state oil group Elf Aquitaine for personal enrichment and political kickbacks during the late 1980s and early 1990s. The company's senior executives subsequently admitted that the money was routinely used to finance French political parties and presidential candidates.

In January 2003, Roland Dumas, foreign minister under François Mitterrand, was declared innocent of enjoying the fruits of corruption from Elf Aquitaine. Dumas had not known that a 17 million franc (US \$3 million) flat where his mistress and meeting were held - or the thousands of dollars lavished on him from her unlimited credit card - had been corruptly supplied by Elf. Nor was it even suggested that he had received any of the 65 million francs (US \$12 million) she had allegedly paid to induce him to change government policy to permit the sale of frigates to Taiwan for 14.6 billion francs (US \$2.6 billion). Policy was indeed changed and, according to Dumas himself, the shipbuilder, Thomson-CSF, paid US \$500 million in 'commissions' to people known to himself and President Mitterrand. In effect, the court appears to have judged that Dumas, a lawyer to the rich and famous, close friend of the president, government minister and president of the highest court in France, had simply been naive.

Meanwhile, some of Dumas' co-defendants went back to court along with others, mostly Elf managers, charged with bribing African politicians and helping themselves on the way. Evidence of payments to French politicians was declared a 'defence secret' by the government and not allowed into court.

The ramifications of the Elf case blew across the border to Germany, where they helped to destroy the reputation of ex-chancellor Helmut Kohl. At the heart of the matter were the 'commissions' allegedly paid by Elf to 'facilitate' the purchase of the moribund Leuna refinery in East Germany. According to Elf's director general, the company bought the refinery at Mitterrand's insistence to help his friend Helmut,

⁷ Case example given by participant at U4 online course, February 2006.

⁸ Case example taken from TI Global Corruption Report 2004:63-69: <http://www.transparency.org/publications/gcr>

whose modus operandi allegedly included buying the allegiance of the Christian Democratic Union's (CDU) regional agents with money from a party slush fund.

The trials have identified many corrupt or questionable mechanisms: overpayment for assets generating hidden subsidies, payments through chains of offshore accounts, the use of Gabon as an offshore financial turntable for generating hidden payments, and the use of secrecy and commercial intelligence as keys to financial success. There are 'revolving door' problems: the use of politically networked intermediaries to win deals; specialised trading companies that confuse revenue flows; persistent links between oil and the covert arms trade; and the assumption by oil firms of diplomatic functions. As revealed also in the Elf trials, political corruption in oil is tied up with banking.

Croatia: The Imostroj affair⁹

The most controversial conflict of interest allegation in 2004-05 was the 'Imostroj affair', whose chief protagonist was the then minister of foreign affairs, Miomir Žužul. The local media alleged that Žužul took a bribe from a friend and businessman in return for pushing the cabinet to cancel the debts of Imostroj, a company the man planned to buy. Although the State Attorney and Audit Offices did not identify any conflict of interest, the public remained sceptical.

In parliament, the opposition Social Democrat Party (SDP) and Croatian People's Party (HNS) demanded the minister's resignation. The majority Croatian Democratic Union (HDZ) turned the tables by appointing a committee to inquire into conflicts of interest by senior officials during the 2000-03 coalition government, naming Zlatko Tomčić, leader of the Croatian Peasant Party (HSS) and former parliamentary speaker, and Radimir Čačić, a former minister of public works and member of HNS, as ripe for investigation.

Miomir Žužul, considered Prime Minister Ivo Sanader's right-hand man and head of the team negotiating Croatia's entry to the EU, resisted calls to step down for two more months, but finally resigned in January 2005, several days before the presidential election.

Kenya: State Firms' Officials to Be Charged¹⁰

Eight permanent secretaries and 18 heads of state corporations are to be prosecuted over corruption. The Kenya Anti-Corruption Commission director, Mr Justice Aaron Ringera, said yesterday that the 26 officials feature in 145 cases recommended to the Attorney-General for prosecution.

At the same time, Mr Justice Ringera, who was addressing students of Chuka High School, Meru South, vowed to wage a relentless war on graft, saying that nobody was untouchable. "No sector will be immune from investigations,"

he said. "We shall continue to investigate corruption, subject to the law. Nobody is so small or high to be above the law." And he told off Health minister Charity Ngilu over her claim that his investigations were being focused only on petty cases of corruption. "How can eight permanent secretaries and 18 parastatal chief executives be petty corruption?" he asked.

The anti-graft chief confirmed that Mrs Ngilu was among top government officials being investigated. "The receipt of an allowance that a minister is not entitled to cannot be described as petty corruption," he said. "Any corruption at that level is not petty corruption. I do not want to board the same plane of pettiness, ignorance and malice with the minister."

KACC was also probing graft at the Nairobi city and Mombasa municipal councils. Politicians in both the Government and the opposition were also being probed, he added. Mr Ringera said KACC had been assured by foreign governments represented in Nairobi and law enforcement agencies that they would help in tracing and recovering stolen Kenyan funds stashed away in foreign bank accounts. He said KACC had also identified illegally held government assets and was preparing prosecutions and their possible seizure.

France: The "Ile de France" trials¹¹

The *Ile de France* trial, one of the biggest trials involving alleged corruption in public procurement ever held in France, opened in March 2005. Seven years of investigation were required to expose an extensive system of corruption in procurement contracts for the construction or renovation of 300 of the 470 high schools in the Ile de France, the region around Paris. The case involves 47 defendants, who if found guilty face up to 10 years in prison for collusion, concealing corruption and influence peddling.

The accusations centre on allegations that companies paid major political parties to win contracts to renovate schools around Paris. The defendants include a former cooperation minister, an ex-president of the *Ile de France* regional council and a former labour minister, as well as the former treasurers of three political parties and business executives.

Following a decision by the *Ile de France* regional council to upgrade the school facilities, it reportedly signed 114 10-year construction and maintenance contracts valued at close to €1.4 billion (US \$1.68 billion) in total, with only five multinational companies. It was alleged that these companies made an unofficial and secret deal, involving the payment of 2 per cent of the value of the contracts to various political parties: 1.2 per cent to the ruling *Rassemblement Pour la République* and 0.8 per cent to the Socialist Party, with smaller allocations to the Republican and Communist parties. The payments took the form of apparently legal gifts to finance the parties' campaigns. Between 1991 and 1996, some €30 million (US \$36 million) were paid out under the scheme.

⁹ Case examples cited from TI Global Corruption Report 2006:151. (Ana First): <http://www.transparency.org/publications/gcr>

¹⁰ Source: The Nation (Nairobi), February 26, 2006: <http://www.transparency.org/publications/gcr>.

¹¹ Case examples cited from TI Global Corruption Report 2006:158-159. (Antoine Genevois): <http://www.transparency.org/publications/gcr>

Israel: Money and party financing¹²

In February 2005, Attorney General Mazuz indicted Omri Sharon, son of Prime Minister Ariel Sharon and a member of the Knesset, for campaign finance violations during his father's campaign for the leadership of the Likud party in the 1999 and 2001 national elections.

The attorney general stopped short of indicting the prime minister, although according to the state comptroller, Ariel Sharon took illegal donations of NIS5.9 million (US \$1.3 million) to enhance his chances of winning the 2001 national elections. The money was funnelled through a number of 'straw' companies, including a US corporation, Annex Research Ltd, founded by Sharon's lawyer, Dov Weisglass, and run by Omri Sharon. Sharon said the money was used to finance a campaign against Benjamin Netanyahu.

The comptroller accepted Sharon's defence regarding the lion's share of the donation, but insisted that 20 per cent of it, or NIS1.4 million (US \$310,000), be charged against Likud. Sharon took steps to return the illegal contribution in October 2001 by borrowing NIS4.2 million (US \$920,000) from the bank.

Kazakhstan: The Baikonur scandal¹³

Despite a reasonably progressive law on procurement passed in May 2002, Kazakhstan has had serious problems in implementing it. The alleged embezzlement of funds in an agreement between Russia and Kazakhstan over the use of the Baikonur space facility is a case in point. The case was particularly salient since it appeared to involve the head of the presidential administration, Imangali Tasmagambetov. In August 2004, two deputies from the Russian Federation Duma (parliament) wrote to the Kazakh parliament enquiring about Russia's payments for rental of the *Baikonur* complex in the Kazakh steppes.

In August, the Kazakh newspaper *Respublika* revealed that the one person who could shed most light on the missing funds was Tasmagambetov, head of the presidential administration, who had been prime minister when the deal was struck, and had both signed the agreement and nominated the preferred operator. Moreover, Amangeldy Ermegiyayev, son of the vice-president of the ruling OTAN party, had supervised the tender commission, and Alexander Pavlov, the deputy prime minister, had monitored the execution of the deal. The officials who were allegedly linked to the Baikonur scandal denied any wrongdoing.

In late September, the finance minister, Arman Dunaev, insisted that all the rental money had been paid into the national budget in January and February 2004. However, in February 2005, Omarkhan Oksikbayev, chairman of the Kazakh audit chamber, announced that the findings of the Russian audit chamber had been forwarded to the prosecutor general's office and the finance police.

12 Case examples cited from TI Global Corruption Report 2006:177-178. (Doron Navot): <http://www.transparency.org/publications/gcr>

13 Case examples cited from TI Global Corruption Report 2006:185-186. (Sergey Zlotnikov): <http://www.transparency.org/publications/gcr>

Military officials, top-level bureaucrats, MPs**South Africa: MPs incriminated in 'Travelgate'**¹⁴

South African MPs are issued with vouchers each year to defray travel expenses between their constituencies and the parliament in Cape Town. Allegations of misuse of the vouchers first surfaced in 2003, leading to an investigation in which more than 100 MPs and seven travel agencies were questioned. The alleged frauds included the exchange of vouchers for cash; use of vouchers by family and friends; use of airfare vouchers for accommodation and vehicle hire; and MPs holding shares or receiving financial benefits from the travel agents involved. When two of the travel agents involved were closed down, 40 MPs entered plea bargains with the elite Scorpions investigation unit. The first five MPs were convicted in March 2005, with sentences ranging from R40,000 (US \$5,800) or one year's imprisonment, to R80,000 (US\$12,000) or three years in prison. Under the constitution, an MP can only lose a seat if sentenced to more than 12 months' imprisonment, without the option of a fine. South Africa now finds that nearly a quarter of its legislators have been incriminated in questionable behaviour.

POLITICAL CORRUPTION FOR THE PURPOSE OF PRESERVING POWER

The second group of examples are of political corruption for the purpose of maintaining power, i.e. the use of political power and position by various power-holding groups mainly driven by the incentives of maintaining and strengthening their hold on power. The means of downward political corruption include the distribution of financial and material benefits (inducements), and will usually take the form of favouritism.

The examples are listed in three categories: the buying of individual politicians (co-optation) to build majorities and secure specific policy decisions; the manipulation of elections and buying of voters; and the manipulation of various institutions of checks and balances, oversight and control.

Co-optations**Australia: public service job provided**¹⁵

In New South Wales in 1989 the Premier, Nick Greiner, was accused by the anti-corruption commission which he had established on coming into office, of acting corruptly in providing a public service job for a former supporter so as to enlarge his majority in the New South Wales Parliament. This was done against the law and in conflict between the demands of politics and the demands of public office.

14 Case examples cited from TI Global Corruption Report 2006:243. (Ayesha Kajee): <http://www.transparency.org/publications/gcr>

15 Case example taken from Political Corruption, Heidenheimer and Johnston [eds] 2002:53.: http://www.amazon.com/gp/product/0765807610/104-3088659-8407954?pf_rd_p=283155

Nepal: The 'Dashain allowance'¹⁶

in March 2005, the RCCC (Royal Commission for Corruption Control) began the prosecution of six former ministers for misusing the prime minister's relief fund to distribute some NPR4 million (US \$57,000) to political supporters in the guise of relief aid to Maoist insurgency victims. The media dubbed the alleged scam the 'Dashain allowance', Dashain being an important Hindu festival. According to the RCCC, the six former ministers misused monies from the relief fund to cover 'Dashain expenses' for 21 party supporters.

Then in June 2005, the RCCC made an abrupt U-turn and cleared the former prime minister of these charges, as well as the six members of his cabinet and the 21 beneficiaries of the expenses. According to the RCCC chairman: 'The decision to distribute cash could not be established as a case of corruption under Clause 17 of the Anti-Corruption Act 2002'. Critics saw the move as evidence of the commission's excessive discretionary powers.

Manipulation of elections and vote-buying**Brazil: Vote buying**¹⁷

A national survey of vote-buying on behalf of *Transparência Brasil* showed that in the presidential and legislative elections held in October-November 2002, about 3% of Brazilian voters were subjected to offers to sell their votes by candidates or go-betweens. Money was the most common offering (with 56%), followed by material goods (30%) and favours extended by the public administration (11%). In a similar survey in early 2001 (right after the municipal elections), 6% of the sampling voters said they were offered money in exchange of their votes.

Brazil: Vote buying in congress¹⁸

Lacking a majority in Congress, the Labour party PT was accused of paying a monthly allowance of R30,000 (US \$12,500) to congressmen from two allied parties in return for their votes. The two parties implicated are the Progressive Party (PP), led by Severino Cavalcanti, the low-profile ultra-conservative chairman of the Chamber of Deputies; and the Liberal Party (PL), whose president, Waldemar Costa Neto, became the first lawmaker to step down in a widening corruption scandal. Dirceu resigned as the president's chief of staff in June 2005 and returned to his seat in the Chamber of Deputies where he is under investigation by the Chamber of Deputies Ethics Committee.

16 Case examples cited from TI Global Corruption Report 2006:207. (Rama Krishna Regmee): <http://www.transparency.org/publications/gcr>

17 Case example cited from Speck & Abramo (2001).

18 Case examples cited from TI Global Corruption Report 2006:135. (Ana Luiza Fleck Saibro): <http://www.transparency.org/publications/gcr>

Brazil: Changing parties¹⁹

Parliamentarian performance is far from the image of a legislator concerned with checking on government's actions, guided by principles and a follower of party lines. Due to the strong political relationships between the Executive and the Legislature, parliamentarians swap parties frequently. Thus, during 1999, a total of 112 parliamentarians from the lower federal house changed parties; in 2000, they were 41; and in 2001, until February 14th, 23 moved over from one party to another.

After each election, there is a growth of the government's support basis. This happens because parliamentarians loyal to the government influence both the budget and the budget's execution, appoint people to occupy "trust positions", vote legislation that the government is interested in, and exert pressures to expedite transfers and federal sponsored state and municipal projects. One of the big scandals brought to light during 1993-1994 involved the lower chamber Budget Commission. Parliamentarians used to negotiate kickbacks with firms holding contracts for projects included in the budget; they also diverted transfers to "social" and "educational" organisations under their control.

Support for government projects is frequently incumbent on negotiations with the Executive. In 1997, a number of parliamentarians literally sold their favourable vote to amend the Constitution in order to allow President Fernando Henrique Cardoso (as well as governors and mayors) to run for re-election. The main suspicions fell on one the most intimate political collaborators of the President (and also a partner in business ventures), the powerful Communications minister, already deceased, Sérgio Motta. Pressures and political favours allowed the Executive to avoid investigation by Congress, illustrating the deep interdependency of the two republican institutions, directly arising from the weaknesses of the party structure.

Tanzania: the misuse of 'Takrima'²⁰

The National Parliament of Tanzania a few years ago amended the Election Act by including what is known as the Traditional Hospitality (*takrima*) clause, which defines *takrima* as a (material) gift, ostensibly given in good faith. However, nowadays the *takrima* phenomenon is no longer the desired hospitality as depicted in the respective law, but has come to encourage corrupt tendencies. Politicians vying for political posts now apply this controversial clause, coupled with poverty and illiteracy problems facing many Tanzanians, to offer for free to the voters, pretending to be in good faith, things such as clothes, food, hard cash, and construction materials during campaigns just to win the elections. Eventually the poor people and especially women fall into the *takrima* trap by electing dishonest representatives/leaders. The example of traditional *Takrima* hospital-

19 Country example cited from *Transparência Brasil*, Report on Brazil, presented to the Global Forum II on Fighting Corruption, The Hague, May 2001. (0): <http://www.transparencia.org.br/docs/GFIIRReport.pdf>

20 Case example given by participant at U4 online course, February 2006.

ity when applied for political motives translates into political corruption. It can be practised at the highest levels of the political system, and may involve state agents such that the Parliament is formed by corrupt members.

Latin America: Vote buying²¹

In Brazil's municipal elections in March 2001, for example, 7 per cent of voters were offered money for their votes. Different surveys in Mexico place the frequency of vote buying at between 5 per cent and 26 per cent, while a 1999 Gallup survey in Argentina found that 24 per cent of interviewees knew someone who sold his or her vote.

The object of transaction is not always cash. Offers include food, clothes, household goods, medicine, infrastructure, construction material, agricultural inputs and the provision of other services. Short-term jobs and public contracts were traded in Colombia's 2002 presidential campaign. Voters may be granted access to social programmes or other public services in exchange for their vote; they may also be threatened with deprivation of benefits if they do not vote as 'commissioned'. Such threats were one of the foundations of Alberto Fujimori's re-election strategy in Peru in 2000: beneficiaries of the national programme of food assistance, Pronaa, were pressured into giving their vote to Fujimori, attending his campaign events and wearing stickers that promoted his party, as a tacit condition for continuing to receive food subsidies.

In Colombia, mayors from the south-western department of Nariño were accused of using funds from Plan Colombia (a US-sponsored initiative aimed at tackling drugs production and trafficking) to finance their vote buying activities. In another example, governors from Mexico's ruling party, the Institutional Revolutionary Party (PRI), threatened voters that vouchers distributed in southern states via the Progresa poverty-alleviation programme would be withdrawn if they voted for the opposition in the 2000 elections.

Bangladesh: Questioned impartiality of Election Commission²²

There is no denying that in Bangladesh, there are still a number of constraints against holding of a free and fair election, and establishing transparency in the entire election process. It is the constitutional duty of Election Commission (EC), first and foremost, to carry out the election freely and fairly. Unfortunately, however, the EC continues to be dependent upon the Government for key management and financial decisions. There are allegations from different quarters that in appointments to various positions in the Commission political considerations have been getting increasing priority. Impartiality of the Election Commission is, therefore, widely questioned.

21 Case examples cited from TI Global Corruption Report 2004:76-77. (Silke Pfeiffer): <http://www.transparency.org/publications/gcr>

22 Country example cited from TI Bangladesh, Waves, vol. 9, no. 4, December 2005 (Editorial).

The political parties play a vital role in ensuring free and fair election in a representative democracy. But there is no well-defined and legally binding provision yet in our country on the important issues of the formation of political parties and their funding. An unhealthy competition of buying the entire process starts as soon as election comes. Though there is a set limit regarding election expenses of the candidates, hardly anybody abides by it, for which the undeclared cost of election has been skyrocketing day by day. The primary reason for this is the absence of political will and institutional strength to enforce it. Violation of election code including expenditure limit is hardly punished so that there is practically no deterrence against violators, rendering the election an investment.

Manipulations of institutions

Nicaragua: The pact²³

Bolaños, who came to power at the helm of an alliance of five political parties, lost the support of his party, the PLC, in 2002 when his government prosecuted Alemán, head of the PLC and former president, who had originally picked him as presidential candidate. Since then, the PLC and the main opposition party FSLN, which together control over 90 per cent of the National Assembly, have gradually tightened their hold over the institutions of state, making it practically impossible to act against corruption.

The two parties' leaders, Alemán and Daniel Ortega, reached an informal pact in 2000 to push through a constitutional change that enhances their control of institutions and grants Alemán an automatic seat in the National Assembly and therefore parliamentary immunity. The pact has since widened in scope and plays a critical role for their political survival since both face high rates of disapproval within their parties and externally, and are being investigated for corruption in Nicaragua and third countries. They are both unpopular with the US government, and featured on a list of high-level party officials who have been denied entry visas to the United States on the grounds of corruption.

Angola: the Presidential "Christmas bonus"²⁴

One of the tactics used by the Government of Angola to make a split in (the rival party) UNITA and force people into the new, regime-loyal "UNITA-Renovada", was to strip the non-compliant parliamentarians of their parliamentary privileges like homes, cars and cellular phones. Furthermore, according to Hodges, 'worthy' members of the political establishment, including parliamentarians, receive an annual 'Christmas bonus' (also members of UNITA and other 'opposition' parties, if they have behaved well). This bonus has "in some years run as high as \$30,000, dwarfing their annual salaries".

23 Case example cited from TI Global Corruption Report 2006:214. (Roberto Courtney): <http://www.transparency.org/publications/gcr>

24 Case example cited from Anthony Hodges (2004): Angola: Anatomy of an Oil State, pp. 61 and 64: <http://www.amazon.com/gp/product/0253216788>

Algeria: Lack of follow-up²⁵

In Algeria, there have been several serious allegations of extractive corruption involving senior officials, in particular irregularities in public procurement processes (including excessive private agreements). IMF has noted that Algeria only partly observes the norms on fiscal transparency.

In terms of favouritist corruption and institutional manipulation, the auditor general's department (*Cour des comptes*) that was created in 1980 and is required under the constitution to publish annual reports has only submitted two reports in the entire quarter century of its existence. In spite of an order in July 1995 that set out its mandate, the status of its investigators has still not been clearly defined. Its association of officers has repeatedly protested against the department's marginalisation, most recently at a public meeting attended by the press in August 2005, but the authorities have never given any explanation of their behaviour towards it. The freedom of information is also restricted, and libel action taken by authorities against the media.

Canada: Government corruption²⁶

Canadian Prime Minister Paul Martin and Jean Chrétien, his predecessor as head of the Liberal government, testified under oath in February 2005 at a public inquiry investigating alleged government corruption. Only once previously did a sitting or past Canadian prime minister give public testimony in a like judicial proceeding. That was in 1873, when Canada's first prime minister, Sir John A. Macdonald, responded to charges his government had awarded a railway contract in return for massive election campaign contributions to his Conservative Party.

Canadian justice is investigating a federal government program under which Ottawa paid out \$250 million between 1996 and 2002 to sponsor sporting and cultural events. Much of the money was funnelled through Liberal-friendly advertising firms. It is not uncommon for Canadian governments, whether federal or provincial, to steer government advertising and consultancy work to firms known to be friendly to the party in power. But in this case, internal government audits found the program improperly managed, with financial records either nonexistent or replete with errors and gaps.

A government study of contracts given to Le Groupe Polygone Editeurs, which received \$40 million in sponsorship money, said that there appeared to have been "systematic and egregious overcharging for what was delivered." A subsequent investigation by Canada's auditor-general found repeated instances of Groupe Polygone and other firms receiving large payments in return for little or no work. Criminal

charges have been laid against several advertising company executives.

There is little doubt some people criminally profited from the sponsorship program. There are also good grounds to believe that the program - whose ostensible purpose was to raise the profile of the federal government in Quebec and thereby counter the Quebec *indépendantiste* movement - was used to finance the Quebec wing of the Liberal Party. According to Alfonso Gagliano, who for much of this period was both the minister responsible for the sponsorship program and the boss of the Quebec Liberal machine, the Liberal Party was "not rich". It, however, did receive substantial donations from many of the firms and executives of the firms that received sponsorship contracts from Gagliano's Public Works Ministry or to which sponsorship work was subcontracted.

If the sponsorship scandal has become such a major political issue, it is because it has served as a mechanism through which Canada's corporate and political elite have fought out matters of leadership and policy direction.

25 Country example cited from TI Global Corruption Report 2006:125. (Dilali Hadjadj): <http://www.transparency.org/publications/gcr>

26 Country example cited from Keith Jones (2005): Martin and Chrétien testify in corruption scandal, World Socialist Web Site, 19 February 2005. See also Wikipedia on the Sponsorship Scandal: <http://www.wsws.org/articles/2005/feb2005/cana-f19.shtml>
http://en.wikipedia.org/wiki/Sponsorship_scandal

CHALLENGES AND OPTIONS

In this section we present strategic options available to donors confronted with three broad challenges when key persons in recipient governments are corrupt:

CHALLENGE: HOW SHOULD THE LACK OF POLITICAL WILL BE ADDRESSED?

When political corruption is endemic the political will to address it is weak. Sometimes government policies and individual government members' actions will contradict what donors see as sound approaches, sometimes there will be lip-service paid but circumventions in practice, and sometimes there will be direct resistance to anti-corruption efforts. Corrupt politicians will defend their vital interests, vehemently and sometimes even violently.

The means and tools available to donor agencies for addressing this problem are constrained. The political leverage of donor agencies is limited. Furthermore, the political will of the donors themselves can be questioned. Aid priorities and other political concerns motivating aid may work in direct opposition to apparent interference in the domestic affairs of sovereign states. Certain aid policies and modalities, such as direct budget support, decentralisation and privatisation, may become rather problematic when seen from an anti-political corruption perspective. Donor coordination on such politically sensitive issues is a formidable challenge. The ambitions of donors differ greatly, and so does their emphasis on corruption. There have been instances where some donors have withheld or withdrawn support, at least temporarily, because of corruption, whereas at the same time others have increased their support. How can donors ensure that they speak with one voice and send a clear message?

There are at least three types of strategic option available to donors - to support democratisation processes, to improve information on and analysis of how political systems work, and to strengthen the coordination of responses among donors.

Option: Support to democratisation processes

It can safely be argued that democratisation is the only long-term sustainable strategy available to eradicate systemic political corruption. Democratisation includes two basic processes: increased horizontal accountability (efficient and credible institutional checks and balances), and increased vertical accountability (deepened popular control through voice and participation).

Horizontal accountability is of particular importance in combating political corruption. This refers to the system of institutional checks and balances, of constitutional and institutional controls in-between elections. These include, among others, the executive (government and state admin-

istrative agencies), the judiciary and the legislature, and the various special institutions of oversight and control like ombudsmen, investigators, attorneys and auditors. Most political systems include formal rules and procedures meant to restrain the exercise of political power and to safeguard human and political rights, but the formal establishment and existence of institutions of horizontal accountability does not in itself mean that they are efficient. In developing countries with embedded political corruption these institutions are particularly weak.

There are two basic institutions of checks and balances that have not received sufficient donor attention as yet: the parliament and the judiciary. Both are pivotal for any meaningful, democratic control of political corruption, but at the same time they are in many countries an important part of the corruption problem.

Strengthening parliaments

The basic approach to strengthening parliaments is to push for constitutional reforms that help to secure their autonomy. Parliamentary autonomy refers to its independence from the executive branch. It is its ability to carry out its mandate, to interact with and not be subjected to pressure from the presidency, and to play the vital democratic role of checks and balances. In practical terms, it is about constitutional guarantees, and autonomy in respect of personnel and finance. This is a long and cumbersome process, but should nevertheless be the ultimate aim of any engagement with parliamentary systems.

There are medium-term possibilities in terms of support to specific parliamentary committees, research and evaluation capacity, administrative capacity, and issues like the disclosure of parliamentary votes and better communication between legislators and their constituencies. One example is the Vietnamese parliament, which is weak in terms of its mandate and in terms of one-party rule. Still, with some donor assistance it has become a relatively proactive institution, fulfilling some of its accountability functions.¹

¹ On the role of parliament and parliamentarians, see Odd-Helge Fjeldstad: The fight against corruption and the role of parliamentarians (CMI Working Paper 2002:6): <http://www.cmi.no/publications/publication.cfm?pubid=777>

See also U4's Selected Literature on Government oversight and control bodies for studies with recommendations on parliament and parliamentary committees: <http://www.u4.no/document/literature.cfm?key=27>

See Project Database for U4 partner agencies' projects on parliament and parliamentary committees (5): <http://www.u4.no/projects/keywords.cfm>

Strengthening courts

To assist courts to fulfil their accountability function and serve as institutions of political checks and balances, the most promising approach is to push for constitutional reforms that help to secure their autonomy. A main aspect of this autonomy would be freedom to choose personnel (e.g. in many countries judges are nominated by the president) and financial security.

One should also demand transparency, and justification for court decisions and actions (answerability). Even within presidential systems with little autonomy, the accountability function of courts can be strengthened through improvements in infrastructure (library, computers, and court records), court administration, education of judicial personnel and support staff, legal aid and literacy, and research assistance, in addition to reform of appointment procedures and budgetary autonomy.¹

¹ See Project Database for U4 Partner Agencies' projects on judicial independence, integrity, and efficiency:
<http://www.u4.no/projects/keywords.cfm>

See also the report by Skaar, Samset, and Gløppen, 2004: Aid to judicial reform: Norwegian and international experiences (CMI Report R 2004: 12):
<http://www.cmi.no/publications/publication.cfm?pubid=1924>

Option: Improve information and analysis

Much of the failure and lack of impact of donor-assisted efforts to combat political corruption has its root in a lack of proper problem analysis and weak research-based programming. Although the ambition of donor coordination and working groups as well as of individual donor agencies has been to collect and share information, inadequate analysis and contradictory interpretations have sometimes got in the way of strong, unified donor approaches. The problem of political corruption varies considerably in form, magnitude and structure. A government rich in mineral wealth (for example, an 'oil cursed' country) is very different from a resource-strained, indebted and aid-dependent regime, both in terms of how resources are extracted and in terms of donor country leverage.

In-depth political economy studies are necessary to get the targeted action right. Political economy is most commonly used to refer to interdisciplinary studies that draw on economics, law and political science in order to understand how political institutions, the political environment and capitalism influence each other. In the donor community, political economy analyses have mainly been used to understand informal and customary political systems, patrimonialism and patronage, predatory political elites and authoritarian government, and the relationship between economic and political power within states.

Two types of analysis in recent years have been important in building this type of knowledge: National Integrity System studies and Drivers of Change analyses:

Drivers of Change analysis

Although the Drivers of Change (DoC) approach is broader than political corruption per se, the development community increasingly recognises that effective programmes must be grounded in an understanding of the economic, social and political factors that either drive or block change within a country. The Drivers of Change approach has emerged within the UK's Department for International Development (DFID) as a way of applying political economy analysis to the development of donor strategies. Various DoC studies have been carried out involving in-depth, country-level analysis in order to identify the opportunities, incentives and blockages to pro-poor change in a given country. The DoC methodology seeks to identify the political institutions, structures and agents that can act as key levers for enabling pro-poor change and therefore improving the effectiveness of aid.¹

¹ See Governance and Social Development Resource Centre (GSDRC), which has developed special resources on Drivers of Change (DoC), and lists a number of downloadable reports on the methodology, approach and country analyses:
<http://www.gsdr.org/>

Various DoC studies have been carried out involving in-depth, country-level analysis of countries like Angola, Bangladesh, Bolivia, Cambodia, Georgia, Kenya, Kyrgyzstan, Malawi, Mozambique, Nigeria, Pakistan, Peru, Tanzania, Uganda, and Zambia.

National Integrity System studies

The concept of National Integrity System studies (NIS) has been developed and promoted by TI as part of its holistic approach to countering corruption. The NIS consists of the key institutions, laws and practices that contribute to integrity, transparency and accountability in a society. When it functions properly, the NIS combats corruption as part of the larger struggle against abuse of power, malfeasance, and misappropriation in all its forms. The NIS approach provides a framework with which to analyse both the extent and causes of corruption in a given national context, as well as the adequacy and effectiveness of national anti-corruption efforts. By diagnosing the strengths and weaknesses of a particular integrity system, an evaluation based on the NIS can help inform anti-corruption advocacy and reform efforts.

The main 'pillars' of the NIS are considered to be the following:

(...continued)

- Executive, Legislature and Judiciary
- Political Parties and Electoral Commissions
- Supreme Audit Institution
- Public Sector institutions like Police and Prosecutors, Ombudsmen, Anti-corruption agencies
- Public Procurement
- Media
- Civil Society
- Private Sector
- Regional and Local Government
- International Institutions

The NIS approach underpins many aspects of TI's work, including much of the national and international advocacy undertaken by the TI movement. It also provides the conceptual basis for many TI publications. NIS studies say a lot about legal and institutional loopholes and bottlenecks, but the NIS approach has been criticised for a weak emphasis on the supply side, on international companies as bribe payers and corruption drivers. The studies have also sometimes adopted a legalistic approach, emphasising the legal framework (that needs reform) but less the political framework for democratic control.¹

¹ See TI's NIS studies pages (http://www.transparency.org/policy_research/nis), with the full text of NIS studies from the following countries (September 2006): Argentina, Armenia, Australia, Bangladesh, Bosnia and Herzegovina, Botswana, Brazil, Bulgaria, Canada, Caribbean (composite), Colombia, Cook Islands, El Salvador, Fiji, Ghana, Gambia, Guatemala, Honduras, India, Jamaica, Jordan, Kazakhstan, Kenya, Kiribati, Lithuania, Malawi, Marshall Islands, Mexico, Micronesia, Mongolia, Nepal, Netherlands, New Zealand, Nicaragua, Nigeria, Sierra Leone, Senegal, Pakistan, Papua New Guinea, Panama, Paraguay, Peru, Romania, Serbia, Samoa, South Africa, South Korea, Sri Lanka, Tanzania, Trinidad and Tobago, Uganda, United Kingdom, Zambia. Please note that some of these studies are as old as from 2000 and in need of updating.

Option:

Strengthen donor coordination

Donor coordination is increasingly being understood as pivotal for donor agencies to have any influence over political corruption. In particular, it is seen as important to send a single message and to speak with one voice in cases where sanctions are needed. Therefore, donor cooperation is happening at international, regional and local levels..

DFID recently commissioned a study of in-country donor coordination mechanisms for anti-corruption work (Green, Hubbard and Larbi (2004) Cooperating against corrup-

tion²⁷). Not surprisingly, the report revealed that donor harmonisation and aid alignment are inadequate in most countries where donors are active. More efficient cooperation and coordination can be undertaken at the country level in terms both of programmes and of projects.

The positive initiatives and the organisation/coordination of donors into consultative and working groups in Uganda can serve as a model for others to learn from. The U4 pages on donor coordination²⁸ as well as the Uganda pages²⁹ highlight specific examples of donor coordination on the ground. Here you will find interesting analysis, literature and information on donor coordination.

The OECD Development Assistance Committee¹

The OECD Development Assistance Committee (DAC)² and its Network on Governance (GOVNET) is the principal body through which the OECD deals with issues related to co-operation with developing countries. DAC has identified corruption as a core issue and donor collaboration as a priority. In the light of the growing need for strengthened donor collaboration in anti-corruption work, the GOVNET Task Team has drafted the DAC Revised Principles for Donor Action in Anti-Corruption³.

¹ See the excellent OECD report from 2003: Synthesis of Lessons Learned of Donor Practices in Fighting Corruption.

² OECD DAC's website: http://www.oecd.org/department/0,2688,en_2649_33721_1_1_1_1_1,00.html

³ DAC Revised Principles for Donor Action in Anti-Corruption [PDF]: <http://www.oecd.org/dataoecd/8/54/35901020.pdf>

CHALLENGE: HOW CAN THE HOLES OF ILLICIT EXTRACTION BE PLUGGED?

This question has a supply and a demand side. The supply side issue concerns donor country companies offering bribes in business transactions, while the demand side issue concerns opportunities for enrichment used by recipient governments. How can donors help remove such opportunities?

Option:

International and supply side issues

Among the options available to donors for assisting in curbing extractive political corruption, the international and

²⁷ Green, Hubbard and Larbi (2004) Cooperating against corruption: <http://www.u4.no/document/showdoc.cfm?id=120>

²⁸ U4 Theme page on donor coordination: <http://www.u4.no/themes/coordination/main.cfm>

²⁹ U4 Theme page on Uganda: <http://www.u4.no/themes/uganda/main.cfm>

supply side issues are indeed important. See for instance the U4 overview pages on anti-corruption conventions³⁰ for an update on the scope and powers of international legislation, and the OECD Fights Corruption brochure³¹ for an overview of OECD approaches, which focus largely on supply side issues like export credits, tax deductibility and business conduct. Indeed, the OECD convention itself, which bans the bribery of foreign public officials, has a strong international supply focus.

On the supply side we also have issues like transparency in international banking and trade, the role of market power, monopolies, competition and anti-trust measures, which are addressed for instance by the International Competition Network³². In this category, the Extractive Industries Transparency Initiative (EITI) is particularly interesting.

Extractive Industries Transparency Initiative (EITI)

EITI is supported by DFID and other donors, and aims to ensure that the revenues from extractive industries contribute to sustainable development and poverty reduction. The EITI works to ensure due process and transparency in payments by the extractive industries and companies to governments and public bodies, and that the revenues collected are properly reported by those governments. At the core of the initiative is a set of Principles and Criteria that establish how EITI should be implemented. A number of companies and two countries (Nigeria and Azerbaijan) have now signed the initiative.¹

¹ See the Extractive Industries Transparency Initiative (EITI) homepage for more information and links to specific EITI countries: <http://eitidev.forumone.com/>

Option: Special institutions of control

The internal, demand side issues in partner countries are addressed to a lesser extent, but there are options for donors also on this issue. Basically, it is a question of increasing transparency and accountability, and of strengthening the special institutions of oversight and control.

In addition to the two core institutions of checks and balances, the parliament and the courts, there are special state institutions of control and accountability such as the Directorate of Ethics and Integrity, the Directorate of Public

³⁰ U4 web-page on Anti-Corruption Conventions: <http://www.u4.no/themes/conventions/intro.cfm>

³¹ OECD Fights Corruption: <http://www.oecd.org/dataoecd/36/51/37418910.pdf>

³² International Competition Network: <http://www.internationalcompetitionnetwork.org/>

Prosecutions, the Police, the Inspector General of Government and the Office of the Auditor General. These are often in need of comprehensive reform of their mandate and autonomy, as well as in their capacity, and they have received much (but sometimes biased) attention and donor support.

One of the most over-estimated (and over-supported) institutions is the anti-corruption commission, an institution whose independent role is impossible in highly corrupt countries and whose effect on political corruption has been very limited.

African Anti-Corruption Commissions

Our study found a lack of synchronicity and compatibility between the needs, aims, motivations, capacities and expectations of governments, donors and ACCs. This leads to a lack of coordination, complementarity and confidence between the three parties, which, in turn, is connected to their differing 'lifecycles'.

The lifecycle of a new ACC is characterized by initially high expectations from governments and donors but the ACC is an infant organization unable to meet the unrealistic expectations imposed upon it. This failure usually means that there is no sustained support for the ACC which limits its capacity to develop as an organization. This failure 'to thrive' encourages disillusionment in governments, donors and in ACCs themselves.

The lifecycle of governments involves the gradual displacement of anti-corruption as a high priority and indeed political commitment is frequently confined to exposing the crimes of previous regimes. Governments experience periods of instability and, where ACCs investigate corruption at the highest political levels, the response is not often supportive. Rather, ACC Directors are dismissed, authority to prosecute is withheld in sensitive cases and under-resourcing of the ACC becomes the norm, further undermining its capacity and reputation.

When discredited governments are toppled or new leaders emerge, donors become enthusiastic again and the neglected ACC is reborn or reconstituted. Where once donor support had been difficult to obtain, or had even been withdrawn, suddenly there is a rush to support the ACC with a new set of expectations. The previous famine of resources is replaced by a feast but the ACC often lacks the infrastructure and capacity to make effective use of the sudden increase in funds. Donor neglect is, at worst, replaced by donor competition and, at best, by inadequate and irregular donor coordination.¹

¹ Excerpts from a U4 commissioned report. For the full report, with pitfalls, lessons learned and recommendations, see the U4 theme pages on African Anti-Corruption Commissions: <http://www.u4.no/themes/aacc/exsummary.cfm>

Other special institutions of control that receive various levels of donor support are auditors and prosecutors. Without going into detail on the modality of this support, the principle is simple: without these institutions, accountability and democratisation are impossible. Even if they cannot perform and cannot deliver on political corruption control at the moment, and investigators and prosecutors are frustrated about lip service and manipulation, these institutions are needed for support. They should be in place when there is a change in government or a reform-oriented minister takes over, and they can perhaps impose some counter-balancing weight in the meantime. Donors should assist their survival in a hostile climate.

A former Minister of Ethics and Integrity in Uganda said in an interview with U4 that the Inspector General of Government had never prosecuted any 'big fish' or 'political untouchables' because of political restrictions, and expressed doubts that it ever could under the current government. On our asking whether the donors should then simply withdraw all funding from the inspectorate on these grounds, she said "Oh no, the institution will be needed one day! Better to have it, even with a weak mandate and no impact on political corruption, than to re-invent it when the day comes and it is needed again".³³

Option: Income and assets declaration

In addition to the supply side issues, donors also have options in various methods to assist in curbing demand-driven political corruption and extraction. Three methods employed with some success, and partly supported by international donors, are the Publish What You Pay Campaign (PWYP), compulsory declaration of assets and incomes by senior politicians and bureaucrats, and various procurement reforms.

The Publish What You Pay Campaign (PWYP) is increasing its momentum. The PWYP campaign is an international NGO initiative to put pressure on international companies to publish what they pay in taxes, bonuses, fees etc. to the governments of certain mineral-rich countries.

³³ See U4's Selected Literature list on Government oversight and control bodies for studies with recommendations on audit offices, public complaints offices, and ombudsmen: <http://www.u4.no/document/literature.cfm?key=4>

See also CMIBrief Strengthening Supreme Audit Institutions (vol.4, no.1, 2005): <http://www.cmi.no/publications/policybrief/2005/SupremeAuditInstitutonsWeb.pdf>

See also U4's Project Database for U4 partner agencies projects on auditor general and national audit offices, ombudsmen and inspectorates, public accounts committees, and investigation and police: <http://www.u4.no/projects/keywords.cfm?key=2/2&endyearmin=2003>

Publish What You Pay

The Publish What You Pay campaign aims to help citizens of resource-rich developing countries to hold their governments accountable for the management of revenues from the oil, gas and mining industries. Natural resource revenues are an important source of income for the governments of over 50 developing countries. At the same time, twelve of the world's 25 most mineral-dependent states and six of the world's most oil-dependent states are classified by the World Bank as "highly indebted poor countries" with some of the world's worst Human Development Indicators, including Angola, Congo-Brazzaville, Kazakhstan and Venezuela. When properly managed, the revenues could serve as a basis for poverty reduction, economic growth and development rather than exacerbating corruption, conflict and social division.

The Publish What You Pay coalition of over 280 NGOs worldwide calls for the mandatory disclosure of the payments made by oil, gas and mining companies to all governments for the extraction of natural resources. This is a necessary first step towards a more accountable system for the management of revenues in resource-rich developing countries.

Revenue transparency itself is a fundamental criterion for good governance: you cannot manage what you cannot measure. Natural resources are held in trust by the state for the citizens of a country. Those citizens have a clear right to information about the management of revenues associated with their resources. The campaign calls for multinational oil, mining and gas companies to reveal the same basic information about net payments to a state in the developing world that they already routinely disclose in the developed world. State-owned enterprises must also be financially accountable for payments made to their governments and revenues received. Together, this information will help citizens of resource-rich but poor countries to call their governments to account over the management of revenues and thereby seek a democratic debate over their use and distribution.

Companies can often be perceived to be complicit in corruption and the deterioration of social conditions in poor countries where they operate, even though they are providing a valuable source of investment that, when managed transparently and responsibly, should be a source of growth and development that will benefit all citizens.^{1s}

¹ See the Publish What You Pay homepage for background, objectives, toolkits, benchmarks, reports and news on the campaign: <http://www.publishwhatyoupay.org/english/>

see also Revenue Watch for country reports and literature: <http://www.revenuewatch.org/>

Disclosure of assets

Many countries have laws and rules governing the declaration of assets, because disclosure reduces the chance of corruption. The purpose of obtaining public officials' declarations is to identify what wealth is not fairly attributable to income, gifts, or loans. The compilation demonstrates the wide range of approaches to restraining officials' undesirable conduct. Knowing how other countries have approached this issue can help those who are drafting officials' asset declaration laws, or making changes to existing ones.

In Uganda, for instance, independent journalists have taken the "The Leadership Code Act" of 2002 seriously. The act obliges all top and middle-ranking officials to declare their assets, and investigative journalists supported by NGOs have been checking the accuracy of the publicly available declarations and documented assets (farms, villas, apartments, cars...) through photos, public registers and interviews with neighbours and tenants. Huge discrepancies have been revealed, sometimes leading to criminal investigation.¹

¹ See the World Bank pages on Assets Declaration of Public Officials for examples of laws, rules and procedures on asset disclosure, and discussions on their application:

<http://www1.worldbank.org/publicsector/civilservice/assets.htm>

See also further reading on U4's Selected Literature pages on asset disclosure:

<http://www.u4.no/document/literature.cfm?key=16>

Procurement reform

Public procurement is broadly defined as the purchasing, hiring or obtaining by any other contractual means of goods, construction works and services by the public sector. Public procurement is alternatively defined as the purchase of commodities and contracting of construction works and services if such acquisition is effected with resources from state budgets, local authority budgets, state foundation funds, domestic loans or foreign loans guaranteed by the state, and foreign aid as well as revenue received from the economic activity of state. Public procurement thus means procurement by a procuring entity using public funds. The items involved in public procurement range from simple goods or services such as paperclips or cleaning services to large commercial projects, such as the development of infrastructure, including roads, power stations and airports.

Political corruption takes place mainly within large-scale procurement controlled by central government, and to a large degree in military procurement. An assessment of the defence budget in partner countries is especially delicate but indeed necessary because budget

funds are fungible and because budget support is becoming a more and more important form of aid.¹

¹ See the IMF working paper Corruption and Military Spending by Gupta et al (2000) for the link between corruption and military spending:

<http://www.imf.org/external/pubs/ft/wp/2000/wp0023.pdf>

See BICC paper Incorporation of Defence Expenditures into Public Expenditure Work [PDF] on how donors can help reform the budget process to incorporate defence spending:

http://www.kfw-entwicklungsbank.de/EN_Home/Service/Onlinelibr23/PDF-Dokumente/Gutachten_e.pdf

See also the U4 Theme pages on Public Finance Management for a discussion on direct budget support and corruption:

<http://www.u4.no/themes/pfm/main.cfm>

CHALLENGE: HOW CAN THE CORRUPT USE OF RESOURCES FOR POWER PRESERVATION BE CONSTRAINED?

How can practices of buying political support to stay in power be restricted? The corrupt use of public and private money by power-holders to maintain their hold on power is to a large extent a question of democratic accountability. It is a question of democratic reform to strengthen parliaments, courts and other institutions of horizontal accountability (see above), but also a question of vertical accountability.

Vertical accountability is citizen influence through the election channel (electoral processes) and through direct political action. It entails giving the people a voice and creating the conditions for political change from below. It requires real opportunities for citizens to exercise their basic civil liberties like the freedom of assembly, association, speech and the press. It also requires basic political freedoms like free and fair elections (with a level political playing field, real alternatives and elections with a possible impact on the composition of government). It includes the right of citizens to change their government.

Option: Strengthened election channel

The formal side of vertical accountability is the election channel. Free and fair elections are essential, but so are the legal provisions for and functioning of political parties. Multilateral and bilateral donors have been supporting and can further support democratisation processes and the vertical accountability channel through support to the practical sides of the election systems. This can also be done through assistance to the enactment of legislation on party and campaign finance. In this line, electoral commissions and electoral monitoring become important for securing free and fair elections.

Legal provisions for regulating political parties are important, and so is their financing. The 'vote for me' one-man party organisations without a programme, membership

base or internal democracy can be reformed through support to party system regulations and training. The democratic function of the political parties can be strengthened by enhancing their internal levels of democracy.

Support to political parties is now increasingly on the donor agenda because they are understood as an essential part of a representative, constitutional democracy. However, it is still unclear how political parties can be made accountable and democratic. See the articles *International Political Party Assistance: An Overview and Analysis*³⁴ and *Political Party Aid*.³⁵

Electoral Commissions

At the core of the administration of an election lies the official body responsible for its conduct. In some countries civil servants run the practical aspects of an election with political party representatives monitoring their conduct. However, the trend is now in favour of a separate, stand-alone Electoral Commission, which drafts in the staff needed to run the poll on election days.

The basic approach to strengthening electoral commissions is to push for constitutional and legal reforms that can secure their autonomy. At the core of the Commission's independence lies the constitutional and legal basis for its mandate, the manner in which the commissioners are appointed, and how the commission is financed. Ideally, the commission should make voter registration, receive nominations of candidates and check their eligibility, design ballot papers, physically arrange and conduct the polls, and compile and announce the results.¹

1 See TI's Source Book 2000 chapter 18 on "Free and Fair Elections.":
<http://www.transparency.org/publications/sourcebook>

See also the Electoral Commission of the UK for an outline of regulatory principles:
<http://www.electoralcommission.org.uk/>
... as well as their page with links to a large number of Electoral Commissions around the world:
<http://www.electoralcommission.org.uk/elections/Othercommissions.cfm>

34 *International Political Party Assistance: An Overview and Analysis*:
http://www.clingendael.nl/publications/2004/20041000_cru_working_paper_33.pdf

35 *Political Party Aid*:
http://www.idea.int/parties/upload/Political_Party_Aid_by_Carothers_Oct04.pdf

Transparent Party Financing

External technical support to political parties can be important to "level the playing field", and assistance may include advocacy for equal access to media coverage or legal reforms to ensure equitable and transparent party financing. Support to parties can be oriented to the internal operations of parties, in fundraising, campaign planning, candidate selection and training. When directed strategically, and to the public at large, these initiatives can ensure that parties maintain real links with the community, draw broad and diverse representation, are accountable to their constituents and have democratic internal structures.

Political parties often lack favourable conditions and incentives for accountable and transparent party financing, and may be dependent upon local political "barons". A sound regulatory climate should, for instance, ensure openness in who gave how much to whom - both to candidates and to parties - demand audited accounts (with a low threshold for disclosure), bans on contributions from suspect individuals and corporations, and ceilings on contributions.

A project example is the NGO monitoring of the 2000 local and national parliamentary elections in Romania. This project was conducted by NGO Asociatia Pro Democratia (APD) and aimed to increase transparency in party financing by focusing attention on the issue, monitoring compliance with financing regulations, and drafting and advocating a new law on political party financing. In the local elections the project monitored political advertising through newspapers, posters, billboards, and banners in four major towns. In the national elections it monitored advertising on TV, radio, press and outdoor ads. Estimates of expenditure on advertising were compared with parties' official income declarations. The findings indicated that spending exceeded declared income tenfold across party lines. The project placed the issue of political party finance high on the public agenda and produced benchmark figures on the cost of campaign activities. The draft law served as input into later legislative amendments adopted by the government in 2003¹.

1 See TI's Corruption Fighters' Tool Kit, 2003 part III on Election Campaigns:
http://www.transparency.org/tools/e_toolkit/corruption_fighters_tool_kit_2002

See also International Institute for Democracy and Electoral Assistance (IDEA)'s theme pages on political parties for information on party assistance and party finance:
<http://www.idea.int/index.cfm>
<http://www.idea.int/parties/index.cfm>

Option: Strengthened civil society

Vertical accountability can also be exercised through other channels like the media, civil society, and direct political action (demonstrations, petitions, etc.). Business, traditional and religious communities, and a number of different organisations can also raise political demands if they are well organised and not subject to clientelist capture. History has demonstrated how the trading companies and economic elites ('the city bourgeoisie') of pre-industrial Europe managed to reduce the power of the absolutist kings and reform the state. One question is thus what it would take for business communities and economic elites in weak, corrupt states to demand the rule of law and institutional guarantees instead of seeking protection from some 'big men' within the system.

It is still an unresolved question how the donors can support these non-electoral channels of vertical accountability. What interest groups, business organisations, civil society organisations, religious and ethnic organisations, and media can constitute counter-balancing powers and positive change factors? The Drivers of Change analyses are attempts to bridge this knowledge gap.

Donors can, for instance, consult a range of national stakeholders and seek opportunities for intervention from outside as well as from inside the regime, within the governing party, or wherever reform-minded individuals are located. There will always be groups within a power structure, and within sectors and institutions, who are able to champion anti-corruption initiatives. Donors could give special support to these reform-minded people to give them added leverage in their opposition to the regime. Strategic donor thinking around 'drivers for change', 'promoters of change' and 'islands of integrity' fall in line with this perspective, although these approaches need further development.

LITERATURE AND LINKS ON POLITICAL CORRUPTION

Theory and analysis

Political corruption: An introduction to the issues

Amundsen, Inge (1999), CMI, Bergen, 1999:WP7.
<http://www.cmi.no/publications/1999/wp/wp1999-7.pdf>

Corruption is generally defined as the misuse of public authority, and political corruption is here defined as corruption in which the political decision-makers are involved. In addition to a review of the various definitions of corruption a classification of the various forms of corruption (bribery, embezzlement, fraud and extortion), this paper presents two alternative theories on corruption ("extractive" and "redistributive") in order to illustrate the effects of corruption in various regime types. Furthermore, the paper presents some causes and effects of corruption, in particular in economic and political terms. Finally, the various sources of anti-corruption initiatives and endowments are discussed. Even when the effect of democratisation in curtailing corruption is not too strong according to the statistics available, the basic argument in this paper is that political corruption can only be checked and reduced by further democratisation and concerted efforts (noting the dilemma that each of the possible sources of anti-corruption efforts are also possible sources of corruption).

La criminalisation de l'Etat en Afrique

Bayart, Jean-François; Stephen Ellis & Béatrice Hibou (1997) Paris, Editions Complexe

Fraud, large scale trafficking, savage plunder of resources, economy of pillage, privatizations of institutions, criminal power politics, multiplication of armed militias, extension of wars ... Black Africa seems to be on the point of criminalization of the state. Far from the taboos of anecdotic stereotypes, based on an intimate knowledge of economic, cultural, political and military processes in play on the continent, the three authors of this book suggest criteria, develop an analysis and present a diagnosis; rather dark but still open.

"Assessing political will for anti-corruption efforts: an analytic framework"

Brinkerhoff, Derick W. (2000), in Public Administration and Development, vol.20, no.3, pp.239.

This article focuses on analyzing political will as it relates to the design, initiation, and pursuit of anti-corruption activities. The article elaborates an analytic framework for political will that partitions the concept into a set of characteristics/indicators, and elaborates the external factors that influence the expression and intensity of political will in a particular situation. The conceptual model identifies the links among the characteristics of political will and these external factors, and traces their resulting influence on the

support for, design of, and outcomes of anti-corruption reforms. The conceptual framework for political will draws upon analysis and field experience with implementing policy change in a variety of sectors, including anti-corruption. The article closes with recommendations on the practical applications of the framework.

"The Dynamics of Political Corruption: Re-examining the Influence of Democracy"

Blake, Charles H. & Christopher G. Martin (2006), in Democratization, vol.13, no.1, February 2006, pp.1-14.

With the emergence of the Corruption Perceptions Index (CPI), several recent studies have conducted cross-national, empirical analyses of the determinants of political corruption as measured by the CPI. These studies find stable support for the importance of economic factors (such as national wealth and trade) while the role of political factors has been limited. This article develops some conceptual and methodological modifications to the study of democracy's influence on the probability of corruption. These changes demonstrate that the consolidation of a vital democracy maintained over time exercises a more powerful influence over corruption than past research had indicated.

Africa Works - Disorder as political instrument

Chabal, Patrick & Chaloz, Pascal (1999), Oxford, James Currey.

Are there social, political and cultural factors in Africa which aspire to the continuation of patrimony and conspire against economic development? This work addresses this and other questions in its examination of the political instrumentalization of disorder. See in particular the chapter The Ab(use) of Corruption: "For socially and culturally instrumental reasons, the real business of politics is conducted outside of the official political realm. Within such a political 'order', in which there is little meaningful institutionalization, the notion of corruption, as habitually defined in Western politics, is of little significance". Contents: The informalization of politics (Whither the state? The illusions of civil society. Recycled elites); The re-traditionalization of society (Of masks and men - the question of identity. The use and abuse of the irrational - witchcraft and religion. Warlords bosses and thugs - the profits of violence), The productivity of economic "failure" (The moral economy of corruption. The bounties of dependence. What if Africa refused to develop?) and Conclusion - a new paradigm - the political instrumentalization of disorder.

Political Corruption in the Caribbean Basin: Constructing a Theory to Combat Corruption

Collier, Michael (2005), New York, Routledge.

Caribbean political corruption undermines the legitimacy of governments, arrests state economic growth and threatens state security. This book focuses on the political corruption in the Caribbean Basin using historical and comparative approach. It includes issues like key definitions and

explanations of political corruption, theoretic issues like the “Constructivist Analytic Framework”, “Political Corruption Agency Analysis” and “Political Corruption Structural Analysis”, and deals with concrete examples as well as international aspects. This book investigates the domestic and international causes of political corruption in the Caribbean Basin. The study’s theoretical framework centres on an interdisciplinary model of political corruption built within the rule-orientated constructivist approach to social science. Incorporating case studies of political corruption from Jamaica and Costa Rica, the book analyses the political, economic and social factors that affect political corruption and the different levels of regional corruption that can be found. The study highlights the importance of developing interdisciplinary theories of complex social behaviours, such as political corruption, if we are to combat such problems.

Corrupt Exchanges. Actors, resources, and Mechanisms of Political Corruption.

Della Porta, Donatella (1999), New York, Aldine de Gruyter.

Challenging a longstanding belief that political corruption flourishes primarily in developing countries, authoritarian regimes, or societies that tacitly favour patrimony, this text argues that corruption is a problem in most if not all democracies. Focussing on the more conspicuous Italian case, using a combination of primary research methods (judicial proceedings, in-depth interviews, parliamentary documents press debates, etc.) as well as cross-national comparisons, the authors present a model for analyzing corruption as a network of illegal exchanges.

Corruption: A review of contemporary research

Fjeldstad Odd-Helge and Jens Chr. Andvig, with Inge Amundsen, Tone Sissener and Tina Søreide (2001), CMI, Bergen, 2001:R7.

<http://www.cmi.no/publications/2001/rep/r2001-7.pdf>

During the last decade corruption has become a topical issue in the international development policy debate. Research on corruption has also expanded rapidly, taking many different directions both within and across disciplines. This report provides an overview of contemporary research on corruption. The academic focus is on economic approaches, but perspectives from political science and social anthropology are also included. The presentation is mostly non-technical, although a few expositions of more analytically demanding matters are included. Relevance for development policy is the underlying guide for the selection of topics that are included in the study. The report should be useful for development practitioners and foreign aid officials, as well as for students and journalists interested in development issues.

“Political Institutions and Corruption: The Role of Unitarism and Parliamentarism”

Gerring, John & Strom C. Thacker (2004), in *British Journal of Political Science*, vol. 34, pp.295-330.

A raft of new research on the causes and effects of political corruption has emerged in recent years, in tandem with a separate, growing focus on the effects of political institutions on important outcomes such as economic growth, social equality and political stability. Yet we know little about the possible role of different political institutional arrangements on political corruption. This article examines the impact of territorial sovereignty (unitary or federal) and the composition of the executive (parliamentary or presidential) on levels of perceived political corruption cross-nationally. We find that unitary and parliamentary forms of government help reduce levels of corruption. To explain this result, we explore a series of seven potential causal mechanisms that emerge out of the competing centralist and decentralist theoretical paradigms: (1) openness, transparency and information costs, (2) intergovernmental competition, (3) localism, (4) party competition, (5) decision rules, (6) collective action problems, and (7) public administration. Our empirical findings and our analysis of causal mechanisms suggest that centralized constitutions help foster lower levels of political corruption.

“Pork Barrel Politics in Postwar Italy, 1953-1992”

Golden, Miriam (with Lucio Picci (2006) (Rev. version, March 2006; originally prepared for presentation at the 2005 annual meetings of the American Political Science Association, Washington, D.C., September 1-4.)

http://www.golden.polisci.ucla.edu/recent_papers/paper_2006_03_15.pdf

This paper analyzes the political determinants of the distribution of infrastructure expenditures by the Italian government to the country’s 92 provinces between 1953 and 1992. Extending implications of formal theories of legislative behavior to the context of open-list proportional representation, we examine whether individually powerful legislators and ruling political parties direct spending to core or marginal electoral districts, and the extent to which opposition parties share resources via a norm of universalism. We show that districts characterized by politically more powerful individual deputies from the governing parties received higher amounts of investments. We interpret this result as indicating that legislators with political resources sought to reward their core voters by investing in public works in their districts. The governing parties, by contrast, were not able to discipline their own members of parliament sufficiently to target the parties’ areas of core electoral strength. In Italy’s weak party system, the political influence of powerful individual legislators trumped the political imperatives of the ruling parties. Finally, we find no evidence that a norm of universalism operated to direct resources to areas where the main opposition party was strong.

Political Corruption. Beyond the Nation State

Harris, Robert (2003), Routledge.

This book, combining scholarship with readability, shows that political corruption must itself be analysed politically.

Spectacularly corrupt politicians - the exception rather than the rule - are usually symptoms, not causes, and much political corruption is simply normal politics taken to excess. But in a world in which anti-corruption strategies themselves are often thinly disguised examples of political corruption, the ways in which political systems address their own corruption are as varied and fascinating in character as crucial to comprehend.

Political Corruption. Concepts and Contexts

Heidenheimer, Arnold J. & Michael Johnston (eds) (2002), Third Edition. New Brunswick/London, Transaction Publishers.

Building on a nucleus of classic studies laying out the nature and development of the concept of corruption, the book incorporates recent work on economic, cultural, and linguistic dimensions of the problem, as well as critical analyses of approaches to reform. Two-thirds of the nearly fifty articles are especially written or translated for this volume, or based on selected journal literature published in the 1990s. The tendency to treat corruption as a synonym for bribery is illuminated by analyses of the diverse terminology and linguistic techniques that distinguish corruption problems in the major languages. Recent attempts to measure corruption and to analyze its causes and effects quantitatively are also critically examined. New contributions emphasize corruption phenomena in Asia and Africa, contrasts among region and regime types, the incidence U.S. state corruption, European Party finance and corruption; assessments of international corruption ratings, analyses of international corruption control treaties, and unintended consequences of anti-corruption efforts. Cumulatively, the book combines descriptive richness, analytical thrust, conceptual awareness, and contextual articulation.

"Political Corruption: Problems and perspectives"

Heywood, Paul (1997), in *Political Studies*, vol.45, no.3, pp.417-435.

(no summary available)

The Political Economy of Corruption

Jain, Arvind K. (ed.) (2001), London, Routledge.

"Grand" corruption, generally used to define corruption amongst the top political elite, has drawn increasing attention from academics and policy makers during recent years. Our understanding of the causes and mechanisms of this type of corruption, however, falls short of its importance and consequences. This volume provides theoretical analysis of economic and political conditions that allow "grand" corruption to survive as well as case studies and empirical analysis that supports the theoretical models used.

Syndromes of Corruption. Wealth, Power, and Democracy

Johnston, Michael (2005), New York, Cambridge University Press.

Corruption is a threat to democracy and economic development in many societies. It arises in the ways people pursue, use and exchange wealth and power, and in the strength or weakness of the state, political and social institutions that sustain and restrain those processes. The book argues that the differences in these factors give rise to four major syndromes of corruption: Influence Markets, Elite Cartels, Oligarchs and Clans, and Official Moguls. The book employs statistical measures to identify societies in each group, and case studies to show that the expected syndromes do arise. Countries studied include the United States, Japan and Germany (Influence Markets); Italy, Korea and Botswana (Elite Cartels); Russia, the Philippines and Mexico (Oligarchs and Clans); and China, Kenya, and Indonesia (Official Moguls). A concluding chapter explores reform, emphasizing the ways familiar measures should be applied - or withheld, with an emphasis upon the value of 'deep democratization'.

"Myths about Governance and Corruption"

Kaufmann, Daniel (2005), World Bank Institute. Paper, November 2005.

http://www.worldbank.org/wbi/governance/pdf/2-1_GCR_Kaufmann.pdf

This paper addresses ten myths about corruption and governance: Myth #1: Governance and anticorruption are one and the same. Myth #2: Governance and corruption cannot be measured. Myth #3: The importance of governance and anti-corruption is overrated. Myth #4: Governance is a luxury that only rich countries can afford. Myth #5: It takes generations for governance to improve. Myth #6: Donors can "ring fence" projects in highly corrupt countries and sectors. Myth #7: Fight corruption by fighting corruption. Myth # 8: The culprit is the public sector in developing countries. Myth #9: There is little countries can do to improve governance. Myth #10: There is not much the IFIs can do.

Political Corruption in Transition. A sceptic's handbook

Kotkin Stephen & Andr as Sajo (2002), Budapest, Hungary. Central European University Press.

This book, based on two international conferences at Princeton University and the Central European University, is a handy guide to the problem of corruption in transition countries, with an important comparative content. *Political Corruption in Transition* is distinguished from similar publications by at least two features: by the quality of the carefully selected and edited essays and by its original treatment. Instead of the usual preaching and excommunications, this *Sceptic's Handbook* represents down-to-earth realism. Combines general issues with case studies and original research. The geographic coverage is wide, though it is ideas rather than a geography that drive the volume's organization.

“The Political Anne Krueger Economy of the Rent-Seeking Society”

Krueger, Anne O. (1987), in *International Trade: Selected Readings*, by Jagdish N. Bhagwati. MIT Press 1987.

This text collects the most important contributions to the theory of international trade in recent decades, including the many new approaches developed during the 1980s. 28 chapters in major sections covering general equilibrium, trade pattern theories, imperfect competition and market structure, quotas and VERs, theory of distortions, direct unproductive profit-seeking and rent-seeking activities, customs unions, growth and transfers, and foreign investment.

“Buying Peace or Fuelling War: The Role of Corruption in Armed Conflicts”

Le Billon, Philippe (2003), in *Journal of International Development*, vol.15, no.4, 2003, pp.413-426.

Although corruption may have a corrosive effect on economies and rule-based institutions, it also forms part of the fabric of social and political relationships. This endogenous character means that conflict may be engendered more by changes in the pattern of corruption than by the existence of corruption itself. Such changes, frequently associated with domestic or external shocks, can lead to armed conflict as increasingly violent forms of competitive corruption between factions ‘fuel war’ by rewarding belligerents. Controversially, ‘buying-off’ belligerents can facilitate a transition to peace; but ‘sticks’ such as economic sanctions, rather than ‘carrots’, have dominated international conflict resolution instruments. While ‘buying peace’ can present a short-term solution, the key challenge for peace-building initiatives and fiscal reforms is to shift individual incentives and rewards away from the competition for immediate corrupt gains. This may be facilitated by placing public revenues under international supervision during peace processes.

“Accountability and Corruption: Political Institutions Matter.”

Lederman, Daniel, Loayza, Norman V., Soares, Rodrigo R (2005), *Economics and Politics*, vol. 17, no 1 (March 2005), pp 1-35.

This study uses a cross-country panel to examine the determinants of corruption, paying particular attention to political institutions that increase accountability. Even though the theoretical literature has stressed the importance of political institutions in determining corruption, the empirical literature is relatively scarce. Our results confirm the role of political institutions in determining the prevalence of corruption. Democracies, parliamentary systems, political stability, and freedom of press are all associated with lower corruption. Additionally, common results of the previous empirical literature, related to openness and legal tradition, do not hold once political variables are taken into account.

“Patronage politics, donor reforms and regime consolidation in Uganda”

Mwenda, Andrew M. & Roger Tangri (2005), In *African Affairs*, 104/416, pp. 449-467.

Using the state and its resources has constituted a vital form of consolidating power for Africa’s rulers. However, donor-sponsored reforms have threatened to curtail the opportunities of African leaders to maintain their regimes in power. Donor reforms introduced under structural adjustment programmes have sought to reduce the size and scope of government as well as to cut state spending and thereby curb the possibilities of state patronage. Reforms have also attempted to contain corruption and improve state governance. In Uganda, however, the relationship between donors and the government has reproduced patronage in government. The donors have hailed Uganda as a major case of economic success in Africa. They have provided it with large amounts of financial assistance to support the implementation of reforms. High levels of foreign aid have provided the government with public resources to sustain the patronage basis of the regime. Moreover, in a context where wide discretionary authority was conferred on governing elites in the implementation of reforms, public resources could be used in unaccountable and non-transparent ways to help the government maintain its political dominance. The donors have begun to realize belatedly that they have been propping up a corrupt government in Uganda.

Corruption and Government. Causes, Consequences, and Reform

Rose-Ackerman, Susan (1999), Cambridge/New York, Cambridge University Press.

Corruption is a worldwide phenomenon. Developing countries and those making a transition from socialism are particularly at risk. This book suggests how high levels of corruption limit investment and growth and lead to ineffective government. Corruption creates economic inefficiencies and inequities, but reforms are possible to reduce the material benefits from payoffs. Corruption is not just an economic problem, however; it is also intertwined with politics. Reform may require changes in both constitutional structures and the underlying relationship of the market and the state. Effective reform cannot occur unless both the international community and domestic political leaders support change.

“Second Survey on Vote Buying in Brazilian elections”

Speck, Bruno Wilhelm and Claudio Weber Abramo (2003), *Transparência Brazil*.

<http://www.transparencia.org.br/docs/votebuying2002.pdf>

This short survey demonstrates that vote buying was common in Brazilian elections in 2001 and 2002, with about 3% of voters (which is 3 million voters!) being offered money, material goods or favours by candidates, middlemen or the public administration.

The Grabbing Hand. Government Pathologies and Their Cures

Shleifer, Andrei & Robert W. Vishny, Harvard University Press, 1999.

<http://www.amazon.com/gp/product/0674010140/104-3088659-8407954?v=glance&n=283155>

In many countries, public sector institutions impose heavy burdens on economic life: heavy and arbitrary taxes retard investment, regulations enrich corrupt bureaucrats, state firms consume national wealth, and the most talented people turn to rent-seeking rather than productive activities. As a consequence of such predatory policies--described in this book as the grabbing hand of the state--entrepreneurship lingers and economies stagnate. The authors of this collection of essays describe many of these pathologies of a grabbing hand government, and examine their consequences for growth. The essays share a common viewpoint that political control of economic life is central to the many government failures that we observe. Fortunately, a correct diagnosis suggests the cures, including the best strategies of fighting corruption, privatization of state firms, and institutional building in the former socialist economies. Depoliticization of economic life emerges as the crucial theme of the appropriate reforms. The book describes the experiences with the grabbing hand government and its reform in medieval Europe, developing countries, transition economies, as well as today's United States.

The Role of Parliaments in Curbing Corruption

Stapenhurst, Rick, Johnston, Niall & Pelizzo, Riccardo (eds.) (2006) World Bank.

http://publications.worldbank.org/ecommerce/catalog/product?item_id=5824604

In most countries, parliament has the constitutional mandate to both oversee government and to hold government to account; often, audit institutions, ombuds and anti-corruption agencies report to parliament, as a means of ensuring both their independence from government and reinforcing parliament's position at the apex of accountability institutions. At the same time, parliaments can also play a key role in promoting accountability, through constituency outreach, public hearings, and parliamentary commissions. This title will be of interest to parliamentarians and parliamentary staff, development practitioners, students of development and those interested in curbing corruption and improving governance in developing and developed countries alike.

Global Corruption Report 2004

Transparency International, 2004 (Special focus: Political corruption)

<http://www.transparency.org/publications/gcr>

This report focuses on corruption in the political process, and on the insidious impact of corrupt politics on public life

in societies across the globe. It addresses the following areas in the context of political corruption:

- the regulation of political finance
- the disclosure of money flows in politics and the enforcement of political finance laws
- elections – specifically vote buying
- the private sector – with a focus on the arms and oil sectors, and
- tackling the abuse of office – including reducing conflicts of interest, limiting recourse to immunity, pursuing extradition and repatriating stolen wealth.

The report also evaluates various mechanisms that can curb corruption in politics, from citizen action to the creation of new international norms and standards, such as Transparency International's Standards on Political Finance and Favours (see below). By focusing on the above topics, the Global Corruption Report addresses particular weak spots in political life: the abuse of money in the political system by candidates and political officials; the lack of transparency about money flows in politics; the potential of the private sector to purchase influence, distorting both the marketplace and the fair representation of the public interest; the corruption of the electoral process; and the ways the legal system can affect the ability of states to pursue justice in major corruption crimes.

Country studies

Political Corruption in the Caribbean Basin: Constructing a Theory to Combat Corruption

Collier, Michael (2005), New York, Routledge.

Caribbean political corruption undermines the legitimacy of governments, arrests state economic growth and threatens state security. This book focuses on the political corruption in the Caribbean Basin using historical and comparative approach. It includes issues like key definitions and explanations of political corruption, theoretic issues like the "Constructivist Analytic Framework", "Political Corruption Agency Analysis" and "Political Corruption Structural Analysis", and deals with concrete examples as well as international aspects. This book investigates the domestic and international causes of political corruption in the Caribbean Basin. The study's theoretical framework centres on an interdisciplinary model of political corruption built within the rule-orientated constructivist approach to social science. Incorporating case studies of political corruption from Jamaica and Costa Rica, the book analyses the political, economic and social factors that affect political corruption and the different levels of regional corruption that can be found. The study highlights the importance of developing interdisciplinary theories of complex social behaviours, such as political corruption, if we are to combat such problems.

Cadres and Corruption. The Organizational Involution of the Chinese Communist Party.

Lü, Xiaobo (2000), Stanford, Stanford University Press.

This book reveals the long history of the Chinese Communist Party's inability to maintain a corps of committed and disciplined cadres. Contrary to popular understanding of China's pervasive corruption as an administrative or ethical problem, the book argues that corruption is a reflection of political developments and the manner in which the regime has evolved. Based on a wide range of previously unpublished documentary material and extensive interviews conducted by the author, the book adopts a new approach to studying political corruption by focusing on organizational change within the ruling party. The book argues that corruption among Communist cadres is not a phenomenon of the post-Mao reform period, nor is it caused by purely economic incentives in the emerging marketplace. Rather, it is the result of a long process of what the book calls organizational involution that began as the Communist party-state embarked on the path of Maoist "continuous revolution." In this process, the Chinese Communist Party gradually lost its ability to sustain officialdom with either the Leninist-cadre or the Weberian-bureaucratic mode of integration. Instead, the party unintentionally created a neotraditional ethos, mode of operation, and set of authority relations among its cadres that have fostered official corruption.

"Patronage politics, donor reforms and regime consolidation in Uganda"

Mwenda, Andrew M. & Roger Tangri (2005), In *African Affairs*, 104/416, pp. 449-467.

Using the state and its resources has constituted a vital form of consolidating power for Africa's rulers. However, donor-sponsored reforms have threatened to curtail the opportunities of African leaders to maintain their regimes in power. Donor reforms introduced under structural adjustment programmes have sought to reduce the size and scope of government as well as to cut state spending and thereby curb the possibilities of state patronage. Reforms have also attempted to contain corruption and improve state governance. In Uganda, however, the relationship between donors and the government has reproduced patronage in government. The donors have hailed Uganda as a major case of economic success in Africa. They have provided it with large amounts of financial assistance to support the implementation of reforms. High levels of foreign aid have provided the government with public resources to sustain the patronage basis of the regime. Moreover, in a context where wide discretionary authority was conferred on governing elites in the implementation of reforms, public resources could be used in unaccountable and non-transparent ways to help the government maintain its political dominance. The donors have begun to realize belatedly that they have been propping up a corrupt government in Uganda.

"Politics, donors and the ineffectiveness of anti-corruption institutions in Uganda"

Tangri, Roger & Andrew M. Mwenda (2006), in *The Journal of Modern African Studies*, vol. 44, pp.101-124.

Elite corruption in Uganda constitutes an essential means of consolidating the present government in power. Political leaders have therefore shown little commitment to act to curb practices that could affect their political support. Instead, anti-corruption institutions have been influenced and controlled whenever they threatened to expose the corrupt ways of Uganda's state elites. Donors have also for many years been reluctant to use their substantial economic assistance to press the government to confront wrongdoing by state elites. They have not wanted to undermine a government which they have held up as one of the most successful in Africa in carrying out donor-sponsored economic reforms. But by giving large amounts of aid to a corrupt and quasi-authoritarian government, as well as being reticent in their public criticism of abuse of power and corruption, donors have abetted the actions of Uganda's leaders in weakening those bodies that could hold them responsible for abusing their public positions.

Donors, lessons learned and possible action points

"Incorporation of Defence Expenditures into public Expenditure Work"

Brzoska, Michael et al (2005), BICC paper 38. Bonn International Centre for Conversion.

http://www.bicc.de/publications/papers/paper38/paper38_english.pdf

Budget funds of our partner countries are fungible, and the same applies to the development cooperation funds flowing into these countries. As a result, the area of defense cannot be left out of budget matters. German financial cooperation is increasingly obliged to deal with issues related to the appropriateness of defense expenditures and to the efficient and transparent preparation and implementation of the defense budget. For development reasons as well, including security sector reform, promotion of democracy and prevention of corruption, the defense budget is playing a growing role in the dialogue with partner countries. Countries: Ethiopia, Burundi, Kenya, Tanzania and Uganda.

Election rigging and how to fight it. Calingaert, Daniel (2006), Vol. 17, No. 3, July 2006, *Journal of Democracy*

(Currently no summary available)

"Political Party Aid"

Carothers, T. (2004), report to the Swedish International Aid Agency, Stockholm

The weak state of parties in many developing and post-communist countries is a serious problem for democratisation. This report, prepared for the Swedish International Development Agency, SIDA, analyses the role of political party aid in deepening democracy. One lesson is not to assume that the problems or attempted solutions in any one society are transferable to another. Party aid has to look beyond training and devote more attention to the systemic causes of the challenges to representative democracy.

"The UK, the Commonwealth and corruption: Assessing the potential for joined-up development assistance"

Doig Alan, and Heather Marquette (2005), in *Commonwealth and Comparative Politics*, Volume 43, Number 1 / March 2005.

<http://www.idd.bham.ac.uk/staff/staff%20publications/h-marquette/pdf%201.pdf>

Abstract: Donors currently place emphasis on the need to address corruption in an increasingly coordinated fashion as part of their support for the wider development and democratisation agenda. Findings from country study reports which used the National Integrity System (NIS) approach for assessing types and levels of corruption indicate both that corruption persists and that donor coordination is evidenced in developing the resultant anti-corruption strategies within recipient states. This paper adopts a different perspective on the issue of donor coordination, specifically considering the potential for the integration of activities of agencies or institutions from within one specific donor country involved in work overseas in the anti-corruption field. The article uses the UK as the case study, looking at the activities of one transnational agency located in the UK (the Commonwealth Secretariat), at the UK's development agency (the Department for International Development) both as a single donor and as part of a partnership with other development agencies, and at two UK agencies, the National Audit Office and HM Customs & Excise. The article draws two conclusions. First, the individual organisations pursue their own agendas although the specialist agencies are aware of the need for contextual reform to make their work effective. Second, and despite this awareness, there is at present little evidence of a common purpose or approach for offering to recipient countries more integrated forms of assistance agreed between agencies from one donor country.

"International Political Party Assistance: An Overview and Analysis"

Kumar, K. (2004), Conflict Research Programme Working Paper 33, Clingendael Institute, The Hague.

Why should donors assist political parties in post-conflict and transition countries? What are the problems with political party assistance programmes? This report for the Conflict Research Programme in the Netherlands Institute

of International Relations highlights critical issues in this relatively new field. Political party assistance programmes need more donor thought, funding, and relevance to local conditions. There needs to be a better balance between support for civil society and political party programmes to consolidate democracies.

Institutional Arrangements to Combat Corruption

UNDP (2005), *A Comparative Study*. United Nations Development Programme, Bangkok.

http://regionalcentrebangkok.undp.or.th/practices/governance/documents/Corruption_Comparative_Study-200512.pdf

This comparative study of institutional arrangements to combat corruption, which covers 14 countries, is aimed at providing an overview of the various options available in this regard as well as discussing the advantages and disadvantages of these various options. The study provides a useful overview of different modalities used in different countries, and thus offers a menu of options and solutions for other countries in the region and beyond, based on a thorough understanding of the local political, social and economic situation. The study precedes and complements another study that is currently being undertaken by the Bureau for Development Policy (BDP) on anti-corruption laws in a selected number of countries.

"Party Finance and the Politics of Money in Southern Africa"

Pottie, D. (2003),

How are political parties financed in southern Africa? What implications does political funding in the region have on the democratic process? This paper from the Electoral Institute of Southern Africa offers a comparative survey of the legal and institutional framework within which party funding takes place in southern Africa, with more detailed assessment of Zimbabwe and South Africa. Its analysis of the structure of party resources in the region reveals a potentially volatile combination of regulated public support and a laissez faire approach to private donations.

Fighting Corruption in Developing Countries

Spector, Bertram I. (2005), Bloomfield, Kumarian Press.

This book argues that examining the issue through the lens of nine key development sectors - education, agriculture, energy, environment, health, justice, private business, political parties and public finance - will help us to understand the problem realistically and identify concrete initiatives that are likely to have an impact. The book concludes with practical and policy-oriented suggestions for corruption control that minimize the risk of "re-corrupting" forces that often threaten to reverse gains.

LINKS TO OTHER ONLINE RESOURCES

Extractive Industries Transparency Initiative

<http://eitidev.forumone.com/>

The Extractive Industries Transparency Initiative (EITI) is supported by DFID and other donors, and aims also to ensure that the revenues from extractive industries contribute to sustainable development and poverty reduction. The EITI works to ensure due process and transparency in payments by the extractive industries and companies to governments and public bodies, and that the revenues collected are properly reported by those governments. At the core of the initiative is a set of Principles and Criteria that establish how EITI should be implemented. See the Extractive Industries Transparency Initiative (EITI) homepage for more information and links to specific EITI countries.

UNICORN

<http://www.againstcorruption.org/>

UNICORN is a Global Unions Anti-corruption Network. Its overall aim is to mobilise and support trade unions to combat corruption. It was set up in 2001 as a joint initiative of three major international trade union bodies: The Trade Union Advisory Committee to the OECD (the TUAC); Public Services International (PSI); and the International Confederation of Free Trade Unions (ICFTU). UNICORN was initially established in response to the OECD Anti-bribery Convention, which requires signatory countries to make it illegal for Multinational Companies (MNCs) to pay bribes to foreign public officials. Today UNICORN responds to a broader agenda, as combating corruption is central to a range of public policy objectives: democracy building, development, debt relief, and public sector reform. UNICORN maintains a database driven web site which collates and disseminates information on bribery involving OECD Multinational Companies. UNICORN also undertakes policy research on a range of issues related to combating international bribery and corruption.

Roy Davies Homepage

<http://www.exeter.ac.uk/~RDavies/arian/scandals/political.html>

Roy Davies is a librarian with a private homepage containing certain resources on political corruption (widely understood); including British, European and international organisations and news sources, US Political Scandals, and particular problem areas like diamonds and international sports. Not regularly updated, not well organised, but much entertaining.

Democratic Governance

United Nations Development Programme

<http://www.undp.org/governance/about.htm>

UNDPs special pages on democratic governance contain huge resources on analysis, reports and reform programmes on democratization and good governance. There are resources on core reform areas like “Policy Support for Governance”, “Parliamentary Development”, “Electoral Systems and Processes”, “Justice and Human Rights”, “E-Governance and Access to Information for Citizens’ Participation”, and “Public Administration Reform and Anti-Corruption”.

Global Organization of Parliamentarians Against Corruption

http://www.gopacnetwork.org/main_en.htm

The Global Organization Against Corruption (GOPAC) is an international network of parliamentarians dedicated to good governance and combating corruption throughout the world. This website is intended to be a portal for parliamentarians and others, interested in joining forces to fight corruption and promote good governance. The GOPAC report “Controlling Corruption: A Parliamentarians Handbook” is highly relevant.

Parliamentary Centre

http://www.parlcent.ca/index_e.php

A global leader in the field of parliamentary development, the Parliamentary Centre is a Canadian not-for-profit organization devoted to improving the effectiveness of representative assemblies and governance mechanisms in Canada and around the world. The Centre has served parliaments and legislatures for more than three decades. Founded in 1968 to strengthen the capacity of Canada’s Parliament, the Centre is now a global agency that also supports democratic institutions in Asia, Africa, Latin America, Eastern Europe and the Middle East. The Centre designs, implements and manages programs; conducts and publishes research; and establishes and expands parliamentary networks. With links to legislatures and parliaments in Canada and abroad, the Centre acts as a broker and facilitator, fostering partnerships and providing access to a range of expertise. Partners appreciate the Centre’s ability to apply the knowledge and experience it has acquired through hundreds of projects delivered in dozens of countries.

International Foundation for Election Systems

<http://www.ifes.org/>

The International Foundation for Election Systems (IFES) provides professional advice and technical assistance in promoting democracy and serves as an information clearing-house on elections, rule of law, governance, and civil society. IFES provides technical assistance custom designed for the needs of transitional democracies. IFES has conducted activities in over 100 countries in Africa, Asia, the Near East, Latin America and the Caribbean, and Europe and Eurasia. IFES works with international organisations, bilateral donors, corporations, and US private foundations.

U4 is a web-based resource centre for donor practitioners who wish to effectively address corruption challenges in their work. We offer focused research products, online and in-country training, a helpdesk service and a rich array of online resources. Our aim is to facilitate coordination among donor agencies and promote context-appropriate programming choices.

The centre is operated by the Chr. Michelsen Institute (CMI – www.cmi.no), in association with Transparency International. CMI is a private social science research foundation working on issues of development and human rights, located in Bergen, Norway.

U4 Partner Agencies: DFID (UK), Norad (Norway), Sida (Sweden), Gtz (Germany), Cida (Canada), and the Netherlands Ministry of Foreign Affairs.

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