# How to turn the tide on corruption?

© J-PAL, India

**Overview**

Political corruption is the abuse of public office for illegitimate private gain, and takes many forms such as election fraud, bribery and embezzlement of funds, kickbacks in procurement, nepotism and cronyism and sale of government property for private gain.

Anti-corruption interventions such as voter mobilisation campaigns and public disclosure of information interventions, in particular, are more successful in keeping corruption in check when votes are at stake. However, local power dynamics and people's perceptions of corruption influence how actively citizens engage in these programmes.

Government support for anti-corruption interventions also plays a crucial role in determining the success of the programme. But there is no evidence yet to show the effectiveness of these programmes in reducing corruption over the long term.

## Corruption: A spanner in the works

More than a quarter of the current Indian politicians face corruption charges (Banerjee et.al. 2010). Local capture and fund diversion is a serious problem in the implementation of educational programmes in Tanzania and Ghana (Reinikka and Svensson, 2004). In a World Bank survey in Latvia, more than 40 percent of households and enterprises agreed that "corruption is a natural part of our lives and helps solve many problems" (Shah and Schacter 2004).

Political corruption, as these examples indicate, is a universal phenomenon and it is more prevalent in developing countries than in developed countries (Svensson, 2005, TI, 2010). It has been defined as the abuse of public office for illegitimate private gain (Svensson, 2005). Across the world, it takes many forms like election fraud, bribery and embezzlement of funds, kickbacks in procurement, nepotism and cronyism and sale of government property for private gain.

The secretive and elusive nature of corruption makes it difficult to combat (Svensson, 2005, Banerjee, Hanna and Mullainathan, 2009). There is often little information available regarding who is corrupt. In many countries, the legal and financial monitoring institutions are defunct and themselves corrupt, and the media, which plays a crucial role in exposing corruption, may either be non-existent or inefficient (Svensson 2005).

The need to address corruption has led to various policy reforms in the civil services, judiciary and markets. Specific programmes involving audits, inspections and anti-corruption campaigns have been used to target corrupt politicians and bureaucrats.

Amongst the few evaluations conducted in developing countries, two types of anti-corruption interventions have received particular attention: **public disclosure of corruption information** which includes the release of government and third party audit reports and information on discrepancies in public expenditure, and **voter mobilisation campaigns** against electoral fraud. But what is the impact of these anti-corruption programmes? What circumstances play a role in generating impact?

## Lessons learned

**Public disclosure of politician's expenditure ahead of elections can reduce corruption**:
Interventions that have electoral implications seem to have a significant impact in reducing corruption. In an experiment in Brazil, where audit findings about local government corruption were publicly released through local radio stations, corrupt incumbents were severely punished at the polls, while non-corrupt incumbents were heavily rewarded (Ferraz and Finan, 2008). This programme finally resulted in a $160 million reduction in misappropriated resources. For mayors who had re-election incentives and were in their first term, the share of resources misappropriated was 27 percent lower than the mayors who were in their second term and were heading for end of tenure. Second-term mayors with future political aspirations also behaved like first-term mayors and engaged in fewer corrupt activities (Ferraz and Finan, 2009).

Similarly, just the threat of government auditors being employed to report on discrepancies in an Indonesian village road project was enough to reduce unaccounted-for expenditures by 8 percentage points. These audit reports were to be publicly discussed at village meetings. The reduction of unaccounted-for expenditure was found to be more significant in the case of village officials who were scheduled for re-election in the next two years (Olken 2007).

**Voter mobilization campaigns curb vote buying and electoral violence**: A leaflet-based, door-to-door campaign conducted during the 2007 presidential elections in Sao-Tome and Principe, led to a 21 percent decrease in the frequency of vote buying. Among the voters who did accept money, 23 percent did not vote the

way the bribers wanted them to (Vicente, 2007, Vicente and Wantchekon, 2009).

During the 2007 Nigerian general election, an anti-violence campaign to reduce voter intimidation resulted in a 13 percent reduction in the intensity of electoral violence, a 12 percent fall in perceived threat of violence and a 10 percent increase in voter turnout, There was also a reduction in support for candidates who supported violence and increased voter confidence in electoral security and knowledge about resisting violence (Collier and Vicente, 2009).

**Local campaigns are more successful in mobilizing citizens on issues that affect them directly:** Citizens may often not be motivated enough to get involved in an anti-corruption campaign.  This problem was apparent in the audit experiment of the Indonesian village road projects mentioned earlier, where community members were required to participate in village meetings. These meetings had a good turnout with villagers more openly discussing corruption problems and getting involved but it did not lead to active monitoring across all kinds of fund expenditures. While the villagers noted discrepancies in wage expenditure, they did not detect any misappropriation with respect to material expenditure. This was attributed to the fact that wages affect people personally and hence there is a stronger incentive to monitor this compared to material expenditure, which holds no such personal appeal (Olken 2007).

**Citizen literacy and local power dynamics are key factors for the success of the anti-corruption programme:** A significant reduction in discrepancies in the transfer of school grants was noted in Uganda when they were monitored by citizens via national newspapers (Reinikka and Svensson, 2003). Qualitative analysis after the impact evaluation showed that the effects were significant only in areas where community members were literate as well as assertive, since most other communities were bribed to not register complaints (Hubbard, 2007).

Elite capture is another common problem that may prevent citizens from being actively engaged. This implies that local elites in collaboration with political officials could co-opt the programme. In the case of the Ugandan programme, there was elite capture in places where the head teachers used their high status in the community to steal funds along with the local officials (Hubbard, 2007).

**Perception of corruption affects citizen response:** A common perception amongst voters is that all politicians are corrupt to a certain degree. So, as long as the reported corruption measures are within this limit, it is considered acceptable. Thus politicians who are found to have crossed the perceived threshold are severely punished at the polls while those who are not corrupt are rewarded (Ferraz and Finan, 2008).

A campaign that encouraged people to vote for 'clean' politicians during the state elections in Uttar Pradesh had no impact on the vote share of corrupt candidates. This was because the campaign was based on a generic message that avoided providing specific information about candidates or parties corrupt practices. The evaluation concludes that people may often take corruption for granted and their perception may not change unless they are offered explicit and specific information about corrupt candidates or parties (Banerjee, et.al 2009).

**Political will and strong Government leadership is essential**: The success of the anti-corruption programme in Brazil was in large part attributed to the fact that it was initiated by the president's office and was implemented by the Comptroller General of the Union (Ferraz and Finan, 2008). The researchers in Sao Tome and Principe were also able to conduct their experiment on vote buying largely due to the support they received from the Electoral Commission (Vicente 2007, Vicente and Wantchekon, 2009).

**Policy implications**

It is difficult to make generalizations about the impact of anti-corruption interventions beyond their context. But evidence shows that interventions which improve access to information and increase citizen involvement have an overall positive effect in curbing corruption (Hubbard 2007).

Active citizen engagement can help bring the corrupt to justice. Providing incentives might be an effective way of motivating and engaging citizens in monitoring programmes. Where such incentives are weak, external auditors and inspectors could be employed.

It is also important that the problem of elite capture is identified and addressed. The local

context, especially power dynamics, need to be factored into the design of programmes. In communities where there is a risk of funds being captured by powerful members, the involvement of the 'elite' in the programme should be minimized (Olken 2007).

There is currently, however, little evidence about the effectiveness of anti-corruption interventions in improving the overall quality of the politician pool and reducing corruption over time (Ferraz and Finan 2009). More evidence is also needed about the effectiveness of programmes and policy reforms targeting bribery, frauds in procurement and political finance, nepotism and cronyism.

**References**

Banerjee, A., Hanna, R. and Mullainathan, S., (2009) "Corruption" MIT Department of Economics, Working Paper. http://econ-www.mit.edu/files/3848

Banerjee, A.V., Kumar, S., Pande, R and Su, F., (2010) "Do Informed Voters Make Better Choices? Experimental Evidence from Urban India" Working Paper. http://www.yale.edu/leitner/resources/PMF-papers/delhi_rpmarv1-1.pdf

Collier, P and Vicente, Pedro C., (2009) "Votes and Violence: Evidence from a Field Experiment in Nigeria" BREAD Working Paper, 232. http://ipl.econ.duke.edu/bread/papers/working/232.pdf

Ferraz, C. and Finan, F., (2008) "Exposing Corrupt Politicians: The Effects of Brazil's Publicly Released Audits on Electoral Outcomes." *Quarterly Journal of Economics,* 123 (2), 703-745. http://www.mitpressjournals.org/doi/abs/10.1162/qjec.2008.123.2.703

Ferraz, C. and Finan, F., (2009) "Electoral Accountability and Corruption: Evidence from the Audits of Local Governments." NBER Working Paper, 14937. http://ideas.repec.org/p/nbr/nberwo/14937.html

Hubbard, P., (2007) "Putting the Power of Transparency in Context: Information's Role in Reducing Corruption in Uganda's Education Sector" CGD Working Paper, 136. http://www.cgdev.org/content/publications/detail/15050/

Olken, B.A., (2007). "Monitoring Corruption: Evidence from a Field Experiment in Indonesia", *Journal of*

*Political Economy*, 115 (2). http://www.journals.uchicago.edu/doi/abs/10.1086/517935

Olken, B.A., (2009). "Corruption perceptions vs. corruption reality". Journal of Public Economics, Elsevier, 93(7-8), 950-964. http://www.sciencedirect.com/science?_ob=ArticleURL&_udi=B6V76-4VXMPKD-1&_user=10&_coverDate=08%2F31%2F2009&_rdoc=12&_fmt=high&_orig=browse&_origin=browse&_zone=rslt_list_item&_srch=doc-info(%23toc%235834%232009%23999069992%231277055%23FLA%23display%23Volume)&_cdi=5834&_sort=d&_docanchor=&_ct=17&_acct=C000050221&_version=1&_urlVersion=0&_userid=10&md5=6eb314ed0e3d27164dd11cfa01cc3b8a&searchtype=a

Reinikka, R, and Svensson, J., (2004) "Local Capture: Evidence from a Central Government Transfer Program in Uganda." The Quarterly Journal of Economics 119(2) http://ideas.repec.org/a/tpr/qjecon/v119y2004i2p678-704.html

Reinikka, R. and Svensson, J., (2003) "The Power of Information: Evidence from a Newspaper Campaign to Reduce Capture." The World Bank Policy Research Working Paper, 3239 http://ideas.repec.org/p/wbk/wbrwps/3239.html

Shah, A and Schacter, M., 2004. "Combating Corruption: Look Before You Leap". Finance and Development. Washington, D.C.: IMF http://siteresources.worldbank.org/INTWBIGOVANTCOR/Resources/CombatingCorruption.pdf

http://www.imf.org/external/pubs/ft/fandd/2004/12/pdf/shah.pdf

Svensson, J., (2005) "Eight Questions about Corruption" *Journal of Economic Perspectives*, 19 (3), 19-42. http://www.aeaweb.org/articles.php?doi=10.1257/089533005774357860

Transparency International (2010) "The Corruption Perception Index" http://www.transparency.org/policy_research/surveys_indices/cpi/2010/results

Vicente, Pedro C., (2007) "Is Vote Buying Effective? Evidence from a Field Experiment in West Africa", Oxford University and BREAD, Working Paper, 161.

http://ipl.econ.duke.edu/bread/abstract.php?paper=161

Wantchekon, L and Vicente, P., (2009). "Clientelism and Vote Buying: Lessons from Field Experiments in West Africa." *Oxford Review of Economic Policy*, 25 (2), 292-305. http://dri.fas.nyu.edu/object/dri.academic.papers

http://en.wikipedia.org/wiki/Political_corruption

**3ie Briefs analyze current policy issues and developments related to impact evaluation to help policy makers and development practitioners improve development impact through better evidence.**