Why corruption matters: understanding causes, effects and how to address them

Evidence paper on corruption

January 2015

Contents

Front cover: 'Corruption box' photo credit: Michael Goodine

List of tables

Acknowledgements

Every effort has been made to give a fair and balanced summary. In some areas, where the evidence base is not clear-cut, there is inevitably a subjective element. If readers consider the evidence on any issue is not accurately described or misses important studies that may change the balance, please let us know by emailing EvidenceReview@dfid.gov.uk so we can consider this when correcting or updating the paper.

Permissions:
Every effort has been made to obtain permission for figures and tables from external sources. Please contact EvidenceReview@dfid.gov.uk if you believe we are using specific protected material without permission.

Acronyms and abbreviations

ACA	Anti-Corruption Authority
ATI	Access to Information
BEEPS	Business Environment and Enterprise Performance Survey
CPI	Corruption Perceptions Index
CSO	Civil Society Organisation
DFID	Department for International Development
EITI	Extractive Industries Transparency Initiative
FATF	Financial Action Task Force
FDI	Foreign Direct Investment
GBS	General Budget Support
GDP	Gross Domestic Product
GIZ	German International Cooperation
ICRG	International Country Risk Guide
IEG	Independent Evaluation Group
IFF	Illicit Financial Flow
INTOSAI	International Organization of Supreme Audit Institutions
LIC	Low-Income Country
NACS	National Anti-Corruption Strategy
NGO	Non-Governmental Organisation
Norad	Norwegian Agency for Development Cooperation
OECD	Organisation for Economic Co-operation and Development
OLS	Ordinary Least Squares
PEFA	Public Expenditure and Financial Accountability
PETS	Public Expenditure Tracking Survey
PFM	Public Financial Management
PR	Proportional Representation
RCT	Randomised Control Trial
SAI	Supreme Audit Institution
UN	United Nations
UNCAC	UN Convention Against Corruption
UNDP	UN Development Programme
UNESCO	UN Educational, Scientific and Cultural Organization
V&A	Voice and Accountability

Executive summary

About this Evidence Paper

This authoritative assessment of current literature on corruption has been drafted by a team of researchers led by Alina Rocha Menocal at the Overseas Development Institute (ODI) and Nils Taxell at U4, in collaboration with the UK Department for International Development (DFID). It is an important tool for DFID staff, providing a key source of synthesised knowledge to inform effective anti-corruption programming and policy development.

The main paper runs to nearly 90 pages and contains in-depth technical and academic analysis that addresses the overarching question:

"What are the conditions that facilitate corruption, what are its costs and what are the most effective ways to combat it?"

It offers five main sections, which together:

- Synthesise a range of literature to assess the political, social and economic conditions under which corruption is likely to thrive;
- Explore the relationship between gender and corruption and analyse some prominent hypotheses;
- Identify existing evidence on the financial, social and other impacts of corruption across a range of areas;
- Assess what anti-corruption measures are likely to be effective and under what conditions;
- Arrive at a set of conclusions emerging from the review.

Headline messages

Headline messages are provided below. It is important to read these headlines in the context of the full report to gain complete understanding of why and how the conclusions have been drawn.

What are the factors that facilitate corruption?

- A variety of economic, political, administrative, social and cultural factors enable and foster corruption.
- Corruption is collective rather than simply individual, going beyond private gain to encompass broader interests and benefits within political systems.
- Corruption is a symptom of wider governance dynamics and is likely to thrive in conditions where accountability is weak and people have too much discretion.
- It is this collective and systemic character of corruption that makes it so entrenched and difficult to address.
- Democracy does not in itself lead to reduced corruption.

What are the gender dimensions of corruption?

- There is no conclusive evidence that women are less predisposed to corruption than men.
- Greater participation of women in the political system and political processes is not a "magic bullet" to fight corruption.

What are the effects of corruption on growth and broader development?

- The effect of corruption on macroeconomic growth remains contested, and corruption has not been a determining factor constraining growth.
- Corruption has a negative effect on both inequality and the provision of basic services, so it affects poor people disproportionately.
- Lack of trust, reduced legitimacy and lack of confidence in public institutions can be both a cause and an effect of corruption.
- Corruption has a negative effect on domestic investment and tax revenues.
- At the micro level, corruption imposes additional costs on growth for companies, especially in terms of their performance and productivity.
- The relationship between corruption and fragility varies: it can be a source of conflict but has also been an important stabilising factor in some settings.
- Corruption has negative consequences for the environment.

What anti-corruption measures are effective?

- Not all types of corruption are the same, therefore differing responses are needed depending on the context (one size does not fit all).
- Anti-corruption measures are most effective when other contextual factors support them and when they are integrated into a broader package of institutional reforms.
- Public financial management reforms are effective in reducing corruption.
- In the right circumstances, supreme audit institutions, social accountability mechanisms and organised civil society can be effective in combating corruption.

Introduction

Objectives and key research questions

This study was commissioned by the Department for International Development (DFID) to assess the existing body of evidence on corruption. The resulting Evidence Paper aims to be an authoritative assessment of the literature on corruption. The study acts as a key source of synthesised knowledge for staff, helping inform policy narratives and programme design.

The Evidence Paper aims to address the following question: "What are the conditions that facilitate corruption, what are its costs and what are the most effective ways to combat it?"

Specifically, it asks:

1. Under what political, social and economic conditions is corruption likely to thrive?
2. What are the costs of corruption to the poor and to the state?
   a. Financial costs;
   b. Non-financial effects/impact;
3. What anti-corruption interventions are effective and why?

Methodological approach

The study is a literature review with systematic principles (Hagen-Zanker et al., 2012). This approach is designed to produce a review strategy that adheres to the core concepts of systematic reviews – rigour, transparency, a commitment to taking questions of evidence seriously (see Box 1 below) – while allowing for a more flexible and user-friendly handling of retrieval and analysis methods (DFID, 2014; Hagen-Zanker and Mallett, 2013; Hagen-Zanker et al., 2012).

The study developed specific research sub-questions for each of the three questions outlined above on the basis of a Conceptual Framework elaborated at the inception of the study. Following guidance outlined by Hagen-Zanker and Mallett 2013 on how to carry out a review of the evidence using systematic principles, the approach to identify relevant sources consisted of three separate tracks:

1) a literature search (see more detail below);
2) snowballing, which involved seeking advice on relevant from key experts;
3) capturing the grey literature, which involved hand-searching a variety of pre-selected institutional websites.

Following all three tracks enabled us to produce a focused review that captured material from a broad range of sources. In terms of Track 1 (literature search), given the breadth of the questions and the literature and resources available, it was not possible to address all three overarching questions through a systematic review (please refer to the definition of a systematic review provided in Box 1 below). Instead, the study looked at

specific sub-questions using systematic principles, while relying on a "synthesis of syntheses" for questions where the findings are better known/more established.

The study addressed all three questions using a consistent and rigorous approach to the collection and analysis of evidence. A Research Protocol was developed for this study, which details the methodological steps for each of these tracks, including the different search strings that were identified and tested (framework and protocol are available separately). It sets out:

- Research parameters (inclusion and exclusion criteria) including type of study (e.g. academic case studies, both small and large *n*, impact evaluations, conceptual frameworks, policy documents, etc.); study design (see quality below); variations in effect (on governance dynamics, costs borne by different groups and organisations, etc.); and anticorruption initiatives.

- "Search strings" based on key words and search terms for the thematic areas. Search strings were consistently tested and refined. Specific search strings focused on gender (across all three research questions) were created separately and relevant websites/publications were identified.

Given the breadth of the questions and the literature and resources available, the study adopted varied approaches to the review, as follows:

Q1: Review of the literature using a non-systematic approach;

Q2: Systematic search on financial costs, non-systematic approach on political/ developmental effects/impact;

Q3: Systematic search on selected interventions, non-systematic search on other interventions.

A 'systematic' search involved an extensive literature search of academic and bibliographic databases and journals; 'non-systematic' search relied on a less extensive search of the evidence base and analysis of existing evidence synthesis.

Drawing on DFID's How to Note on "Assessing the Strength of the Evidence" (2014) and previous experiences of carrying out systematic reviews, different studies are classified by:

1. Type;
2. Design;
3. Method.

As recommended in the DFID How to Note, the following descriptors were used to describe research studies:

Table 1: Descriptors for the research studies

Research type	Research design	Method
Primary (P)	Experimental (EXP)	As described in the study itself (quantitative regression, qualitative interviews, descriptive statistics, comparative case studies, etc.)
	Quasi-Experimental (QEX)	
	Observational (OBS)	
Secondary (S)	Systematic Review (SR)	
	Other Review (OR)	
Theoretical or Conceptual (TC)	N/A	N/A

Source: DFID (2014).

A short, abbreviated summary of the study's type, design and method accompanies each study citation. Please refer to Box 1 for further detail on how these are defined.

Box 1: Type of research

The DFID How to Note on "Assessing the Strength of the Evidence" (2014) defines overarching research type as follows:

- *Primary (P), empirical research studies* observe a phenomenon at first hand, collecting, analysing or presenting "raw" data.
- *Secondary (S) research studies* review other studies, summarising and interrogating their data and findings.
- *Theoretical or Conceptual (TC) studies:* most studies (primary and secondary) include some discussion of theory, but some focus almost exclusively on the construction of new theories rather than generating, or synthesising empirical data.

Research design
A research design is a framework within which a research study is undertaken.

Primary and empirical research studies tend to employ one of the following research designs, but they may employ more than one research method:

- *Experimental (EXP)* research designs (also called "intervention designs", "randomised designs" and "randomised control trials" [RCTs]) have two key features. First, they manipulate an independent variable (e.g. the researchers administer a treatment, like giving a drug to a person or fertilising crops in a field). Second, and crucially, they randomly assign subjects to treatment groups (also called "intervention groups") and to control groups. Depending on the group to which the subject is randomly assigned, they will/will not get the treatment. The two key features of experimental studies increase the chances that any effect recorded after administration of the treatment is a direct result of that treatment (and not a result of pre-existing differences between the subjects who did/did not receive it).
- *Quasi-Experimental (QEX)* research designs typically include one, but not both, of the key features of an experimental design. A quasi-experiment might involve the manipulation of an independent variable (e.g. administration of a drug to a group of patients) but will not randomly assign participants to treatment or control groups. In the second type of quasi-experiment, it is the manipulation of the independent variable that is absent.
- *Observational (OBS)* (sometimes called "non-experimental") research designs display neither of the key features of experimental designs. They may be concerned with the effect of a treatment (e.g. a drug, a herbicide) on a particular subject sample group, but the researcher does not deliberately manipulate the intervention and does not assign subjects to treatment or control groups. Instead, the researcher is an observer of a particular action, activity or phenomenon.

Secondary review studies tend to employ one of the following research designs:

- *Systematic Review (SR)* designs adopt exhaustive, systematic methods to search for literature on a given topic. They interrogate multiple databases and search bibliographies for references. They screen the studies identified for relevance, appraise for quality (on the basis of research design, methods and the rigour with which these are applied) and synthesise the findings using formal quantitative or qualitative methods. They represent a robust, high-quality technique for evidence synthesis.
- *Other Review (OR)* designs also summarise or synthesise literature on a given topic. Some reviews will borrow systematic techniques for searching for and appraising research studies; others will not. These other reviews are non-systematic.

Theoretical or Conceptual research studies may adopt structured designs and methods but they do not generate empirical evidence.

For further detail on the different research types, designs and methods, please refer to the DFID How to Note on "Assessing the Strength of the Evidence" (2014).

Source: DFID (2014).

This paper is organised in six additional chapters, as follows:

- Chapter 1 provides an overview of types of corruption.
- Chapter 2 analyses the factors that facilitate corruption.
- Chapter 3 looks at the gender dimensions of corruption.
- Chapter 4 explores the effects of corruption, including financial and social costs as well as broader impacts.
- Chapter 5 analyses the evidence base on a number of anti-corruption interventions.
- Chapter 6 highlights some of the key insights and messages that emerge from the analysis undertaken in this study and identifies a few evidence gaps.

1. Understanding corruption

The term **"corruption" refers to the misuse of resources or power for private gain.** Transparency International defines corruption as "the abuse of entrusted power for private gain" (Kolstad et al., 2008 [S; OR]).[1] The UN Convention Against Corruption (UNCAC) does not prescribe a single definition.

Corruption takes various forms. Table 2 outlines the most common categories.

Table 2: Categories of corruption

Categories of corruption	Description
Bribery	The act of dishonestly persuading someone to act in one's favour by a payment or other inducement. Inducements can take the form of gifts, loans, fees, rewards or other advantages (taxes, services, donations, etc.). The use of bribes can lead to collusion (e.g. inspectors under-reporting offences in exchange for bribes) and/or extortion (e.g. bribes extracted against the threat of over-reporting).
Embezzlement	To steal, misdirect or misappropriate funds or assets placed in one's trust or under one's control. From a legal point of view, embezzlement need not necessarily be or involve corruption.
Facilitation payment	A small payment, also called a "speed" or "grease" payment, made to secure or expedite the performance of a routine or necessary action to which the payer has legal or other entitlement.
Fraud	The act of intentionally and dishonestly deceiving someone in order to gain an unfair or illegal advantage (financial, political or otherwise).
Collusion	An arrangement between two or more parties designed to achieve an improper purpose, including influencing improperly the actions of another party.
Extortion	The act of impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party to influence improperly the actions of a party.
Patronage, clientelism and nepotism	Patronage at its core means the support given by a patron. In government, it refers to the practice of appointing people directly

Sources: Johnsøn (2014 [P; OBS, case studies]); World Bank (2011a [P; OBS, qualitative and quantitative case study data]).

The commonly used distinction between political corruption and bureaucratic corruption is also helpful. Political corruption takes place at the highest levels of political authority (Andvig and Fjeldstad, 2001 [S; OR]). It involves politicians, government ministers, senior civil servants and other elected, nominated or appointed senior public office holders. Political corruption is the abuse of office by those who decide on laws and regulations and the basic allocation of resources in a society (i.e. those who make the "rules of the game"). Political corruption may include tailoring laws and regulations to the advantage of private sector agents in exchange for bribes, granting large public contracts to specific firms or embezzling funds from the treasury. The term "grand corruption" is often used to describe such acts, reflecting the scale of corruption and the considerable sums of money involved.

Bureaucratic corruption occurs during the implementation of public policies. It involves appointed bureaucrats and public administration staff at the central or local level. It

---

[1] As per the descriptors in Table 1, the reference "Kolstad et al. (2008 [S; OR])" means the study is based on secondary data, and it is a "review" that is classified as "other". See Box 1 and the DFID How to Note (2014) for more details.

entails corrupt acts among those who implement the rules designed or introduced by top officials. Corruption may include transactions between bureaucrats and with private agents (e.g. contracted service providers). Such agents may demand extra payment for the provision of government services; make speed money payments to expedite bureaucratic procedures; or pay bribes to allow actions that violate rules and regulations. Corruption also includes interactions within the public bureaucracy, such as the payment or taking of bribes or kickbacks to obtain posts or secure promotion, or the mutual exchange of favours. This type of corruption is often referred to as "petty corruption", reflecting the small payments often involved – although in aggregate the sums may be large.

Political corruption and bureaucratic corruption are related. There is evidence that corruption at the top of a bureaucracy increases corruption at lower levels (Chand and Moene, 1999 [P; OBS, case study]). However, as Chapters 5 and 6 discuss, combating these types of types of corruption requires different approaches, even if donor efforts have not emphasised this (Kolstad et al., 2008 [S; OR]).

Corruption is closely linked to the generation of economic rents and rent-seeking. This refers to actors securing above-normal returns from an asset – not by adding value to it through investment but rather through manipulating the social and political environment. The establishment of a monopoly is a classic example of this. The asset then becomes inherently more valuable. Rent-seeking involves corruption whereby the payment of bribes is necessary to manipulate the environment so as to benefit a particular actor.[2]

There are particular challenges related to the measurement of corruption. This owes to the clandestine nature of corruption and the reliance of corruption measures on perception-based data, which themselves are determined by understandings of corruption that vary across countries and societies. Chapter 4 discusses this in further detail.

---

[2] See http://www.u4.no/glossary/

2. Factors that facilitate corruption

Corruption is a phenomenon with many faces. It is characterised by a range of economic, political, administrative, social and cultural factors, both domestic and international in nature. Corruption is not an innate form of behaviour, but rather a symptom of wider dynamics. It results from interactions, opportunities, strengths and weaknesses in socio-political systems. It opens up and closes down spaces for individuals, groups, organisations and institutions that populate civil society, the state, the public sector and the private sector. It is, above all, the result of dynamic relationships between multiple actors.

Box 2: A word on the literature reviewed

This Chapter synthesises some of the literature addressing the following question: "Under what political, social and economic conditions is corruption likely to thrive?" This body of academic and policy-oriented literature is extensive and covers a variety of disciplines approaches, from economics to sociology to anthropology to political science. As discussed in the Introduction, in exploring this question, the study adopted a non-systematic approach to identifying literature, with an emphasis on existing syntheses/reviews of the literature. The survey of existing syntheses was complemented by expert recommendations on high-quality studies and hand-searching of specialised sites (see Research Protocol). As a result, the literature covered under the different themes/sub-headings in this chapter is not intended to be comprehensive, and assessments as to the overall strength or quality of a body of research or evidence cannot be made.

2.1 Conceptualising corruption: principal-agent and collective action approaches

Heavily influenced by the work of Rose-Ackerman (1978 [TC and P; OBS, quantitative and qualitative historical analysis]) and Robert Klitgaard (1988 [TC and P; OBS, case studies]), principal-agent theory defines corruption as a series of interactions and relationships that exist within and outside public bodies. It also emphasises the rational choices that take place in individual incidents of corrupt behaviour. Until very recently, the predominant theoretical approach to corruption was based on a principal-agent model. More recently, literature that analyses corruption from a collective action perspective has begun to appear, emphasising the collective or even systemic rather than purely individual nature of corrupt behaviour.

As discussed below, the two approaches tend to emphasise different dynamics of corruption and the incentives that drive it. However, the question is not about choosing one or the other conceptual interpretation of corruption, but rather **about identifying the contexts/settings where each of these perspectives is likely to be analytically most useful** in relation to exploring corruption (Marquette and Peiffer, 2014 [TC and S; OR]).

Principal-agent

A principal-agent problem exists when one party to a relationship (the principal) requires a service of another party (the agent) but the principal lacks the necessary information to monitor the agent's performance in an effective way. The "information asymmetry" that arises because the agent has more or better information than the principal creates a power imbalance between the two and makes it difficult for the principal to ensure the agent's compliance (Booth, 2012 [P; OBS, various qualitative]).

This theoretical perspective has been widely used to understand corruption across geographies and sectors (e.g. the police, customs, procurement, service delivery) (Klitgaard, 1988 [TC and P; OBS, case studies]; Rose-Ackerman, 1978 [TC and P; OBS, quantitative and qualitative historical analysis]). In an analysis of how corruption has been conceptualised in a variety of disciplines, for example, Marquette and Peiffer (2014 [TC and S; OR]) note all of the 115 studies looking at corruption's impact on economic growth in Ugur and Dasgupta's meta-analysis (2011 [S; SR]) "adhered to an explicitly-stated principal-agent approach to corruption, or their account was closely related to that approach". Moreover, Persson et al.'s (2013 [P; OBS, case studies]) empirical analysis of anti-corruption efforts finds the designs of most anti-corruption programmes reflect a principal-agent understanding of corruption rather than any other alternative view.

According to this theory, conflict exists between principals on the one hand (who are typically assumed to embody the public interest) and agents on the other (who are assumed to have a preference for corrupt transactions insofar as the benefits of such transactions outweigh the costs). Corruption thus occurs when a principal is unable to monitor an agent effectively and the agent betrays the principal's interest in the pursuit of his or her own self-interest (Persson et al., 2013 [P; OBS, case studies]).

So, for instance, public servants or elected officials (who in this case would both be the agents) may be able to abuse their public office to secure private rents in exchange for public services because members of the public (the "principals" in this case) cannot hold them to account. Or, elected officials as the principals may have difficulty ensuring adequate oversight over the behaviour and actions of civil servants (the agents), who may engage in acts of corruption that the principals (i.e. the elected officials) cannot control (Marquette and Peiffer, 2014 [TC and S; OR]).

Thus, **principal-agent theory sees corruption exclusively as an agent problem, with the principal unable to play an effective monitoring or oversight role, mostly as a result of a lack of information** (Andvig and Fjeldstad, 2001 [S; OR]; Mungiu-Pippidi, 2006 [TC and P; OBS, qualitative analysis]). As Chapter 6 on anti-corruption efforts discusses, based on this understanding of corruption, donor thinking and practice have focused largely on efforts to reduce the discretion of agents and to alter their individual incentives and motivations (Olken and Pande, 2013 [S; OR]). A crucial assumption embedded in this kind of thinking is that "principals are principled" (Klitgaard, 1988 [TC and P; OBS, case studies]). That is to say, they (be they elected officials or ordinary citizens) are by their very nature interested in holding agents to account and in controlling corruption, and they would be able to do so effectively if only they had sufficient information at hand.

However, as a number of analysts have noted, **this cannot always be taken for granted.** Drawing on qualitative fieldwork from Kenya and Uganda, for example,

Persson et al. (2013 [P; OBS, case studies]) argue anti-corruption programmes based on the principal-agent model do not take into account that in highly corrupt environments there may be a lack of "principled principals". This is also one of the key analytical insights and empirical findings emerging from Booth and Cammack's (2013 [P; OBS, case studies]) comparative research across different countries in Africa. This kind of evidence suggests that, in cases where corruption is systemic, and where there are low levels of social and political trust, it may be more useful to think of corruption in terms of a **collective action problem** rather than as a principal-agent one (Booth, 2012 [P; OBS, various qualitative]).

Collective action

Collective action approaches to corruption are still an emerging body of work, in both conceptual and empirical terms. From a collective action perspective, all stakeholders – including rulers, bureaucrats and citizens alike – are self-maximisers, and the way they behave to maximise their interests is highly dependent on shared expectations about the behaviour of others (Ostrom, 1998 [TC and P; OBS, review of empirical evidence and theory]). As Persson et al. (2013 [P; OBS, case studies]) argue in their study analysing incentives for corruption in Kenya and Uganda, the rewards and costs of corruption depend on how many other individuals in the same society are expected to be corrupt. If corruption is the expected behaviour, individuals will opt to behave in corrupt ways because the costs of acting in a more principled manner far outweigh the benefits, at least at the individual level. The evidence suggests this holds true even assuming there is perfect information, and even if everyone condemns corruption and realises a less corrupt outcome would be more beneficial for society at large (ibid.). In short, from a collective action perspective, the key calculation about the **costs and benefits of corruption derives from the cost of being the first to opt out of corruption** in a given setting or context. The problem of corruption is thus rooted in the fact that, where corruption is pervasive, principals are also corrupt and they do not necessarily act in the interest of society as a whole but rather pursue particularistic interests (Mungiu-Pippidi, 2011 [P; OBS, cross-sectional data analysis and case study]; Persson et al. 2013 [P; OBS, case studies]).

Again, though, the choice should not be for one conceptualisation of corruption over the other. Rather, an emerging message from the literature is that what is needed is a better understanding of the complementarities between these two approaches, and the conditions under which each can contribute to a better understanding of corruption dynamics and incentives.

2.2 Corruption in the public sector

Bureaucratic incentives

A body of work looking at corruption in the public sector focuses on the incentives individual bureaucrats have to engage in corruption, and the consequences of such behaviour (Olken and Pande, 2013 [S; OR]). One crucial incentive this literature explores relates to **compensation and wage levels** in the public sector. The evidence on this remains mixed. Van Rijckeghem and Weder (2001 [P; OBS, cross-country regression analysis]), for example, find an association between wage levels and corruption. Other studies, however, have cast doubt on the strength of this relationship and the direction of causality (e.g. corruption could be a factor leading to reduced salaries rather than the other way around because, in corrupt countries, civil servants

may be assumed to earn sufficient income from corruption and as a result salaries are kept low) (Rose-Ackerman and Søreide, 2012 [S, SR]) (see also Chapter 5.5).

In addition, there are measurement indicator issues with observing corruption and a clear need for innovation on how to monitor and evaluate anti-corruption interventions. This issue is reflected in a World Bank strategy on governance and anti-corruption (World Bank, 2007 [P; OBS, case studies]), which concluded that, "Low pay can contribute to corruption within a public administration, particularly when total remuneration fails to pay a living wage, as is often the case in many African countries. […] [However] Changes in compensation levels can only work if they are part of a package to reform public servants' behaviour. Other elements are essential to reducing corrupt practices." An important message emerging from the literature is the **crucial need for greater use of comprehensive reforms to combat corruption** (more on this in Chapter 5).

Other bureaucratic incentives and structures include methods of selection of civil servants, relevance of civil service jobs to the tasks at hand and internal monitoring and discipline mechanisms, including punishment for the corrupt and incentives for better performance (Khan, 2001 [S; OR]). Investigating the impact of **merit-based recruitment** on corruption in 35 countries across the developing world, Evans and Rauch (2000 [P; OBS, survey, regression analysis]), for instance, find higher values on the merit-based recruitment index are associated with lower levels of corruption. However, whether reform improves actual performance remains uncertain.

Simplified regulations (e.g. to obtain a permit or other legal document from the state, such as a driver's licence) are said to lead to decreased opportunities for corruption, which can result in increased numbers of new businesses and wage employment. Setting up structures to encourage competition between bureaucrats is also theorised to drive down corruption levels. For example, if bureaucrats have to compete with one another for bribe revenue derived from the issuing of permits and other legal documents, those on the other side of this exchange will in principle search for the cheapest bribe associated with obtaining a required service (Kiselev, 2012 [TC]). However, there is still little rigorous evidence testing these ideas, and further research is needed to offer a greater steer on the role bureaucratic incentives and structures can play in reducing corruption.

States and markets

From a macroeconomic perspective, an important argument advanced in the literature is that economic systems where the state is heavily interventionist are also more prone to corruption. The logic is that large **involvement of the state in the economy,** especially where checks and balances and wider accountability mechanisms are lacking, allows individual politicians and bureaucrats to manipulate markets as a means of generating profits through non-competitive mechanisms. They use such mechanisms not only to **enrich themselves** but also to **build a basis of patronage and political support.** Countries across Africa and Latin America through the early 1990s provided numerous examples of this form of corruption (Bates, 1981 [P; OBS, qualitative analysis, comparative]; Evans, 1995 [TC and P; OBS, case studies]).

Incomplete or ongoing processes of economic liberalisation have also provided new opportunities for the appropriation of public resources and accumulation of wealth. Van

de Walle (2006 [TC and P; OBS, historical analysis]) describes this as a "partial reform syndrome" in Africa: economic crisis has forced elites to accept the inevitability of structural reform, but its implementation has been uneven at best and manipulated by leaders who have understood that it "would provide them with new kinds of rents, as well as with discretion over the evolution of rents within the economy". The privatisations throughout Eastern Europe and the former Soviet Union, and later Africa and Latin America, which often degenerated into "piratisation", are also a good example of this dynamic (Fritz and Rocha Menocal, 2007 [TC and S; OR]; Kaufmann and Siegelbaum, 1996 [TC and P; OBS, qualitative and quantitative analysis]; Tangri and Mwenda, 2001 [P; OBS, case study]).

However, it is also essential to keep in mind that **state intervention as such has not always resulted in types of corruption that are detrimental to development.** The experiences in Asia, including of the so-called "East Asian tigers" (including South Korea, Taiwan and Singapore), and more recently China and Vietnam, stand in stark contrast with those of African and Latin American countries pursuing state-led development (Evans, 1995 [TC and P; OBS, case studies]; Fritz and Rocha Menocal, 2007 [TC and S; OR]; Haggard, 1990 [TC and P; OBS, qualitative historical analysis, comparative]). As Mushtaq Khan (2006 [TC and P; OBS, descriptive statistics and regression analysis, review of existing theory and evidence]; 2009 [P; OBS, quantitative – descriptive statistics and regression analysis]) has also argued, in some instances corruption can be "market-enhancing" and enable social transformation in developing countries – so understanding its different types is essential. Chapter 4.2 explores in further detail this discussion, highlighting some more positive by-products of corruption, especially in terms of economic development.

In addition, countries that have similar types of formal regulations may experience markedly **different levels of corruption depending on the wider context,** including, for instance, the way regulations **operate** in practice and the kind of discretionary power bureaucrats enjoy in their actual implementation (Duvanova, 2011 [P; OBS, quantitative analysis]). In settings where formal institutions are weak, formal regulation remains uneven or partial in its application, and this in turn breeds corruption. However, in many Organisation for Economic Co-operation and Development (OECD) countries, where the quality of institutions is high, extensive and complex regulation has not necessarily been associated with increased corruption (see below for more on the linkages between corruption and governance/institutions) (Kolstad et al., 2008 [S; OR]). In short, formal regulations underpinned by strong institutions need not facilitate corruption, and may help reduce it. Formal regulations underpinned by weak institutions may simply exacerbate corruption.

2.3 Weak institutions

Weak governance is one of the fundamental causes of corruption. The political and economic opportunities available in different political systems, as well as the strength and effectiveness of state, social and economic institutions (Johnston, 2005 [P; OBS, quantitative analysis, case studies]), shape the conditions in which corruption can thrive. In particular, the centralisation of power in the executive and in accountability mechanisms that are deficient gives actors (especially elites) **too much discretion** (see Box 3). This is one of the key distinctions Acemoglu and Robinson (20011 [TC and P; OBS, regression analysis]) identify between "extractive" and "inclusive" institutions in

their historical analysis of why some states succeed in promoting development over time and others do not.

Box 3: Understanding accountability

The political science literature highlights three crucial forms of accountability: 1) vertical (elections); 2) horizontal (i.e. within government – such as supreme audit institutions); and 3) societal (e.g. non-governmental organisations (NGOs) with watchdog functions; control exercised by a free press). In addition, the literature on public administration emphasises 4) managerial accountability – that is, accountability of lower levels of public administration to higher levels.

While all four of these forms of accountability are desirable, they may not all be present at once. For instance, managerial accountability, which is essential to maintain a well-functioning bureaucracy, can thrive both in democratic systems where vertical accountability tends to be stronger (e.g. OECD democracies) and in more authoritarian ones (e.g. China). On the other hand, these different forms of accountability can become more effective when they are interlinked. For example, societal accountability will have greater weight if it is not only supported by vertical accountability (e.g. free and fair elections) but also complemented by a parliament and judiciary that can hold the executive to account. However, it is also important to keep in mind this may be a very high standard to achieve, especially in contexts where governance institutions are weak, as in much of the developing world.

There are also external dimensions to accountability. For instance, signatories to UNCAC or the OECD Anti-Bribery Convention have made commitments at the international level to reduce corruption (more on this in Chapter 5). For countries that are particularly dependent on aid, accountability to donors also matters – as can be seen in the larger role donors are playing through budget support, for example.

Sources: Evans (1995 [TC and P; OBS, case studies]); Kolstad et al. (2008 [S; OR]; Rocha Menocal and Sharma (2009 [P; OBS, literature review and comparative case studies]).

Much of the literature on institutions and corruption (Bates, 1981 [P; OBS, qualitative analysis, comparative]; Chabal and Daloz, 1999 [TC and P; OBS, historical analysis]; Mwenda, 2006 [P; OBS, case study]; Sandbrook, 1985 [TC]) argues **corruption tends to be especially prevalent in so-called (neo-)patrimonial systems,** where:

- There is weak separation of the public and private spheres, which results in the widespread private appropriation of public resources;
- Vertical (e.g. patron–client) and identity-based (e.g. kinship, ethnicity, religion) relationships have primacy over horizontal and rights-based relationships;
- Politics are organised around personalism or "big man" syndrome, reflected in the high centralisation of power and patron–client relations replicated throughout society.

More generally, the literature suggests it is **countries undergoing processes of political and economic transition** (because of struggles over sources of accumulation, distribution of access, cost of buying legitimacy, etc. – see also discussion above) that are particularly susceptible to corruption (Montinola and Jackman, 2002 [P; OBS, descriptive statistics, quantitative regression analysis]; Rocha Menocal et al., 2008 [TC and S, OR]).

In such settings, formal and informal institutions interact in ways that are not mutually reinforcing, and informal behaviour (e.g. paying a bribe to get a passport or drivers' licence, or, in more extreme cases, striking a deal to gain preferential access or

favourable terms to compete in the market) trumps formal rules (e.g. completing a formal application for a drivers' licence or competing for market access through officially sanctioned and regulated contests based on clear rules that apply to all equally) (Mungiu-Pippidi, 2011 [P; OBS, cross-sectional data analysis and case study]; Persson et al., 2013 [P; OBS, case studies]; Rocha Menocal et al., 2008 [TC and S, OR]). This often leads to "state capture", a phenomenon typically used to describe situations where non-state actors are powerful enough to influence and shape government policy and regulation to their own benefit (e.g. telecommunications monopolies that can ward off competition from other suppliers through preferential policies/regulations that govern the market). In a "kleptocracy", the political elite uses its power to enrich itself (Evans, 1995 [TC and P; OBS, case studies]; Johnsøn, 2014 [P; OBS, case studies]).

2.4 Corruption, underlying political settlements and power relations

As discussed above, (weak) institutions are a crucial factor enabling corruption. Findings relating to power relations, underlying political settlements and corruption support this analysis. Institutions themselves reflect power dynamics. The functionality of institutions is shaped by the distribution of power in the political system and the (dis)advantages such distribution confers (North et al., 2013 [P; OBS, case studies]; Putzel and DiJohn, 2012 [P; OBS, qualitative analysis, comparative]). As such, seeing the state as a "political settlement" (Khan, 2010 [TC and P; OBS, case studies]) or a "political order" (North et al., 2009 [TC and P; OBS, quantitative data analysis and historical analysis]), which embodies a set of vested interests and power relations and establishes the rules of the game and access to political and economic resources, is important in understanding the conditions enabling corruption. The political settlement also shapes the possibilities of progressive institutional change and policy reform (Putzel and DiJohn, 2012 [P; OBS, qualitative analysis, comparative]). As much of this literature focusing on power relations and the nature of the political settlement highlights, the allocation of rents and patronage often plays a central role in buying off groups that can threaten the system (Acemoglu and Robinson, 2011 [TC and P; OBS, quantitative and qualitative historical analysis, comparative]; Khan, 2006 [TC and P; OBS, descriptive statistics and regression analysis, review of existing theory and evidence]; North et al., 2009 [TC and P; OBS, quantitative data analysis and historical analysis]; North et al., 2013 [P; OBS, case studies]; Putzel and DiJohn, 2012 [P; OBS, qualitative analysis, comparative]).

Over the past 15 years, Khan has developed a body of work, both theoretical and empirically based, that seeks to explain why corruption is especially endemic in developing countries (Khan, 2000a [TC]; 2001 [S; OR]; 2006 [TC and P; OBS, descriptive statistics and regression analysis]; 2010 [TC and P; OBS, case studies]; 2012a [TC]; 2012b [S; OR]; 2013 [P; OBS, case study]). Development and processes of economic transformation involve the creation/entrenchment of new classes of property owners. The state is likely to play a more important role in the economy in developing countries (e.g. targeting subsidies/assistance to infant industries, for learning new technologies), and needs to buy off any emerging middle-class actors who oppose being excluded, particularly when these are well organised. This leads to increased corruption, both political and economic, which are deeply intertwined (Khan, 2006 [TC and P; OBS, descriptive statistics and regression analysis, review of existing theory and evidence]).

Another key challenge developing states confront is that of maintaining political and social stability, especially in contexts of limited fiscal resources. Maintaining stability and

fostering social cohesion in any country usually requires, among other things, redistributing essential fiscal resources towards groups that have lost out or remain marginalised. But in countries with a weak economic base as well as other institutional weaknesses, there is very little fiscal space for the required redistribution to take place. This is why patron–client networks with selective constituencies deemed to be important for continued political support, and, ultimately, political survival, wield such power. This patronage-based dynamic is inherently corrupt because it implies transferring resources for the advantage of specific groups outside or alongside official channels of public spending, while benefiting political patrons. In this respect, the distribution of rents in states that need to maintain stability in a context of severe fiscal constraints can be seen as more a vital functional requirement than a pathology (Khan, 2006 [TC and P; OBS, descriptive statistics and regression analysis, review of existing theory and evidence]; Khan, 2010 [TC and P; OBS, case studies]). As DiJohn (2011 [S; OR]) has noted, in Africa in particular, economic rents have been one of the main mechanisms through which political stability and order are maintained.

Figure 1: Drivers of corruption embedded in political settlements in countries with a limited fiscal base
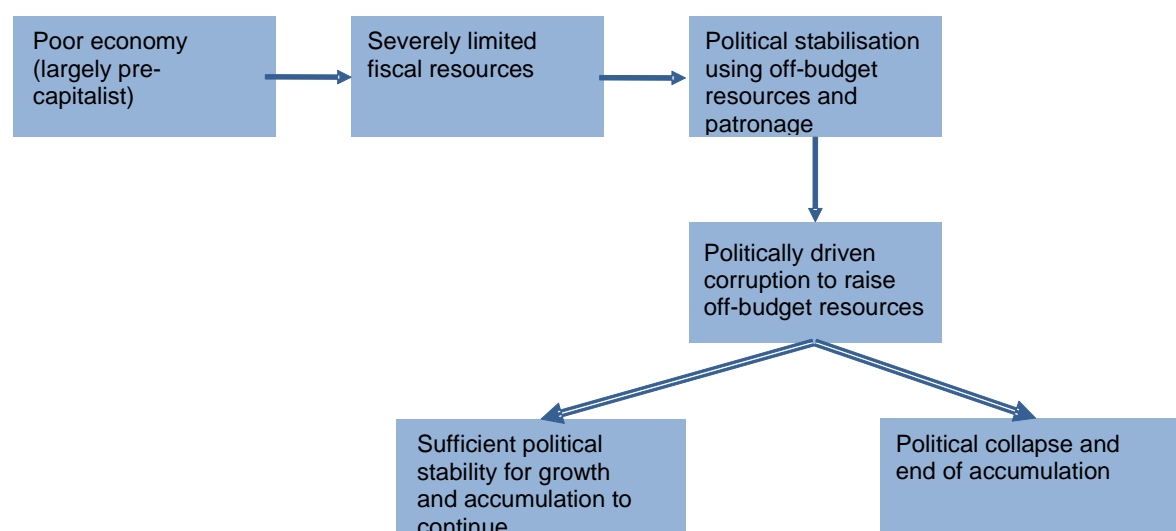
Source: Khan (2006 [TC and P; OBS, descriptive statistics and regression analysis]).

According to Khan (2009 [P; OBS, quantitative – descriptive statistics and regression analysis]; 2012a [TC]), what matters is not so much corruption as such, but whether rents are value-enhancing or value-reducing, and therefore whether corruption is impoverishing or instead enables primitive accumulation and rapid growth. Whether elites (economic, political, social) eventually use their power and influence to encourage further economic structural transformation, or to entrench their privileged position and access to corruption opportunities, will determine whether episodes of growth can be capitalised on or peter out (Khan, 2012a [TC]; 2012b [S; OR]; Pritchett and Werker, 2012 [TC and P; OBS, quantitative data analysis]). Khan illustrates these dynamics at work with case studies of value-enhancing (South Korea, Malaysia, Thailand) versus value-reducing (India) rent systems.

2.5 Corruption and democracy/electoral competition

This section explores the question of **whether regime type, and democracy in particular, affects corruption.** There is a positive and long-term correlation between

established democracy and higher quality of governance, including lower levels of corruption in developed countries (Acemoglu and Robinson, 2011 [TC and P; OBS, quantitative and qualitative historical analysis, comparative]; Rocha Menocal, 2013 [S; OR]). A long-term association also exists between a free and independent media and reduced corruption. For example, Brunetti and Weder (2003 [P; OBS, regression analysis]) find evidence of a significant causal relationship between more press freedom and less corruption in a large cross-section of countries. This relationship holds using different indicators for both corruption and press freedom. Other studies have confirmed this finding (see Rose-Ackerman and Søreide, 2012 [S; SR]).

Partly based on this, since the 1980s the transition to democracy across the developing world has been viewed as a strong bulwark against the proliferation of corruption. However, the empirical evidence yields a more **differentiated picture between well-established democracies in the developed world and those emerging more recently.** As discussed above, political systems in transition and hybrid regimes often show worse levels of corruption than either fully democratic or fully authoritarian regimes (Lambsdorff, 2005 [P; OBS, quantitative analysis, literature review]; Montinola and Jackman, 2002 [P; OBS, descriptive statistics, quantitative regression analysis]).

Evidence on the effect of decentralisation on corruption also remains mixed. In theory, decentralisation is intended to bring government and service providers "closer to the people". This should in turn help foster democracy at the local level, strengthen accountability and reduce corruption. It is on this basis that the international community has embraced decentralisation reforms since the 1990s. However, **decentralisation is by no means a linear process.** As research on the linkages between decentralisation and corruption, much of it case study-based, suggests, **it should not be assumed more local forms of government are automatically more democratic and less corrupt** (Connerley et al., 2010 [TC and P; various qualitative, comparative]). In fact, decentralisation may be associated with more, or at least more decentralised forms of, corruption. This is in large part because, at the local level, formal rules continue to compete with informal understandings in ways that are not mutually reinforcing, and weak accountability mechanisms remain prevalent (Booth and Fritz, 2008 [P; OBS, various qualitative, literature review]).

Elections are another crucial component of democratic governance, and for a long time the international community has pinned great expectations on their ability to promote greater accountability. However, the picture that emerges is again mixed. It highlights that elections may generate dynamics that can be conducive to corruption, through, for example, patronage and vote-buying (Fox, 1994 [P; OBS, case study]; Kolstad et al., 2008 [S; OR]; Rocha Menocal, 2005 [P; OBS, case study]).

Electoral systems themselves can have a differential impact on corruption based on the kinds of incentives and dynamics they generate. Table 3 summarises some of the key arguments and findings from this literature, which is both theoretical and empirically based, with evidence drawn mostly from developed democracies. The research suggests **proportional representation (PR) systems, especially closed-list ones, tend to be more susceptible to corruption** than plurality systems. This is because accountability linkages between voters and elected politicians are weaker and less direct, and so corruption is easier to hide. On the other hand, PR systems have also been shown to be more likely to produce public goods, as they are also less susceptible to "pork barrel" politics – or the appropriation of government spending towards local

projects intended to bring resources to a specific constituency to maintain electoral support (Kunicová and Rose-Ackerman, 2005 [P; OBS, cross-sectional data analysis]; Persson et al., 2003 [P; OBS, cross-country regression analysis]).

Table 3: Electoral systems and corruption – exploring key linkages

Type of electoral system	Overall advantages	Overall disadvantages
Plurality/majority	Enable voters to vote for candidates and not just for parties because candidates appeal to voters directly (but see disadvantages). As such, they establish a strong "electoral connection" between the voter and elected politicians in terms of geographic representation, which makes **accountability linkages clearer and stronger.** Based on the above, they are assumed to be **less likely to encourage corruption,** essentially because it is easier for voters and opposition parties to monitor the behaviour of incumbents who appeal to voters directly.	While there is some variation between systems, overall plurality systems are **more candidate-centred, which tends to provide greater incentives for politics based on the allocation of patronage,** especially if the systems encourage internal (i.e. within-party) competition among candidates. Are **less likely to produce desirable public goods.** This is because so-called "pork barrel politics" (or the appropriation of government spending for localised projects secured to benefit a narrow group of citizens often in the politician's home district) are more prevalent where the electoral system is based on candidate-centred electoral competition and candidates need to differentiate themselves from other candidates. **Are more prone to electoral malpractice.** This is because, by contrast, parties operating in PR systems parties have a greater incentive to enforce compliance with electoral rules to protect party reputation than in plurality systems, which gives individual candidates greater leeway to manipulate the rules. In addition, under plurality, in a close contest only a small number of votes needs to be manipulated to alter electoral outcomes, whereas a far greater number of votes would need to be altered in PR systems to achieve the same result.
Proportional representation	Encourage parties to campaign beyond the districts in which they are strong or where the results are expected to be close. The incentive under PR systems is to maximise the overall vote regardless of where those votes might come from because every vote goes towards gaining another seat. As such, they **provide fewer incentives for electoral malpractice.** More **likely to produce desirable public goods because pork barrel practices are less prevalent.**	**Accountability linkages between voters and elected politicians are weaker and less direct** than in plurality systems (especially in systems like closed-list PR). This **may provide greater incentives for corruption** because it makes it more difficult to hold individual candidates or politicians for corrupt practices. Elected politicians depend more on their party than on voters for their future, which may lead to excessive entrenchment of power within party headquarters and in the hands of senior party leaderships.

Source: Rocha Menocal (2011 [S, OR]).

An area of research that has recently begun to emerge focuses on **electoral malpractice,** or the manipulation of the electoral process in ways that benefit particular candidates and/or political parties over others and create an unlevelled playing field. Electoral malpractice encompasses a variety of activities, ranging from, for example, the

location of voting centres to voter intimidation. Many are also related to corruption, including, for instance, the abuse or manipulation of administrative resources, vote-buying and unaccounted or illicit campaign financing. Electoral malpractice has become an increasing problem in emerging democracies in the developing world. Though still in its infancy, in terms of both theory-building and the generation of evidence, this literature has begun to generate some interesting hypotheses and findings. The key argument, supported by some data from Eastern Europe, Latin America and Sub-Saharan Africa, is that electoral misconduct is associated more closely with plurality systems than with PR systems (Birch, 2007 [P; OBS, cross-country regression analysis, panel data]).

A key insight that emerges from this literature is that **no electoral system is perfect – there are always trade-offs involved** (e.g. candidate/personal influence vs. party coherence; accountability to voters vs. accountability to the party; incentives for pork barrel vs. corruption; the provision of public goods vs. the provision of more targeted ones; etc.) (Rocha Menocal, 2011 [S; OR]).

2.6 Corruption and natural wealth: the resource curse

There is a rich literature around the so-called **"resource curse".** Ample evidence from across the developing world shows countries rich in natural resources also tend to be highly corrupt and poorly governed, in part because of the dynamics and incentives extractive resources tend to generate for the ruling elites (Acemoglu and Johnson, 2005 [P; OBS, regression analysis]; Humphreys et al., 2007 [TC]; Vicente, 2010 [P; QEX, survey data, standard two-stage sampling design, quantitative regression analysis]).

Findings from research on the political economy of resource management highlight that increased autonomy of the state from its citizens reduces the need for state leaders to develop long-run broad-based political bargains with different groups in society (Sogge, 2006 [P; OBS, case study]). The abundance of oil and diamonds, as well as other minerals such as gold, has been a (if not the) leading factor in undermining accountability, disarticulating the link between state and society and enabling those who rule to command vast patronage networks while remaining indifferent towards the population at large. Among other things, the fact that the state does not depend on its people to raise revenue helps generate a widespread perception that public services are a favour from the state rather than a right that can be demanded, and it therefore profoundly **undermines vertical accountability processes** (Moore, 2004 [TC and S; OR]; Unsworth, 2010 [TC and P; OBS, comparative case studies]) (see also the discussion in Chapter 4.7 on trust and legitimacy and why corruption can undermine the links between state and society). The case of Angola may be particularly emblematic of this (see Box 4). In addition, the way mineral endowments and extractive rents are distributed can have a considerable effect on conflict and poses challenges to the peaceful co-existence between groups in society (Collier, 2006 [TC and S; OR]; DiJohn, 2002 [TC and S; OR]; Le Billon, 2012 [TC and S; OR]; Williams, 2010 [P; OBS, quantitative regression analysis]) (for a further discussion see Chapter 4.8).

Box 4: The political economy of mineral wealth in Angola

Angola today remains one of the most poorly governed countries in the world, despite spectacular levels of economic growth over the past 10 years. Such growth, driven mainly by oil and diamonds, often in partnership with large, international private sector companies, has not been broad-based and has not benefited the majority of the population. Power and resources remain heavily concentrated in the hands of the ruling party (the People's Movement

Source: Hodges (2004 [P; OBS, case study]).

In addition, despite a growing number of initiatives at both the international and the domestic level to increase transparency in this area (e.g. the Publish What You Pay campaign and the Extractive Industries Transparency Initiative (EITI) – see Chapter 5.5), **revenues from oil and other mineral extraction remain opaque** and poorly accounted for in general. In this respect, **responsibility cannot lie with governments in developing countries alone.**

There is evidence to suggest one set of actors is particularly important for the developmental impact of natural resources: the **private sector** (Kolstad et al., 2008 [S; OR]; Mehlum et al., 2006 [P; OBS, literature review and quantitative regression analysis]). As several analysts have argued, foreign corporations often face perverse incentives to engage in corrupt behaviour, including, for example, the bribing of officials for contracts. In addition, "oil firms and other international corporations are major practitioners in promoting tax avoidance and evasion", and their practices have helped reinforce corruption patterns and behaviour in-country (see, e.g., Hodges, 2004 [P; OBS, case study]; Sogge, 2006 [P; OBS, case study]). Thus, **global drivers** of (poor) governance also play an important role in undermining a state's need to raise revenue through its own citizens and in weakening accountability relations between state and society.

2.7 Corruption as embedded in social relations[3]

Ethnographic approaches to corruption focus on the **importance of sociocultural norms and practices for understanding corrupt behaviour,** stressing that culture is a dynamic social construct that interacts with the broader political and economic environment. Three main findings emerge from this kind of ethnographic research on the functioning public administrations, especially in Africa (Anders, 2005 [P; OBS; case study]; Blundo and Olivier de Sardan 2006 [TC and P; OBS, literature review, ethnographic research]).

First, there is evidence that the public sector in some Sub-Saharan African countries is undergoing a process of "informal privatisation". Rather than signifying an absence of rules, this process is characterised by an excess **of complex *de facto* norms that are at odds with formal rules** and blur the boundaries between licit and illicit practices.

Second, the **boundaries between corrupt practices and other behaviour or actions are often difficult to define** because corruption is situated within wider everyday practices that are not corrupt but often facilitate and legitimise corruption. Interactive and dynamic networks are a pervasive feature of the social landscape in Africa and are an essential element of the everyday strategies those working in and using public administrations and services adopt. This points to the **normative importance of social ties,** or the moral imperative to help one's kin (Anders, 2005 [P; OBS; case study]; Olivier de Sardan, 1999 [TC]). Personalisation of relationships with public officials is therefore a preventive strategy, one that necessitates continual investment in the form of

---

[3] This discussion draws on Kolstad et al. (2008 [S; OR]).

material and non-material gifts to provide insurance against future needs (Blundo and Olivier de Sardan, 2006 [TC and P; OBS, literature review, ethnographic research]; Sissener, 2001 [TC and S; OR] on similar findings in China and Russia). Situating some forms of corruption within social exchange challenges the simplistic notion of corrupt public officials seeking private gain (Sissener, 2001 [TC and S; OR]).

Lastly, social behaviour, including whether or not a corrupt practice is perceived as being legitimate, must be understood in context and relates to both scale and circumstances (Blundo and Olivier de Sardan, 2006 [TC and P; OBS, literature review, ethnographic research]; Sissener, 2001 [TC and S; OR]). For example, favouritism in public services is widely denounced, but is perceived to have social legitimacy. Illegitimate corruption is therefore often that which transgresses social perceptions relating to excess, greed or selfishness (i.e. where benefits are not redistributed) or corruption that involves theft of private, rather than public, resources (Blundo and Olivier de Sardan, 2006 [TC and P; OBS, documentary review, ethnographic research]; Chabal and Daloz, 1999 [TC and P; OBS, historical analysis]; Olivier de Sardan, 1999 [TC]; Sissener, 2001 [TC and S; OR]).

2.8 Corruption and international aid

As Fritz and Kolstad (2008 [S; OR]) have noted, several studies have examined how aid flows affect the level of corruption in partner countries. A basic theoretical rationale for these types of studies is that **aid is a type of windfall,** which may cause groups and individuals to vie for a portion of it, resulting in increased rent-seeking activities and corruption.

The **evidence** from cross-country econometric studies as to whether aid causes corruption **remains inconclusive.** Undertaking a series of cross-country empirical tests, Knack (2001 [P; OBS, cross-country regression analysis]) finds aid is positively related to corruption. In another quantitative analysis, however, Tavares (2003 [P; OBS, quantitative regression analysis]) finds instead aid decreases corruption. Dalgaard and Olsson (2006 [P; OBS, cross-country regression analysis]) find aid decreases corruption at low aid levels but increases it at high aid levels.

Although there is no consistent evidence aid increases corruption, there is evidence **aid may cause corruption in countries with certain characteristics,** and specific donor practices can induce corruption. Svensson (2000 [P; OBS, quantitative regression analysis]) performs a cross-country study in which aid is interacted with the level of ethnic fractionalisation in a country. He finds aid increases corruption in countries whose population is highly fractionalised, whereas it reduces corruption in more homogeneous countries. In other words, where there are many distinct groups fighting for the extra resources aid represents, aid appears more likely to have a detrimental effect in terms of rent-seeking and corruption.

Similarly, certain donor practices appear to have led to corruption. There are numerous instances of corruption in aid projects. Moreover, well-intended conditions imposed by donors have had seriously negative consequences in terms of corruption. A frequently used example is donor-induced rounds of privatisation, which domestic elites have taken advantage of in order to enrich themselves. Lax donor control and follow-up that characterise much humanitarian aid also increase opportunities for corruption (Schultz and Søreide, 2006 [S; OR]). Donor behaviour or privileges in partner countries – such as

donor tax exemptions – may also help undermine social norms, rather than help build tax compliance.

Some studies have also argued that ongoing **donor support to corrupt (and often authoritarian) governments/states has helped sustain and recreate corruption** and entrench their power even further. In a study of Mozambique, for example, Hanlon (2004 [P; OBS, case study]) suggests that, in order to obtain other objectives, donors have effectively turned a blind eye to corruption and encouraged state capture. Tangri and Mwenda (2006 [P; OBS, case study]) present a similar argument for the case of Uganda. According to them, aid has provided the government with public resources to sustain the patronage basis of the regime, which, they argue, has helped prop up a corrupt state.

An important implication from this is that disbursement pressure and the need for success stories can have detrimental effects in terms of corruption, because they generate dynamics and incentives to continue to provide funds to governments irrespective of whether they may be corrupt and/or prone to misuse aid resources (Easterly, 2001 [TC and P; OBS, qualitative]). The point remains valid today given the strong focus donors are now placing on demonstrating results and value for money in the short term (Unsworth, 2010 [TC and P; OBS, comparative case studies]).

An alternative body of research suggests **aid does not always generate incentives that facilitate or perpetuate corruption.** As Paul Collier (2006 [TC and S; OR]) has argued, in cases where countries are more dependent on international assistance, aid may actually help contain corruption because it comes with some conditions attached. Mozambique can be seen as an example of this, where, since the 1990s, increasing donor reliance on aid (especially in terms of general budget support (GBS) as opposed to assistance based on a multiplicity of short-term projects) has had a positive impact on the quality of governance (Batley et al., 2006 [P; OBS, case study]). As noted by Hodges and Tibana (2004 [P; OBS, case study]), for instance, "through the policy dialogue and conditionality associated with GBS and sector wide support, donors have clearly influenced the government's agenda, encouraging reforms even in areas such as governance and public sector management where elite interests are embedded".

2.9 Conclusion

Corruption is a complex and multi-faceted phenomenon that can take a variety of forms. The literature identifies a wide variety of political, institutional, administrative, social and economic factors, both domestic and international, as important in enabling and fomenting corruption.

Weak governance emerges from the evidence review as one of the fundamental leading causes of corruption. The political and economic opportunities that different political systems present, as well as the strength and effectiveness of state, social and economic institutions, shape the conditions in which corruption can thrive. Centralisation of power, lack of political competition and weak accountability mechanisms afford too much discretion. The evidence points to corruption tending to be especially prevalent in so-called 'neo-patrimonial' systems where:

- There is weak separation of the public and private spheres, which results in the widespread private appropriation of public resources;

- Vertical (e.g. patron–client) and identity-based (e.g. kinship, ethnicity, religion) relationships have primacy over horizontal (e.g. citizen-to-citizen or equal-to-equal) and rights-based relationships; and
- Politics are organised around personalism or "big man" syndrome, reflected in the high centralisation of power and patron–client relations replicated throughout society.

Weak institutions are a crucial factor enabling corruption, but institutions themselves reflect power dynamics. The fundamental power distribution in the political system and society, and the (dis)advantages such distribution confers, shapes how institutions work. This is also reflected in the key role political and economic elites play in determining corruption dynamics.

A key challenge confronting states in the developing world is that of **maintaining political and social stability,** especially in contexts of limited fiscal resources. As a result, the **allocation of rents and patronage** often plays a central role in buying off groups that can threaten the system. This requires resources that are often available only through corruption.

Also, the literature suggests **countries undergoing processes of political and economic transition are particularly susceptible to corruption.** Political systems in transition and hybrid regimes often show worse levels of corruption than either fully democratic or fully authoritarian regimes, meaning newly democratised countries may actually experience increasing levels of corruption.

The **resource curse** emerges as a critical factor in the prevalence of corruption. Improperly managed, an abundance of natural resources can enable those who rule to command vast patronage networks while not meeting the needs of their citizens.

In summary, the evidence shows corruption dynamics are shaped by the **interaction between political, social and economic processes.** Corruption results from complex interactions and relationships between a variety of actors, organisations (including within the state; private sector and other organised civil society; more individualised linkages, etc.) and institutions, both formal and informal, at different levels (international, national, subnational). This includes the interface between the rules of the game (formal and informal), the incentive structures that motivate individual and group conduct (including the belief systems and ideas that guide preferences and behaviour) and how power is distributed between individuals, groups and/or organisations. The **collective, rather than simply individual, nature of corruption** is also highlighted, with an emerging discourse that sees corruption not only as a principal-agent but also as a collective action problem.

3. The gender dimensions of corruption

3.1 Framing the debate on corruption and women

A World Bank research team sparked the **debate on gender and corruption** with the empirical finding that gender representation in political systems is significantly related to corruption at the country level: a higher percentage of women in government is associated with lower levels of corruption (Dollar et al., 2001 [P; OBS, cross-country regression analysis]). Additional studies have provided some evidence gender has a significant impact on corruptibility at the micro level: female managers tend to bribe less than their male counterparts (Gideon et al., 2001 [P; OBS, survey]; Swamy et al., 2001 [P; OBS, cross-country regression analysis]) and women are less tolerant than men in their attitudes towards corrupt behaviour (Alatas et al., 2009 [P; EXP, lab experiment]; Frank and Schulze, 2000 [P; EXP, lab experiment]; Gatti et al., 2003 [P; OBS, survey]; Swamy et al., 2001 [P; OBS, cross-country regression analysis]; Torgler and Valev, 2006 [P; OBS, survey]).

However, many questions on the relationship between gender and corruption remain unresolved in the existing literature, in part because of methodological challenges. Although multiple sources have revealed strong correlations between low corruption and women's empowerment based on cross-country data, **the causal mechanisms behind the possible relationship between gender and corruption have not been clearly identified and have not yet been convincingly demonstrated.** This raises considerable **doubts as to whether simply increasing women's voice and representation in government is likely to be effective as an anti-corruption policy tool.**

Referencing a broad array of relevant literature from political science, economics and psychology, several mechanisms can be employed to explain the relationship between gender and corruption. Some of the most prominent hypotheses include the following:

- Women perceive corrupt behaviour as "risky" and tend to be more risk-averse than men.
- Women tend to be more "moral" than men.
- Women experience greater social pressures against "taboo" corrupt behaviours.
- Women are excluded from "old boys' networks" of corruption and/or similar all-female networks are less likely to form.
- Women react more strongly against corruption because they tend to be less exposed to corruption in politics or business.

The **analysis below focuses mainly on findings from laboratory experiments** as this approach has yielded some traction in identifying specific potential causal mechanisms relevant to the relationship between gender and corruption.

3.2 A review of existing evidence on corruption and gender

Figure 2: The evidence base on gender and corruption
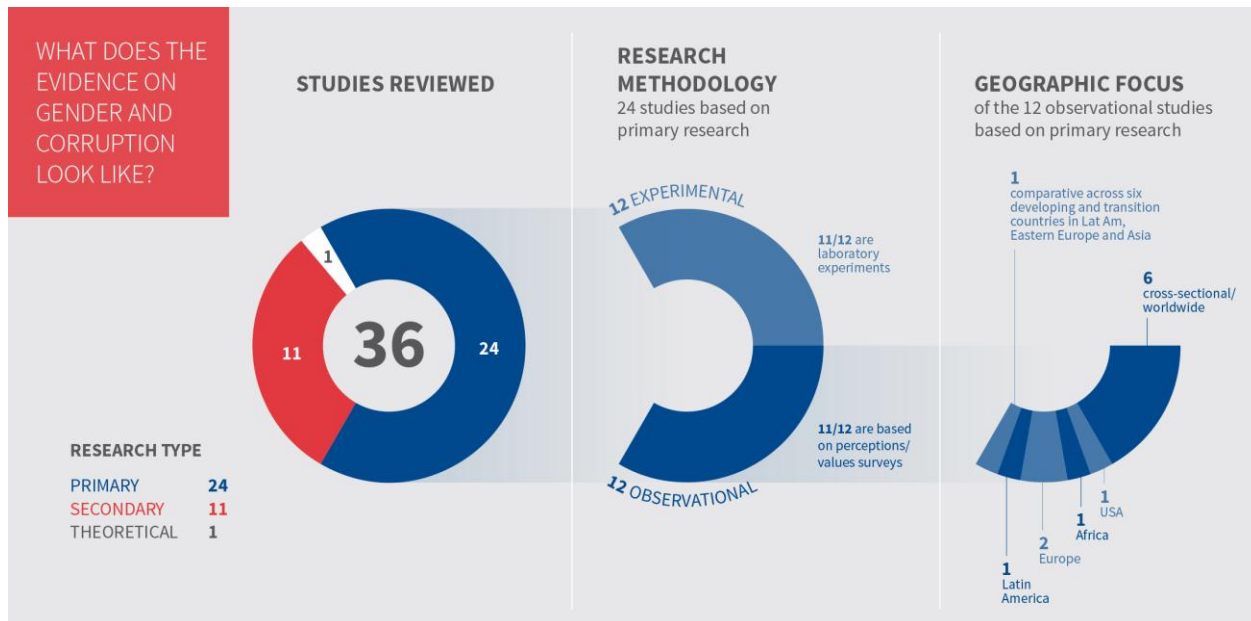
Source: Authors.

Several empirical studies have suggested there is a relationship between gender and corruption, and, in particular, that women are less likely to be corrupt than men. A World Bank study by Dollar et al. (2001 [P; OBS, cross-country regression analysis]) finds higher representation of women in government is associated with lower levels of corruption: a 1-standard deviation increase in the percentage of women in parliament leads to a 10% decline in corruption, using the International Country Risk Guide (ICRG) corruption perceptions index in a multivariate regression analysis on a sample of over 100 countries in developed and developing countries, controlling for other indicators of social and economic development. The authors conclude their findings are consistent with other social science literature, suggesting "women may have higher standards of ethical behaviour and appear to be more concerned with the common good".

A second leading early study on gender and corruption, by Anand Swamy, Stephen Knack, Young Lee and Omar Azfar (Swamy et al., 2001 [P; OBS, cross-country regression analysis]), has three major findings:

1. Large shares of women in parliament and in the labour force are associated with lower corruption across countries.
2. Women managers are less frequently involved in bribery than men.
3. Women have more critical attitudes towards the acceptability of bribery than men.

The authors' first finding is based on a cross-country analysis with slightly different specifications than in Dollar et al., including using Kaufmann et al.'s (1999) "graft index" instead of the ICRG index. Their second finding is based on responses to the World Bank's Business Environment and Enterprise Performance Survey (BEEPS) question, "How frequently do the officials providing the service require unofficial payments?", conducted for enterprises in the country of Georgia. The third finding is based on data on corruption perceptions from the World Values Survey.

These observational studies have been critiqued on the grounds that they are unable to demonstrate a causal relationship between gender and corruption and rely too heavily on subjective, perception-based measures of corruption, which may be weak proxies for actual levels of corruption. As Swamy et al. (2001 [P; OBS, cross-country regression analysis]) acknowledge, for example, a notable limitation in the third section of their analysis is that World Values Survey data are based on self-reported responses about hypothetical opportunities for corruption. Their findings are surprisingly consistent through the different survey questions – women express less tolerant attitudes than men towards each of 12 different hypothetical examples of corruption (tax evasion, accepting a bribe, avoiding a fare on public transport, etc.). However, observed gender differences in perceived corruption might merely reflect inclinations to acknowledge corrupt tendencies, rather than implying a gender-based difference in actual behaviour.

3.3 Exploring causal mechanisms

Laboratory experiments provide some relevant complementary insight into potential hypotheses on the connection between gender and corruption observed in the literature cited above. The analysis below discusses these hypotheses in detail, with a brief review of supporting evidence for each.

Risk aversion

H_1: Gender differences in risk aversion account for variation in corrupt behaviours between men and women.

If bribery is considered "risky behaviour", different levels of risk aversion between men and women could explain part of their different willingness to engage in corruption. In a meta-analysis of 150 psychological studies on over 100,000 experimental participants, Byrnes et al. (1999 [S; OR]) find **significant differences in risk aversion between men and women.** Corruption may be similar to other examples of "risky behaviour" in which men and women tend to engage differently, such as crime, drinking, gambling or investing.[4] While a few studies have suggested differences in risk aversion between the sexes may be exaggerated (Casari et al., 2005 [P; EXP, lab experiment]; Harrison et al., 2005 [S; OR]), a substantial number of studies have found women tend to be more risk-averse (Barsky et al., 1997 [P; EXP, lab experiment]; Croson and Gneezy, 2004 [S; OR]; Donkers et al., 1999 [P; OBS, survey]; Holt and Laury, 2002 [P; EXP, lab experiment]). Eckel and Grossman (1998 [P; EXP, lab experiment]), for instance, find women are significantly more risk-averse than men in a variety of different types of games. On the specific issue of corruption, Schulze and Frank (2003 [P; EXP, lab experiment]) find **some evidence risk aversion contributes to gender differences in willingness to accept bribes.** Women and men exhibit no differences in bribing behaviour in the authors' non-risk experimental situation, but women are less willing to accept bribes in a more risky situation.

Morality

H_2: Gender-specific differences in "morality" affect willingness to engage in corrupt behaviour.

---

[4] See Eckel and Grossman (1998 [P; EXP, lab experiment]) and Eckel and Wilson, 2004 ([P; EXP, lab experiment]) for a review of literature and citations.

There is some evidence for the hypothesis that women have different "moral standards" than men in terms of greater altruism or concern for the public, although this question is still debated. Eckel and Grossman (1998 [P; EXP, lab experiment]) find women are more likely than men to punish selfish behaviours of others in a sequential game, even where their actions come at a high cost. This result might extend to the area of corruption in suggesting women may be more effective monitors or whistle-blowers. In contrast, Bolton and Katok (1995 [S; OR]) find men and women display no significant differences in altruism in experimental dictator games in which an individual (the dictator) must decide how to distribute a sum of money between him/herself and one other person (the recipient). As with the conclusion about risk aversion, although **differences in "moral" standards** of altruism or preferences towards public goods provision may help explain the relationship between gender and corruption, **more evidence is needed to explore the importance of this mechanism relative to other potential factors.**

Susceptibility to social context and social taboos

H_3: Gender differences in susceptibility to the social context surrounding corrupt behaviours account for variation in corrupt behaviours.

Another hypothesis is **different social contexts may elicit different gender-specific responses to corrupt opportunities.** Differences in men's and women's susceptibility to corruption may depend on social context. It may also be exacerbated if the act of corruption is incompatible with societal norms with respect to women's behaviour. There may be social taboos against engaging in corruption that apply specifically to women, for example.[5]

Gilligan (1982 [P; OBS]) finds women are more likely to view decisions about morality and fairness "with greater consideration of the circumstances surrounding the decision", whereas men are more likely to view fairness in abstract, absolute terms. Croson and Gneezy (2004 [S; OR]) note women have shown themselves in several experiments to be more sensitive than men to social contexts. For example, there is greater variation in female behaviour than in male behaviour across experiments with similar incentives but different levels of social contact between players (Eckel and Wilson, 2004 [P; EXP, lab experiment]; Solnick, 2001 [P; EXP, lab experiment]). In a series of experiments on microfinance groups in Zimbabwe, Barr and Kinsey (2002 [P; EXP, lab experiment]) find women are more responsive to social sanctions as punishment for corrupt behaviour, and conclude sharing (in terms of what different players contribute for the collective) and shaming are both gendered culture effects.

Single-sex group dynamics

H_4: Group-level corrupt behaviours depend on the gender composition of the group. There may be different behavioural dynamics in all-female groups compared with all-male groups.

---

[5] See Buss and Shackelford (1997 [S; OR]), p.611.

Given that **corruption often occurs within group settings and networks** (e.g. social networks, political bureaucracies or firms), it is important to consider the possibility that group-level characteristics will mediate any effects of an individual's gender on corrupt behaviour. If corruption is more common among single-sex groups, regardless of whether they are all-female or all-male, it would suggest the formation of "old boys' networks" of corruption might be equally likely to occur in all-female networks. This might imply any real-world corruption-reducing effect from bringing women into political power may diminish over time as enough women enter politics. On the other hand, if all-female groups are significantly less likely to engage in corruption, it would lend support to the hypothesis that women are less corrupt.

Henrich et al. (2001 [P; EXP, ultimatum game]) find in their study of ultimatum games in Africa and Mongolia that the effects of group-level characteristics may in some cases dominate individual-level characteristics. Gokcekus and Mukherjee (2002 [P; OBS, survey]) find a rising percentage of women in government is associated with falling levels of perceived corruption only as long as the percentage of women remains below 45%. After this point, higher percentages of women's participation may have a reverse effect, as in Bulgaria. After a certain critical mass of women is reached, the authors find women seem to take part in corruption similarly to men – perhaps they gain access to "old boys' networks" or perhaps they manage to create "girls' networks" of corruption among themselves. Goetz (2007 [S; OR]) similarly suggests **women may be equally likely to engage in corruption when allowed to conduct business among themselves,** noting several examples where corruption has taken root in all-female networks, such as women-led microcredit programmes and those of female nurses in clinics.

Exposure to corruption

H_5: Gender differences in attitudes and behaviour towards corruption may depend on exposure to corruption in daily life, politics and business over time. **Women may display a greater initial aversion to corruption that gradually disappears as they become more familiar with potential opportunities** for corruption.

As some literature has suggested, women's apparent aversion to corruption may be associated simply with a lack of familiarity with the inner workings of corrupt networks owing to their lower representation in the labour force and in politics (Goetz (2007 [S; OR]; Swamy et al., 2001 [P; OBS, cross-country regression analysis]). It is also possible that women's relative newness in business and political circles may fuel a desire to prove their worthiness and integrity on first entering into employment or taking political office. This raises questions about whether women's attitudes and willingness to become involved in corruption or corrupt networks may gradually increase as women become better represented in the public and private sectors and as their exposure to corruption increases over time.

A related possibility is that gender-based expectations about corruptibility may turn into self-fulfilling prophecies: if women are presumed to be less corrupt, they may be offered bribes less frequently regardless of their actual willingness to pay bribes. In other words, differences in observed behaviour may be driven simply by expectations about corrupt behaviour across genders.

3.4 Conclusion

While there are many potential reasons to expect a significant relationship between gender and corruption, existing evidence is insufficient to conclude that raising the percentage of women in government *per se* is likely to lower corruption levels. Much of the recent literature suggests **women are not necessarily or automatically prone to be less corrupt than men,** and the relationship between gender and corruption may be highly dependent on the social conditions in which opportunities for corruption arise.

4. Effects of corruption: costs and broader impacts

Chapter 2 of this Evidence Paper sought to explain the conditions under which corrupt activities are most likely to thrive. This chapter explores a range of potential costs of corruption. The analysis below considers the challenges of measuring the costs of corruption before assessing 1) the macroeconomic cost to national economic income and/or growth; 2) microeconomic costs to businesses; 3) impacts on the poor through inequality; 4) impacts on public service delivery; 5) impacts on state legitimacy; 6) impacts on stability; and 7) impacts on the environment. The current chapter relates strongly to Chapter 2 by exploring whether or not corruption is more or less detrimental depending on the quality of governance.

Figure 3: The evidence base on the costs and broader impacts of corruption

WHAT DOES THE EVIDENCE ON COSTS AND BROADER IMPACTS OF CORRUPTION LOOK LIKE?

Number of studies reviewed

84
Research methodology
Experimental 7
Quasi-experimental 1
Observational 63

88
Research methodology
Experimental or based on survey 24
Observational or based on case studies 29

LITERATURE THEMES | FINANCIAL COSTS | BROADER IMPACTS

RESEARCH TYPES
■ PRIMARY ■ SECONDARY □ THEORETICAL ■ MIXED

GEOGRAPHIC FOCUS OF THE STUDIES

9.9
2.9
14.0
2.9
18.6
1.7
7.0
43.0
%

■ ASIA ■ SUB-SAHARAN AFRICA
■ EUROPE ■ UNDEFINED
□ GLOBAL ■ CROSS-GROUP*
■ LATIN AMERICA & THE CARIBBEAN
■ MENA
*Includes countries from more than one region but the coverage is not global.

Source: Authors.

A semi-systematic search of literature relating to **economic/financial costs** yielded some 200 articles of potential relevance. Out of these, 84 were selected for further review. A search strategy based on expert recommendation, hand-searching and snowballing was used to identify literature relating to non-financial costs/broader impacts. This search yielded 88 articles that were selected for further review (see Figure 3 above).

4.1 Estimating the costs/impacts of corruption

Estimating the costs of corruption is made difficult by measurement challenges (Galtung, 2005 [TC]; Heller, 2009 [TC]). The principal measurement difficulties are 1) varied understandings of the term 'corruption'; 2) differences between perceived and actual levels of corruption; 3) aggregation problems, when data from different corruption surveys are compiled to generate a single figure (e.g. in Transparency International's Corruption Perceptions Index [CPI]); and 4) the limited range of methodologies that can adequately demonstrate causal relationships between corruption and growth (as opposed to merely associational links).[6]

Differences in understanding

Multiple survey respondents, within and across surveys, may understand the concept of corruption differently, posing an inherent risk to many measurement instruments.[7] Practices such as nepotism, for example, have highly societally specific definitions (Johnsøn and Mason, 2013 [TC]). This poses particular risks when different measurement instruments are combined to produce an aggregate measure.

Such differences in understanding are also widespread within the academic community. A country characteristic that one researcher or survey instrument describes as "corruption", another may describe as "quality of governance" or "institutional capacity".

Experience vs. perception

Some surveys pose questions relating only to perceptions of corruption. Actual levels of the phenomenon may be very different. Increasingly, surveys seek to measure the *experience* of corruption, especially bribery, instead. Regional corruption barometers, the UN Interregional Crime and Victimization Survey and the World Bank's World Business Environment Survey all gather data about actual experience of corruption.

Even experience or victimisation data pose problems. Some types of corruption (e.g. grand corruption) are not experienced by large numbers of ordinary people, and are not captured by experience surveys.

The use of indirect instruments can help overcome measurement challenges. Quantitative Service Delivery Surveys or the Business Environment and Enterprise Performance Survey (BEEPS) are considered to provide reliable measures of petty corruption, although they are used only infrequently in the research literature (Reinikka and Svensson, 2003b [TC]).

Demonstrating causality

Where both corruption and obstacles to growth exist, it can be difficult to demonstrate the former is causing the latter. This can be addressed partly by the use of longitudinal research methodologies, tracking both corruption and economic growth over time.

---

[6] Daniel Treisman (2002 [P; QEX, regression analysis]) suggests "indices do not correlate as highly as one might expect with citizens' actual experiences with corruption as measured by surveys of business managers and other victims" and recommends we "refine and gather more experience-based measures of corruption". See also Donchev and Ujhelyi (2014 [TC]) and Olken (2009 [P; OBS, survey]).
[7] See, for example, Clausen et al. (2011 [P; OBS, cross-country survey]).

However, much of the existing research is based on cross-sectional (i.e. "snapshot in time") methodologies.

A further challenge to demonstrating the economic or financial costs of corruption is the presence of "confounding" factors that influence both the level of corruption (the presumed cause) and the economic output (the presumed effect). Finding valid instruments (factors that affect corruption but not economic output) is hard.

4.2 Macroeconomic costs of corruption

Discussions of the economic effects of corruption often congregate around questions of whether corruption either greases or sands the wheels of economic growth and development. Those supporting the "greasing the wheels" hypothesis (e.g. Huntington, 1968 [TC]; Leff, 1964 [TC]) argue corruption facilitates trade. It may save time and afford efficiencies to businesses in poor governance environments by allowing the private sector to circumvent cumbersome or heavily centralised governance structures. Conversely, the "sanding the wheels" position argues corruption puts costs on services that should be provided free of charge. It creates uncertainty for businesses, prompting them to reduce investments, in turn harming growth.

The answer as to whether corruption "greases" or "sands" the wheels of growth may rely on the prevailing socioeconomic conditions: this is to say that, as a phenomenon, the trade-off between its benefits and its costs may be more marginal in some states or institutional environments than in others.

Systematic review

Ugur and Dasgupta (2011 [S; SR]) systematically review the costs of corruption to economic growth at a macroeconomic level, and provide a meta-analysis. Their study surveys 55 empirical studies (and 596 estimates of costs). They find that, in low-income countries (LICs), a 1-unit increase on the Corruption Perceptions Index (CPI) is associated with a reduction in gross domestic product (GDP) per capita growth rates of 0.07%. Across all countries (low, middle and high income), the effect is 0.12 percentage points. This *suggests* the effect on low-income economies is actually less severe than that on middle- and high-income economies.

The indirect effects of corruption on growth (i.e. measured by public financial revenue flows and levels of human capital) are even stronger: minus 0.23 percentage points for LICs and minus 0.29 percentage points overall.

Conversely, with regard to investment, Ugur and Dasgupta's meta-analysis suggests corruption may have a positive effect. For LICs, a 1-unit increase on the CPI increases investments by on average 0.12 percentage points. However, this estimate is based on only three studies, one of which reports a negative effect.

Beyond the systematic review

Whilst Ugur and Dasgupta's work serves as a helpful "best estimate" of the macroeconomic costs of corruption, it somewhat masks the substantial diversity of findings in the literature, which are explored in greater depth below.

The body of research is characterised by a variety of cross-country cross-sectional studies (i.e. studies that consider growth and corruption in several countries but at only one point in time) and by cross-country *panel* studies, which contain a longitudinal element (i.e. multiple measurements across time). The temporal dimension of panel studies makes them methodologically more robust.

Table 4: Selected findings from the literature on the economic costs of corruption

Author	Research type, design, method	Claimed nature and size of effect
Dreher and Herzfeld (2005)	Primary, observational, cross-country, cross-sectional data with regression analysis.	A 1-point increase in their selected corruption index reduces growth by 0.13 percentage points. The estimate includes indirect effects through government expenditures, investment, foreign aid and inflation as well as the direct effect of corruption on growth.
Gyimah-Brempong and Munoz de Camacho (2006)	Primary, observational, panel survey data.	An increase of corruption by 1 standard deviation reduces growth per capita by 0.4 percentage points in OECD and Asian countries. In Latin America, it reduces growth per capita by 0.64 percentage points; in African countries, it decreases it by 0.75 percentage points.
Rahman et al. (2000)	Primary, observational, cross-country study using ICRG risk of corruption measure for 79 countries, 1990-1997.	An increase in corruption by 1 standard deviation reduces economic growth by 0.79 percentage points. On this basis, had Bangladesh's levels of corruption been comparable with those of Poland at the beginning of the time series, its growth rate would have increased by 2.1 percentage points. This higher growth rate would have resulted in an absolute income level 18% higher than was recorded.
Andvig and Attila (2009)	Primary, observational, cross-country panel study using victimisation data with an instrumental variables approach. 74 countries.	A 1% increase in police corruption causes a decrease in GDP per capita of approximately 0.6%. This suggests that if Nigeria's levels of police corruption were reduced to those of the Czech Republic, for example, real income per capita could be 2.9 percentage points higher.
Mo (2001)	Primary, observational, cross-country panel data with regression analysis, 1975-1985.	Mo's results show a 1-unit increase on the corruption index leads to a reduction of the growth rate by 0.54 percentage points. Of this effect, 53% is explained by the effect of corruption on political instability, and, in turn, the effect of political instability on growth.
Haque and Kneller (2008)	Primary, observational, cross-country panel data with regression analysis for 66 countries, 1970-2000.	An increase by 1 standard deviation of corruption reduces economic growth by about 5 percentage points.
Swaleheen (2011)	Primary, observational, cross-country panel data with regression analysis.	A 1-standard deviation increase in corruption reduces growth rates by 0.12 percentage points.

Corruption, "good governance" and institutions

It is commonly held that "good governance" is necessary for development to occur. By implication, this suggests corruption must be bad for development. Empirical studies propose a more complex picture (Carothers and de Gramont, 2011 [TC and S; OR]; Norris, 2011 [TC and S; OR]; Zhuang et al., 2010 [P and S, OBS; quantitative data analysis and literature review]). A substantial body of research suggests corruption levels do not directly determine economic development rates. Many other governance parameters besides corruption may in fact be much more important.

In a study of developing countries across Asia, Zhuang et al. (2010 [P and S; OBS, quantitative data analysis and literature review] – see Box 5) find government effectiveness, the rule of law and regulatory quality are more strongly associated with economic development than are corruption, voice and accountability (V&A) or political stability.

Box 5: Governance indicators and growth in Asian developing countries

A study examining the linkages between each of the six governance dimensions in the World Bank's World Governance Indicators and 1) growth and 2) inequality in a variety of countries in Asia, both developed and developing, between 1998 and 2008 found the following:

- The dimensions of governance/institutional quality that have **significant power** in explaining the cross-country differences in growth performance in developing Asia are **government effectiveness, regulatory quality and rule of law.**
- **V&A** was not a critical driver of growth performance in these countries – and, in fact, countries with lower rankings in V&A had much greater growth rates than those with a V&A surplus. The relationship remained even after oil-rich countries were removed from the sample.
- The same paradoxical result applied to **political stability.**
- **Corruption** did not seem to have a meaningful impact on growth, with both countries that had better control of corruption and those with poorer control growing at very similar rates. In terms of **inequality,** the only governance indicator making a relatively significant difference to the Gini index is control of **corruption,** but with the direction counterintuitive to what theory predicts: the average value of the Gini indexes of the economies with better control of corruption was higher (meaning inequality is higher) than for the economies with less effective control of corruption (0.43 compared with 0.37).

Source: Zhuang et al. (2010 [P and S; OBS, quantitative data analysis and literature review]).

The literature surveyed in this study also suggests that, in general, countries that today are wealthy also tend to be better governed, even if the direction of causality (i.e. whether countries are wealthy because they are better governed or are better governed because they are wealthy) has proven difficult to establish conclusively (Carothers and de Gramont, 2011 [TC and S; OR]; Norris, 2011 [TC and S; OR]; Zhuang et al., 2010 [P and S; OBS, quantitative data analysis and literature review]). There is no correlation between conventional sets of "good governance" indicators (and corruption in particular) and the speed of development (Meisel and Ould Aoudia, 2007 [P; OBS, quantitative data analysis, review of theory]). Variations in growth performance **over the short to medium term** are not related to differences in governance as understood by conventional "good governance" prescriptions, including corruption, in any meaningful way (Williams et al., 2009 [S; OR]). As Khan (2006 [TC and P; OBS, descriptive statistics and regression analysis, review of existing theory and evidence]) has shown, studies comparing more/less successful developing economies find no significant difference in the quality of governance.

Similarly, Hausmann et al. (2004 [TC and P; OBS, quantitative regression analysis]) analyse more than 80 episodes of growth acceleration over a 50-year period. They find growth accelerations have occurred under a wide variety of institutional and policy regimes that are more or less corrupt. During the period 2003-2007, virtually every country worldwide experienced relatively strong growth under very different kinds of institutions, governance dynamics and levels of corruption. Rodrik (2007 [TC and S; OR]) argues many countries are growing rapidly even though they do not conform to the idealised model of "good governance" (consider, e.g., Brazil, Cambodia, China, Ethiopia, Mexico, South Africa, Vietnam, etc.).

Further, the 13 countries identified by the Commission on Growth and Development (2008 [P; OBS, quantitative and qualitative analysis, comparative]) as having achieved

at least 25 years of high growth (at least 7%) in the post-World War II era to 2005 also vary (Rocha Menocal, 2013 [P and S; OBS, qualitative and quantitative analysis]).

A key message that emerges from the analysis above is that, while a body of literature shows **corruption can have a negative impact on economic growth, there is considerable variation in estimating what the cost of corruption on growth is.** Some studies find the cost is quite high; others find it is much lower. This variation can be attributed in part to different study set-ups, different corruption measures, etc. A considerable challenge is that the **evidence** on which many of these different findings are based **is often mixed** and remains **limited** (e.g. in terms of numbers of cases or observations), and it is **difficult to attribute causality** to corruption given the difficulties of disentangling the effects of other variables present.

Moderating factors

Some research looks at whether or not particular institutional configurations can mitigate or moderate corruption, or indeed whether corruption is likely to be more or less damaging to development depending on different institutional arrangements.

Méon and Weill (2010 [P; OBS, cross-country panel study]) find countries with high-quality regulatory systems increase their productivity where corruption is reduced. However, countries with low-quality regulatory systems, for example El Salvador, would, all things being equal, *reduce* their productivity when reducing corruption. These findings suggest not only that corruption is more likely to be found in poor governance environments (see Chapter 2) but also that it is likely to be less damaging in such environments.

In a similar vein, Aidt et al. (2009 [TC and P; OBS, cross-country regression analysis]) find corruption has a significant negative effect on economic growth in states with good political institutions, but no effect where political institutions are weak.

On the other hand, Drury et al. (2006 [P; OBS, panel data from 100 countries]) find increasing levels of democracy may mitigate for the growth effects of corruption. Overall, their research suggests a 1-standard deviation increase in corruption is associated with a growth reduction of 1%. However, if levels of democracy simultaneously increase by 1 standard deviation, the effect on growth changes to +0.1%.

Taken together, these findings allow the proposition of three hypotheses:

1. Corruption need not have deleterious effects on growth, with countries that vary considerably in terms of their governance environments equally able to achieve high levels of sustained growth over time.
2. As governance quality increases, corruption becomes more damaging to economic growth.
3. Improved governance quality may be able to mitigate the effects of corruption.

Emerging evidence on corruption as a growth strategy

The research this Evidence Paper presents does not allow for the thorough investigation of the hypotheses above, but some of the available literature on corruption, rent-seeking and economic development offers some further potential explanation.

Rent-seeking behaviour is typically assumed to stunt economic growth because it is an essentially unproductive behaviour: a "rent" is, by definition, a profit exacted from a particular good or asset without any value having been added by the holder of the asset (or rent) (see Introduction). Rent-seeking behaviour is commonly accompanied or driven by corrupt practices. Chapter 2 explains why neo-patrimonial governance systems are likely to provide the conditions under which corruption prospers (see also Kelsall, 2011 [P; OBS, comparative case studies]).

A counter-argument suggests rents, and consequently corrupt rent-seeking behaviour, need not always be detrimental to growth and development. Where rents are invested productively, they can also be a source of growth. Recent research identifies a strain of "developmental neo-patrimonialism", in which the costs of corruption in generating rents can be outweighed by the subsequent value of these rents where they are managed and distributed productively. In Kenya (1965-1975), Malawi (1961-1978) and contemporary Rwanda, the regime in power may be corrupt in the way rents are generated, but developmental in the way these rents are subsequently reinvested (Booth, 2012 [TC and P; OBS, qualitative analysis, comparative]; Meisel and Ould Aoudia, 2007 [P; OBS, quantitative data analysis, review of theory]; Vom Hau, 2012 [TC and S; OR]).

Even so, few so-called "developmental patrimonial states" have proven sustainable over time (Booth, 2012 [TC and P; OBS, qualitative analysis, comparative]). As Khan (2004 [TC and P; OBS, historical analysis]) suggests, one possible reason for this is the political *modus operandi* of developmental patrimonialism and the lack of structural transformation it entails (i.e. developmental patrimonialism can maintain elite commitments to a small growth coalition but cannot engender the expansion of the productive economy, the systematic formation of human capital or the creation of new social forces through redistributive measures). Developmental patrimonialism is also ill-suited to the broader expansion of the productive economy or the establishment of inclusive growth. Where the gains of rent-seeking are "privatised", the costs are also likely to be "socialised" (i.e. spread throughout society), tending to deepen inequality (Williams et al., 2009 [S; OR]).

> **In summary**
>
> There is a substantial body of research considering the macroeconomic effects of corruption. The research is undermined by difficulties of measuring, and comparing measurements of corruption. Best estimates indicate that, overall, corruption has a negative effect on economic growth, although the estimated size of the effect varies significantly across research studies. However, literature focused on more foundational aspects of growth finds corruption has not been a central determinant and that other institutions have been more important. There is also some credible research that explores the effects of corruption from an alternative perspective and suggests that corruption, or corrupt rent-seeking, need not have particularly deleterious effects on growth if it is effectively managed from the centre.

4.3 Microeconomic costs of corruption: firms, efficiency and domestic investments

Figure 4: Costs of corruption at firm level

COSTS OF CORRUPTION AT FIRM LEVEL

	BRIBERY INCIDENCE (% of firms experiencing at least one bribe payment request)	PERCENT OF FIRMS IDENTIFYING CORRUPTION AS A MAJOR CONSTRAINT	PERCENT OF FIRMS EXPECTED TO GIVE GIFTS TO PUBLIC OFFICIALS "to get things done"
MIDDLE EAST & NORTH AFRICA	37.7	60	35.8
SOUTH ASIA	24.5	35.6	24
EAST ASIA & PACIFIC	22.5	24.5	20.1
SUB-SAHARAN AFRICA	22.3	43.6	27.7
HIGH INCOME COUNTRIES*	17.1	36.5	19.3
EASTERN EUROPE & CENTRAL ASIA	12.8	27.6	14.2
LATIN AMERICA & CARIBBEAN	9.6	39.9	10.9
ALL COUNTRIES	17	36.8	18.8

*Bahamas, Barbados, Croatia, Czech Republic, Estonia, Germany, Greece

CORRUPTION **INCREASES** THE COST OF DOING BUSINESS BY UP TO **10%** ON AVERAGE (OECD report 2013)

Sources: World Bank Enterprise Survey, http://www.enterprisesurveys.org/Data/ExploreTopics/corruption
OECD (2013) The rationale for fighting corruption. Background Brief. http://www.oecd.org/cleangovbiz/49693613.pdf

The following section takes the level of analysis down a layer. A number of studies seek to quantify the costs of corruption to firms. Svensson (2003 [P; OBS, survey-based cross-sectional regression analysis]) shows that, in Uganda, corruption represents approximately $88 per worker, or 8% of firms' total costs. Olken and Barron (2009 [P; OBS, cross-section regression analysis]) investigate the incidence of corruption on transport routes in and out of Aceh, Indonesia. They observe the costs of paying bribes to various officials at weighing stations adds up to 13% of the marginal costs of each trip to the firm transporting goods. This exceeds the costs owing to the driver for the same journey. Sequeira and Djankov (2013 [P; OBS, cross-section regression analysis]) compare the value of bribes paid at two ports in Southern Africa. They find in Maputo, Mozambique, bribe payments represent 14% of total shipping costs, whereas in Durban they represent only 4%.

Figure 5: Costs of corruption in the transport sector

COSTS OF CORRUPTION IN THE TRANSPORT SECTOR I

TRANSPORT TO AND FROM ACEH, INDONESIA

THE COSTS FOR **BRIBES** ARE **HIGHER** THAN TRUCK DRIVER **SALARIES**

		%
■	FUEL	54
■	LOADING AND UNLOADING	15
■	BRIBES	12
■	SALARY	9
■	FOOD, LODGING ETC.	5
□	OTHER	5

Source: Olken, B. and P. Barron (2009) 'The Simple Economics of Extortion: Evidence from Trucking in Aceh'. *Journal of Political Economy* 17 (3): 417 – 453.

COSTS OF CORRUPTION IN THE TRANSPORT SECTOR II

PORTS

PORT OF MAPUTO, MOZAMBIQUE

AVERAGE BRIBE = **129% INCREASE** IN TOTAL PORT COSTS = **14% INCREASE** IN TOTAL SHIPPING COSTS

PORT OF DURBAN, SOUTH AFRICA

AVERAGE BRIBE = **32% INCREASE** IN TOTAL PORT COSTS = **4% INCREASE** IN TOTAL SHIPPING COSTS

Source: Sequeira, S. and S. Djankov (2013) 'Corruption and Firm Behaviour: Evidence from African Ports'. http://personal.lse.ac.uk/sequeira/Corruption_Firm_Behaviour_Sequeira_Djankov.pdf

Some hold that, notwithstanding its initial costs, corruption may not be damaging to firms' performance. Indeed, Svensson (2003 [P; OBS, survey-based cross-sectional regression analysis]) demonstrates that, in Uganda, higher rates of bribery at the firm level are in fact correlated with increased firm productivity (although Svensson notes this is probably explained by the fact that more profitable firms make more attractive targets for corrupt public officials).

However, the immediate and direct costs to firms on profit levels may not represent the broader commercial effects of corruption. A wider spread of commercial and entrepreneurial effects must be considered, affecting the choices of individuals, firms and entire sectors.

Individual behaviour

For example, depending on the apparent profitability of corrupt activities as compared with other economic activity, individuals may be attracted to corrupt and/or rent-seeking behaviours (often in public administration) as opposed to productive industry. This skewing of the distribution of talent in turn results in a dearth of highly skilled labour in the private sector, reducing economic growth (Murphy et al., 1991 [TC]; Svensson, 2005 [S; OR]).

Firm-level behaviour: production efficiency

Moreover, by imposing an additional tax on firms, corruption may in turn distort their future operating patterns, prompting them to avoid dealing with corrupt sectors (e.g. particular sets of suppliers, distributors), but in turn adopting inefficient production models (Olken and Pande, 2013 [S; OR]).

In a study of Ugandan firms, Fisman and Svensson (2007 [P; OBS, cross-country regression analysis]) consider how corruption affects sales trends. They find it has a negative effect on business growth that is more than twice as big as a comparable change in taxes. A 1-percentage point increase in bribe payments reduces firm-level growth by on average 3.3 percentage points; the same change in taxes reduces growth by about 1.5 percentage points.

Faruq et al. (2013 [P; OBS, panel-based regression analysis with instrumental variable]) evaluate the effects of corruption and bureaucratic quality on the productivity of 909 firms in Ghana, Kenya and Tanzania. They find a 1-standard deviation improvement in corruption levels boosts firm production efficiency by more than 14%, and firms in more corrupt surroundings are less production-efficient than those in less corrupt countries.[8]

Firm-level behaviour: private domestic investment

Commercial investments are another area where corruption might be expected to affect firm behaviour. Mauro (1995 [P; OBS, cross-country data analysis]; 1996 [P; OBS, cross-country regression analysis]) finds a 1-standard deviation increase in corruption reduces private enterprise investment rates by 3-4 percentage points. Pellegrini and Gerlagh (2004 [P; OBS, cross-section regression analysis]) estimate the same deterioration in corruption levels reduces long-term investment rates (public and private) by 4.8 percentage points.

Aidt et al. (2009 [TC and P; OBS, cross-country regression analysis of 70 countries]) find corruption reduces public domestic investment. Méon and Sekkat (2005 [P; OBS, cross-country regression analysis, 70 countries 1970-1998]) find corruption reduces total investment (i.e. public and private) rates.

Rahman et al. (2000 [P; OBS, cross-country regression analysis, using ICRG data]) consider the effects of corruption on investment-to-GDP ratios. They find an increase in corruption by 1 standard deviation results in a reduction in the total investment ratio by

---

[8] Note that Faruq et al. (2013 [P; OBS, panel-based regression analysis with instrumental variable])'s study takes an aggregate figure for corruption at the national level, but is able to measure productivity at firm level. Ideally, to reduce bias in the study, both corruption and productivity would be disaggregated.

2.4 percentage points. Pellegrini and Gerlagh (2004 [P; OBS, cross-section regression analysis]) estimate the size of the same effect at 2.5 percentage points.[9]

Focusing on 18 Sub-Saharan African countries, Anoruo and Braha (2005 [P; OBS, panel-based cross-country regression analysis]) show an increase on the corruption index of 1 unit results in a decrease in investment of about 4.7%. Asiedu and Freeman (2009 [P; OBS, cross-country regression analysis]) find corruption significantly reduces firm-level investments in so-called "transition countries" but has no significant effect on investments in Latin America or Sub-Saharan Africa. At the country level, a 1-standard deviation increase in corruption reduces firm-level investment rates by 3-11%.

> **In summary**
>
> There is a substantial body of evidence assessing the impact of corruption on firm profitability, and on the commercial behaviour and choices of individuals and businesses. The evidence overwhelmingly suggests corruption has negative impacts on productivity, on investment and, overall, on profitability and growth.

4.4 Corruption, trade and foreign direct investment

Just as domestic investors are likely to make decisions about production and investment affected by corrupt business environments, so importers, exporters and foreign investors are likely to amend their commercial calculations based on such factors. Typically, they will have to weigh up the costs of engaging in corrupt activities against the benefits of short-term efficiency and/or longer-term profitability.

De Jong and Bogmans (2011 [P; OBS, cross-country regression analysis]) analyse the effect of corruption on trade and show that, in general, it has a hampering effect. This can be explained by the additional costs that importers and exporters face. However, corruption can also help reduce the costs of inefficient border controls. In its function as "speed money", corruption has a positive effect on imports (De Jong and Bogmans, 2011 [P; OBS, cross-country regression analysis]). In this case, corruption serves as a way to overcome more deeply rooted shortcomings or inefficiencies, for example in the form of low bureaucratic quality.

Several studies show corruption has a detrimental effect on FDI. Alemu (2012 [P; OBS, panel survey of 16 Asian countries]) shows a 1-unit increase on the corruption index results in a reduction of FDI flows of around 9-14 percentage points. Rahman et al. (2000 [P; OBS, cross-country regression analysis, using ICRG data]) estimate that a 1-standard deviation increase in corruption leads to a 1.2% reduction in FDI. On this basis, a reduction of Bangladesh's level of corruption to that of India would result in additional FDI inflows of about $300 million per year. Wei (2000 [P; OBS, statistical analysis]) estimates an increase in corruption of 1 point on a 10-point scale has the same negative effect on FDI as a 2.7 percentage point increase in the corporate tax rate. Asiedu (2006 [P; OBS, panel data from 22 Sub-Saharan African countries]) shows a large effect of

---

[9] The authors use the Transparency International CPI, which has a 10-point scale, and a standard deviation is in their sample equal to a 2.76-point change.

corruption on FDI, even when controlling for the potential confounding effect of rule of law.

One major weakness of a number of these studies is that, in attempting to isolate corruption as the cause of reductions in FDI, they fail to account for the effects of other institutional factors. Busse and Hefeker (2007 [P; OBS, cross-county panel data analysis]) show a number of institutional quality factors (i.e. not just corruption) significantly influence FDI. Likewise, Al-Sadig (2009 [P; OBS, cross-country panel data analysis]) shows the negative effect of corruption on FDI vanishes once the quality of institutions is controlled for. Further, studying FDI flows from OECD countries, Egger and Winner (2007 [P; OBS, cross-country panel data analysis]) find it is only the corruption rates in fellow OECD countries that negatively affect FDI flows. Corruption does not negatively affect FDI flowing to countries outside the OECD.

In summary

While corruption has an impact on FDI, the evidence is less clear on whether this is a direct result of corruption or of other institutional variables. Moreover, corruption seems to have a negative effect on FDI flows in OECD countries, and not in non-OECD countries.

4.5 Corruption and inequality

The evidence reviewed in the current Evidence Paper suggests corruption can affect the nature of a state's economic development: it is likely to raise income inequality and affect the poor disproportionately.

Gupta et al. (2002 [P; OBS, cross-country regression, time period 1980-1997]) find corruption is significantly associated with income inequality and poverty. In a country where corruption worsens by 1 standard deviation,[10] the Gini coefficient increases by 0.11.[11] Gyimah-Brempong (2002 [P; OBS, panel-based cross-country regression analysis]) also finds increased corruption is positively correlated with income inequality.

Chetwynd et al. (2003 [S; SR]) and Bhargava and Bolongaita (2004 [S; SR]) find lower-income households and businesses pay a higher proportion of their income in bribes than do middle- or upper-income households: as such, bribes are like a regressive tax, since they must allocate a greater amount of their income than the rich to bribes.

Razafindrakoto and Roubaud (2007 [P; OBS, cross-country survey using Afrobarometer data]) find the poor are more often subject to corrupt practices in the course of their routine interactions with public institutions. Likewise, Transparency International consistently shows corruption hits the poor hardest. The 2009 Global Corruption Barometer (Transparency International, 2009 [P; OBS; cross-country survey]) shows that, for all but one of the public services surveyed, the percentage of people in the

---

[10] 1 standard deviation being 2.52 points on a scale of 0-10.
[11] The Gini coefficient ranges between 0 and 1, where 0 indicates complete equality and 1 extreme inequality, where basically all wealth belongs to one person.

lowest income quintile paying bribes for services exceeds that of those paying bribes who belong to the highest income quintile.[12]

Ndikumana (2006 [S; SR]) shows that, for a given level of government budget and national income, high-corruption countries achieve lower literacy rates, have higher mortality rates and overall achieve worse human development outcomes. Gyimah-Brempong (2002 [P; OBS, panel-based cross-country regression analysis]) states the combined effects of decreased income growth and increased inequality indicate corruption hurts the poor the most in African countries. Chetwynd et al. (2003 [S; SR]) and Razafindrakoto and Roubaud (2007 [P; OBS, cross-country survey]) argue the impact of corruption on inequality, and its disproportionate impact on the poor, further results in public disengagement and further reduces trust in public institutions (see Chapter 4.7).

Even so, several studies stress that, overall, much of the research falls some way short of demonstrating causal linkages between corruption, inequality and poverty. Indeed, some suggest the causal chain runs in the opposite direction. Khagram and You (2005 [P; OBS, cross-country regression analysis]) argue greater income inequality increases corruption (rather than vice versa). And Uslaner (2007 [P; OBS, cross-country survey]; 2008 [P and S; OBS, cross-country case studies]) argues inequality leads to low levels of social trust, and, in turn, to high levels of corruption.

Alternative findings and interpretations of the data introduce a yet more complex pattern. Chong and Calderon (2000, [P; OBS, cross-country survey]) suggest that, for a given level of corruption, the presence of a relatively large informal sector in some developing countries may somewhat moderate the effects of corruption on inequality levels. Dobson and Ramlogan-Dobson (2010 [P; OBS, cross-country regression analysis]) suggest efforts to curtail corruption in low-income environments will impede the functioning of the informal sector, which contains many of the poorest members of society. As such, the reduction of "corrupt" practices in largely informal economies may further exacerbate poverty.

> **In summary**
>
> There is a large body of evidence demonstrating a correlation between higher levels of corruption and increased inequality, and, in turn, higher levels of poverty. However, there are some indications that some quite particular economic configurations (e.g. the presence of large informal economies) may actually be somewhat dependent on particular forms of corruption to operate in the way they do. As such, the isolated removal or elimination of corrupt practices might actually lead to unintended effects on income inequality.

4.6 Corruption and public services

---

[12] The survey does not provide an explanation for this, but a possible hypothesis is that those in the highest income quintile are 1) less dependent on public services (able to pay for better private services) and 2) have other leverages to get access to services, e.g. connections. See http://www.transparency.org/research/gcb/overview

Perceptions of a government as corrupt may reduce tax revenues, in turn affecting the delivery of public services. A series of studies explore the effects of corruption on public service delivery:

Table 5: Selected findings from the literature on the effect of corruption on service delivery

Author	Research type, design, method	Claimed nature and size of effect
Bird et al. (2008)	Primary, observational, cross-country regression.	Increase on a corruption index of 1 unit reduces tax revenue as a share of GDP by 0.24-0.38%.
Dreher and Herzfeld (2005)	Primary, observational, cross-country regression.	Increase of corruption by 1 point (on a 6-point scale) is linked to 1.3-3% reductions in government spending.
Lambsdorff (1999)	Secondary, other review.	Higher levels of corruption lower expenditure on education and health care.
Gupta et al. (2000)	Primary, observational, cross-country survey.	Higher levels of corruption lower expenditure on education and health care.
Mauro (1996)	Primary, observational, cross-country regression.	An increase on the corruption index of 1 standard deviation results in a reduction in education spending as a share of GDP by around 0.5%.
Delavallade (2006)	Primary, observational, cross-country regression.	Education, health care and social protection spending is significantly reduced in corrupt states while spending on law and order, culture, fuel and energy and defence increases.
De la Croix and Delavallade (2009)	Primary, observational, cross-country statistical analysis.	In poor countries, corruption results in social spending relative to capital spending being reduced.
Shrestha (2007)	Primary, observational, case study (Nepal).	Corrupt practices at state utility companies reduce collection of revenues: this in turn prevents expansion of utility provision to poor areas. Additional corrupt payments by some Nepalese households to get preferential access to water resulted in water shortages elsewhere.
Widoyoko (2007)	Primary, observational, case study (Indonesia).	Corruption in a government-funded public housing programme resulted in too few houses being built for low-income people, led to growth in the informal housing market and raised the cost of housing.

The literature further reveals a number of broader trends with regard to public expenditure and public service provision. First, corruption can result in the loss of trust in public services: corrupt education systems may prompt parents to withdraw their children from school (Kaufmann et al., 2005 [P; OBS, survey]; UNESCO, 2009 [P/S; OBS, cross-country case studies]).

Second, corruption reduces not just the total level of public investment but also the quality of services procured. The problem is particularly acute in infrastructure and construction projects, where lower-quality inputs or technical expertise are substituted for the higher-value inputs the original contract provided for (e.g. Deiniger and Mpuga, 2005 [P; OBS, survey, national]; Hollands, 2008 [P; OBS, case study]; Lovei and McKechnie, 2000 [S; SR]; UNESCO, 2009 [P/S; OBS, cross-country case studies]).

Third, the effects of corruption in public service delivery may have gender-specific effects: where women are unable to generate income, they are particularly vulnerable to shortfalls in public service provision. Furthermore, men may be able to substitute for shortfalls by purchasing services privately; but women cannot (Transparency International, 2010 [S; SR]).

In summary

There is a large body of evidence showing corruption negatively affects both the volume and the quality of public service delivery. The effect occurs both directly through distortions of resource allocation and indirectly through reductions in revenue. Furthermore, in its effects on public service provision, corruption has a disproportionate impact on the lives of women and the poor.

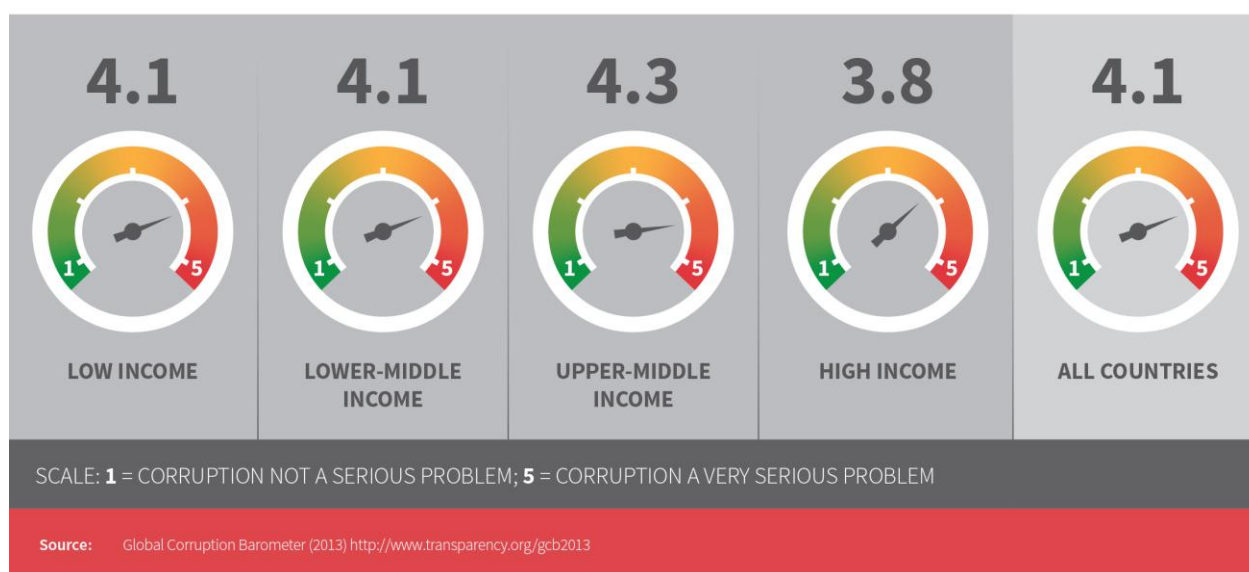## 4.7 Corruption, trust and legitimacy

Trust in public institutions

A substantial body of evidence demonstrates there is a large and statistically significant negative correlation between corruption and levels of confidence in public institutions. Some argue corruption drives down levels of confidence in public institutions; others suggest lower public confidence increases corrupt practices (Anderson and Tverdova, 2003 [P; OBS, cross-country survey]; Bratton, 2007 [P; OBS, cross-country survey]; Catterberg and Moreno, 2005 [P; OBS, cross-country survey]; Chang and Chu, 2006 [P; OBS, cross-country survey]; Cho and Kirwin, 2007 [P; OBS, cross-country survey]; Clausen et al., 2011 [P; OBS, cross-country survey]; Lavallée et al., 2008 [P; OBS, cross-country survey]; Manzetti and Wilson, 2006 [P; OBS, survey]; Mishler and Rose, 2001 [P; OBS, cross-country survey]; Rose et al., 1998 [P; OBS, cross-country case studies]; Seligson, 2002 [P; OBS, cross-country survey]).

Survey data from the different regional barometers consistently show corruption is a key factor shaping people's satisfaction with their governments, and perceptions of government performance and state effectiveness. As Figure 6 shows, corruption is perceived as a problem not only in the developing world but also in developed countries.

Figure 6: Citizen perceptions of corruption

PEOPLE FROM COUNTRIES ALL OVER THE WORLD PERCEIVE CORRUPTION AS A PROBLEM – IRRESPECTIVE OF INCOME LEVELS

4.1	4.1	4.3	3.8	4.1
LOW INCOME	LOWER-MIDDLE INCOME	UPPER-MIDDLE INCOME	HIGH INCOME	ALL COUNTRIES

SCALE: **1** = CORRUPTION NOT A SERIOUS PROBLEM; **5** = CORRUPTION A VERY SERIOUS PROBLEM

Source: Global Corruption Barometer (2013) http://www.transparency.org/gcb2013

In addition, corruption has a negative impact on political participation, undermines belief in the political system and the legitimacy of democracies and may also raise tolerance for the use of violent means to achieve political ends (Anderson and Tverdova, 2003 [P; OBS, cross-country survey]; Clausen et al., 2011 [P; OBS, cross-country survey]; Seligson, 2002 [P; OBS, cross-country survey]; 2006 [P; OBS, cross-country survey]).

Hellman and Kaufmann (2003 [P; OBS, cross-country survey, World Bank BEEPS data]) show that, where firms perceive their competitors to have stronger political connections, they in turn will demonstrate less confidence in the judiciary, will be less likely to use courts, will be more likely to pay bribes and will be more likely to avoid or evade taxes.

Corruption and social trust

A number of studies explore the relationship between corruption and levels of social trust (i.e. between individuals). Some observe increased levels of corruption undermine social trust (Seligson, 2002 [P; OBS, cross-country survey]; 2006 [P; OBS, cross-country survey]; You, 2005 [P; OBS, cross-country survey]; Zak and Knack, 2001 [P; OBS, cross-country data analysis]). Others find societies exhibiting higher levels of social trust are likely to be able to control corruption (Uslaner, 2007 [P; OBS, cross-country survey]). Morris and Klesner (2010 [P; OBS, survey]) find there is a dynamic relationship: higher corruption can lead to reduced social trust, in turn increasing the propensity to engage in corrupt activities.

> **In summary**
>
> There is a large body of evidence demonstrating that corruption is correlated with levels of trust and legitimacy. However, the direction of causality remains uncertain. While there is evidence to suggest higher levels of corruption can lead to lower trust/legitimacy, there are also studies that find that it is lower trust/legitimacy that leads to higher levels of corruption.

4.8 Corruption, fragility and conflict

Because of the (negative) correlation between trust and corruption, some researchers explore whether or not corruption exacerbates conflict dynamics in fragile states, by further undermining the trust deficit. Others consider whether or not it can serve as a stabilising force: can the distribution of rents among political elites (albeit by corrupt means) bolster stability?

Mauro (1996 [P; OBS, cross-country regression]) finds corruption and political instability is positively correlated. Le Billon (2003 [P; OBS, cross-country case studies]) finds a similar, if somewhat weaker, correlation. The 2011 World Development Report argues corruption "has doubly pernicious impacts on the risks of violence, by fuelling grievances and by undermining the effectiveness of national institutions and social norms" (World Bank, 2011a [P; OBS, cross-country survey]). Similar arguments are made by Boucher et al. (2007 [S; OR]), Large (2005 [P; OBS, cross-country survey]), Malone and Nitzschke (2005 [S; OR]) and O'Donnell (2006 [TC]).

By contrast, a number of studies find corruption may hold together fragile states (e.g. Dix et al., 2012 [P; OBS, cross-country case studies]; Keen, 2005 [P; OBS, case study]; Reno, 2008 [P; OBS, case study]; Smith, 2007 [P; OBS, case study]). Indeed, access to the proceeds of corruption can be crucial in forming the political settlements necessary

to end violent conflict (see, e.g., Huntington, 1968 [TC]; Khan, 2006 [TC and P; OBS]; North et al., 2009 [TC and P; OBS]; Scott, 1969 [TC]). Further, the promise of a share of (corruptly gained) rents or economic revenues can facilitate peace processes, encouraging spoilers to participate (Le Billon (2003 [P; OBS, cross-country case studies]; Stedman, 1997 [P; OBS, cross-country case studies]).

Deeper analysis explores some of the circumstances in which corruption may 1) mitigate for or 2) exacerbate conflict. For example, corruption may be an especially inflammatory phenomenon where natural resource rents are at stake. Fjelde (2009 [P; OBS, cross-country logistic regression]) and Arezki and Gylfason (2013 [P; OBS, cross-country regression]) find increased rents from natural resources lead to higher levels of political corruption. But Fjelde finds that, although both variables on their own increase the risk of conflict, in combination, higher levels of corruption seem to mitigate the negative impact of oil rents on the risk of civil war as oil-rich governments can use political corruption to buy support from key segments of society. Similarly, Arezki and Gylfason find less democratic countries face not a higher but a lower likelihood of conflict following an increase in resource rents.

Le Billon (2003 [P; OBS, cross-country case studies]) finds that, where a patrimonial regime is subject to local or international shocks (e.g. economic), or pressures for reform, dynamics of corruption can result in or exacerbate violent conflict. Dix et al. (2012 [P; OBS, cross-country case studies]) find that, where the proceeds of corruption are limited to very narrow groups, corrupt patronage networks become a source of instability. In post-conflict situations, both Le Billon (2003 [P; OBS, cross-country case studies]; 2008 [P; OBS, cross-country case studies]) and Doig and Tisné (2009 [S; OBS; cross-country case studies]) find failure to address corruption in the short term can over time contribute to state fragility.

Moreover, where efforts to reform corrupt regimes are initiated, the incumbent (and corrupt) political order's resistance to change can result in violence (Zaum, 2013 [P; OBS, cross-country case studies]).

<div style="background:blue">

In summary

There is a large body of evidence relating to the relationship between corruption and fragility. Highly corrupt states are more likely to be fragile states, and, over the long term, it appears popular perceptions of high levels of corruption are likely to exacerbate conflict dynamics. However, given that corruption (notably with regard to economic rents) is a form of income redistribution, it can also serve to defuse (or at least not inflame) conflict dynamics in the short term.

</div>

4.9 Corruption and the environment

The literature finds corruption leads to worsened environmental outcomes, such as increased polluting emissions, higher rates of deforestation, increased depletion of natural resources and trafficking in illegal or highly regulated environmental products like wildlife and wood (Cole, 2007 [P; OBS, cross-country data analysis]; Management Systems International, 2002 [S; SR]; Welsch, 2004 [P; OBS, cross-country data analysis]). Corruption's environmental impact includes effects on stocks and flows of resources and on income and economic growth, as well as on policy-making and implementation.

Corruption can affect the environment through its impact on governance. For example, the strength and enforcement of environmental regulations is likely to be weaker in corrupt regimes (Pellegrini and Gerlagh, 2006 [P; OBS, cross-country data analysis]; Welsch, 2004 [P; OBS, cross-country data analysis]). Morse (2006 [P; OBS, cross-country data analysis]) finds corruption harms environmental governance (e.g. reducing the number of government guidelines adopted and the amount of protected land), company behaviour (e.g. the number of ISO 14001-certified firms) and participation in international collaborative efforts (such as membership in environment-focused inter-government organisations and compliance with international agreements). Human Rights Watch (1999 [P; OBS, case study]; 2007 [P; OBS, case study]) finds that, in Nigeria, political corruption means corrupt officials frequently ignore infractions of environmental regulations.

A number of additional studies have also found evidence that corruption increases pollution through its effects on income. If the original Kuznets Curve model suggests inequality initially increases as economic growth increases, and then declines after a certain level of income is achieved, then the Environmental Kuznets Curve (EKC) suggests environmental quality decreases as LICs begin to grow, and then improves as higher levels of income are achieved. Corruption may influence the level of income level at which environmental quality begins to improve following a growth spurt (Galinato and Galinato, 2010 [P; OBS, cross-country regression analysis]; Leitão, 2010 [P; OBS, cross-country panel data analysis]). Leitão finds the peak of the ECK is higher in countries experiencing higher levels of corruption – that is, higher levels of income need to be attained before pollution levels begin to fall.

Corruption's environmental impact further affects the stocks and flows of resources. This is a particular concern for non-renewable resources. Shaxson (2007 [TC]) argues corruption leads to a "tragedy of the commons" scenario in which individuals use corrupt methods such as bribing for licences that allow them to extract as much, as fast, as possible before their political competitors do, leading to overproduction and thus to the complete depletion of the resource in question. An example of this can be seen in Nigeria, where corruption has led to domestic shortages in the flow of oil (Human Rights Watch 1999 [P; OBS, case study]).

Corruption-induced deforestation is an example of how corruption affects the stock and flow of resources. Koyuncu and Yilmaz (2009 [P; OBS, cross-country data analysis]) find a statistically significant and positive relationship between corruption and deforestation (measured as the percentage change in forest cover). Case study analysis of deforestation in Cambodia, Indonesia, Lesotho, Mexico, the Philippines, Russia and Uganda supports these quantitative analytical findings (Cavanagh, 2012 [P; OBS, cross-country case studies]; Hafner, 1998 [S; SR]). Corrupt officials in Suharto's Indonesia exacerbated large-scale deforestation by flouting forest clearance regulations and issuing concessions for plantations through corrupt arrangements. The Philippines under Marcos experienced similar patterns of deforestation.

In summary

There is a medium-sized body of evidence demonstrating corruption has deleterious effects on natural resource management. The evidence suggests income levels at which economic growth becomes environmentally sustainable are higher in corrupt states than in less corrupt

states.

4.10 Conclusion

The evidence base frequently shows an endogenous relationship between the variables examined. That is to say, the causes and costs of corruption often appear to be interlinked and reinforcing. As a result, determining the causality between corruption and cost and effect/impact proves difficult.

That said, the evidence points in the direction of **corruption** having a **negative impact on economic growth and development.** However, the impact of corruption is not necessarily direct. Costs in the form of reduced investments and growth are important, as they are interdependent and can intensify the negative effects of corruption in a vicious circle.

While, in some cases, corruption may serve as a mitigating measure to overcome institutional shortcomings and facilitate trade and investment, very real questions emerge regarding the quality of this potential contribution to economic growth. In most cases, **corruption causes costs that have a disproportionate impact on the vulnerable and poor parts of the society.** This happens through increased income inequality, reduced social spending and misallocation of assistance targeted at the poor. This is further compounded by corruption having a negative impact on social trust as well as trust in institutions/political systems.

The relationship between state legitimacy, conflict and corruption is less clear. In certain contexts, **corruption may allow elites to gain legitimacy.** While there is a clear correlation between conflict and corruption, the role corruption plays is hard to determine. It can maintain peace/stability, but at the price of development and often keeping in power weak/authoritarian regimes. While it can be part of bringing spoilers into the peace process, not addressing corruption can at the same time eventually unravel a fragile peace.

It is not possible to determine whether different types of corruption may have different costs/impacts, as the literature reviewed generally does not disaggregate by type of corruption.

5. Anti-corruption measures

This chapter reviews evidence relating to the question, "What anti-corruption interventions are effective and under what conditions?" It draws on a number of meta-analyses and syntheses as well as micro-level studies and donor evaluations. There is a large evidence base for two anti-corruption measures. The evidence as to the effectiveness these is however contested. For the five types of measures that are found to be effective there is a small evidence base for four and a medium sized evidence base for one of them.

This chapter has two main parts. The first (Sections 5.1-5.4) considers the effects of public financial management (PFM), supreme audit institutions (SAIs), direct anti-corruption interventions and social accountability initiatives. The second focuses on evidence published since 2012 on the anti-corruption effects of civil service reform, multilateral agreements and police reform.

Figure 7: The evidence on anti-corruption measures
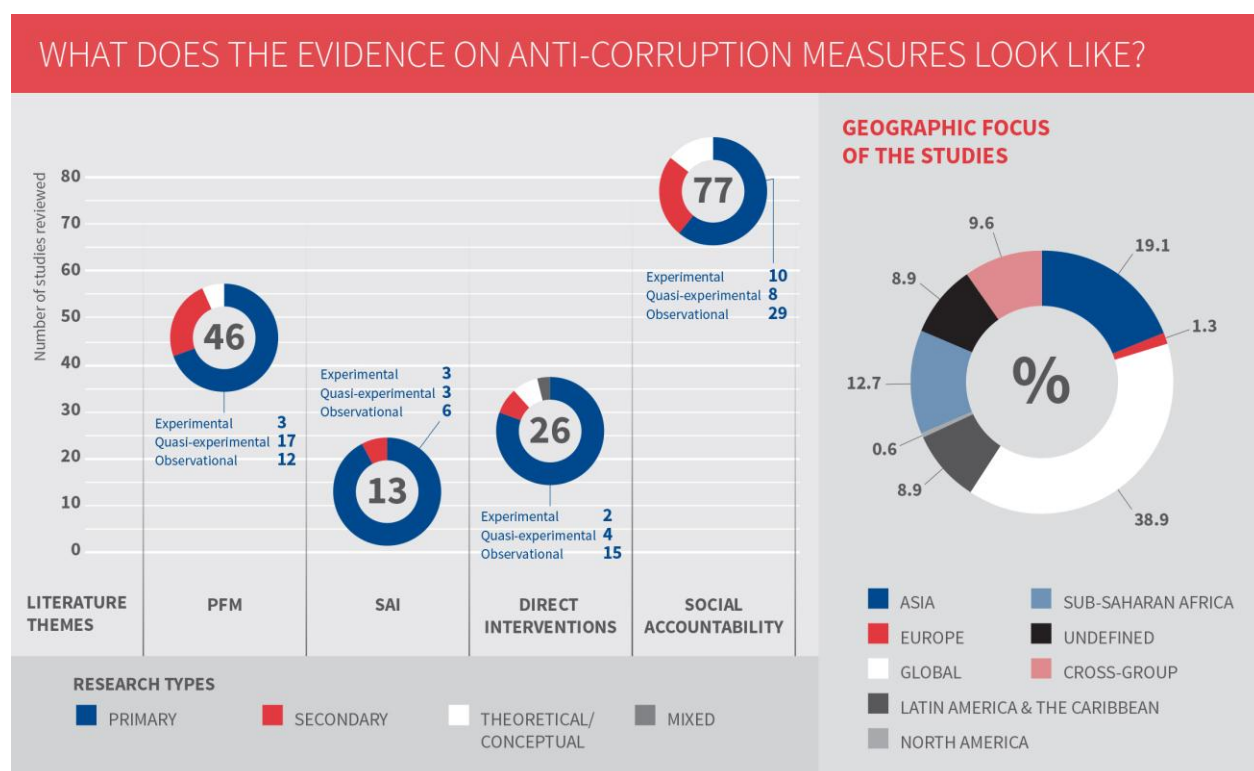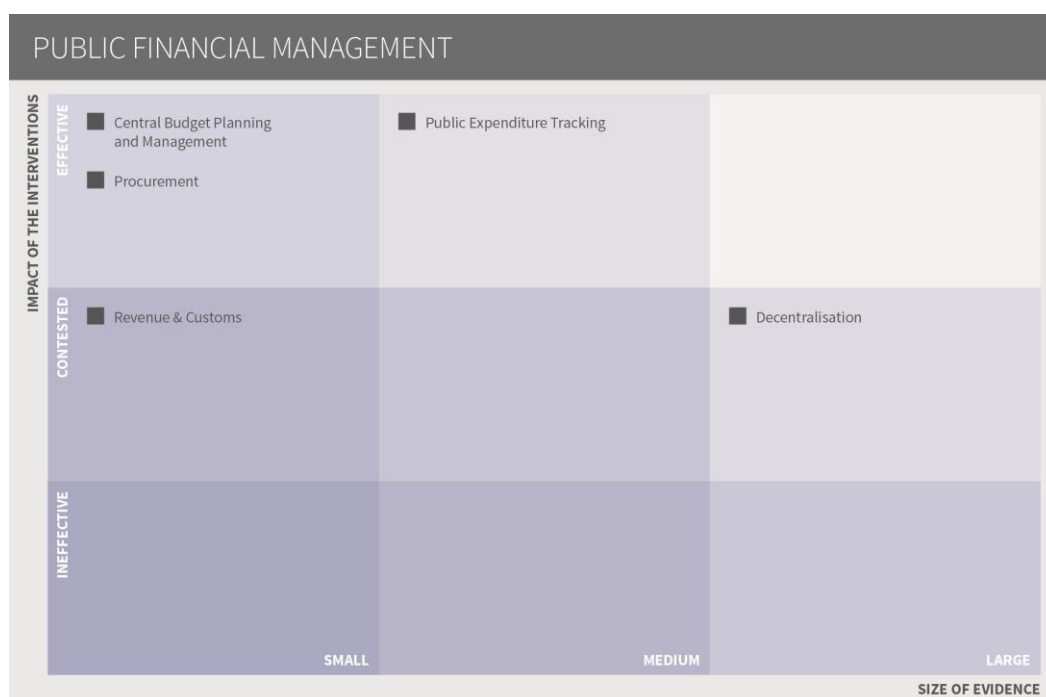

Source: Authors.

5.1 Public financial management

There is a large body of consistent evidence which shows that PFM reforms are effective in reducing corruption (Johnsøn et al., 2012 [S; OR]) in public administrations, particularly bribery and fraud. However, the evidence for the effectiveness of specific

55

types of PFM reforms is more limited and less consistent. Five categories of PFM reforms emerge from the literature:

1. **Decentralisation:** a large body of literature considers the relationship between decentralisation and corruption, in particular fiscal decentralisation. Most studies are quasi-experimental, and the findings are inconsistent. This suggests decentralisation alone does not determine levels of corruption.
2. **Public expenditure tracking:** there is a medium-sized body of literature, including experimental, quasi-experimental and observational studies, which are generally consistent in showing budget tracking reduces leakage (a proxy indicator for corruption).
3. **Revenue and customs:** there is a small body of evidence, mainly case studies, that examines the effectiveness of tax, revenue and customs reforms in reducing corruption. The findings are inconsistent.
4. **Procurement:** there is a small body of evidence examining the anti-corruption effects of procurement reforms. The findings of these studies, which include a mix of experimental, quasi-experimental and observational designs, consistently suggest procurement reforms can be effective at reducing corruption.
5. **Central budget planning and management:** a final set of reforms focuses on strengthening budget planning and management in the central public administration, often with the ministry of finance at the core. A small body of mainly observational studies suggests positive effects on reducing corruption.

Figure 8: Summary of evidence on public financial management

Source: Authors.

Looking across studies, the most effective PFM reforms often involve:

- A combination of two or more interventions, thereby adopting a more integrated approach to combat corruption;

56

- Significant attention to – and resourcing of – not just design but also implementation of reforms.

It is clear that technical and political aspects of reform cannot be separated. Successful PFM reforms tend to be implemented in conducive political environments, and donors tend to promote them heavily as "showcase" reforms.

Decentralisation

In theory, decentralisation brings decision-making processes closer to the people, reduces the extortion capacities of central bureaucrats and increases the accountability of local politicians to their constituents (Rose-Ackerman, 1978 [TC and P; OBS, quantitative and qualitative historical analysis]; 1999 [TC]).

However, evidence about the effect of decentralisation on corruption is inconsistent (Bardhan and Mookherjee, 2006 [S; OR]). Some cross-country regression analyses find increased fiscal decentralisation (i.e. relating to expenditure) is correlated with reduced corruption (Fisman and Gatti, 2002a [P; QEX, regression analysis]); others do not (Treisman, 2002 [P; QEX, regression]). These correlations may be stronger when revenue collection (i.e. income) is also decentralised (Estache and Sinha, 1995 [P; QEX, regression analysis]; Fisman and Gatti, 2002b [P; QEX, regression analysis]; Oto-Peralías et al., 2013 [P; QEX, regression analysis]).

Recent studies provide evidence about the contextual variables and preconditions that may be necessary for decentralisation to prove effective in reducing corruption. Lessmann and Markwardt (2010 [P; QEX, regression analysis]) find decentralisation is more likely to counter corruption where a free press is established. Lecuna (2012 [P; QEX, regression analysis]) finds the size of the decentralised government unit is important, with smaller units more prone to corruption than larger entities. Lecuna suggests this may be because smaller government units are easier for elites to capture, or because more units simply increase the incentives for bribery and extortion.

Decentralisation can be successful if programme beneficiaries are able to hold decision-makers and service providers accountable (Björkman and Svensson, 2009 [P; EXP, RCT]; Chavis, 2010 [P; QEX, regression]; Hanna et al., 2011 [S; SR]; Reinikka and Svensson, 2004 [P; QEX, panel data analysis]). A systematic review by Hanna et al. (2011 [S; SR]) of anti-corruption reforms finds decentralisation may be expensive and ineffective when implemented in communities that lack capacity to provide checks on the state or that are not allowed to participate in the design or monitoring of reforms.

> **In summary**
>
> There is a large body of evidence that examines the effect of decentralisation on corruption, but findings are inconsistent. On balance, the evidence suggests levels of corruption may be lower where fiscal (i.e. spending) and revenue-gathering (i.e. taxation) powers are decentralised together. However, the effect of decentralisation on corruption may also depend on local context, including the extent to which there is a free press, the size of the government unit(s) being reformed, the nature of accountability structures in the local government administration and the degree to which communities are involved in the planning and monitoring of activities.

Public expenditure tracking

Public expenditure tracking can be done in many ways, although all use some variation of a "discrepancy approach" to measure the leakage of public funds. This approach tracks the flow of public money from central ministries to front-line agencies (often schools and health facilities), comparing reported with actual expenditure. The discrepancy can be used as a proxy indicator for corruption (Johnsøn and Mason, 2013 [TC]). This approach is also called "graft estimation by subtraction" (Olken and Pande, 2011 [S; OR]). The Public Expenditure Tracking Survey (PETS) is one of the most advanced of such tools (Campos and Bhargava, 2007 [S; OR]).

PETS have been successful in identifying leakages in service delivery administration in a range of Sub-Saharan African countries (Gauthier, 2006 [S; OR]). The very act of monitoring public finances has preventive effects on corruption, particularly if done repeatedly (Johnsøn and Søreide, 2013 [TC]). Even so, countering corruption generally requires the introduction of additional sanctions. Accordingly, tracking surveys are most effective when carried out in conjunction with other reforms (Gauthier, 2006 [S; OR]).

The use of PETS in the education sector in Uganda (1996-2000), which combined use of the survey tool with a newspaper campaign to reduce resource leakage, illustrates this point (Reinikka and Svensson, 2001 [P; QEX, panel data analysis]). Before reforms were introduced following the first PETS in 1996, only 24% of non-wage funding allocated from the central level actually reached schools (Reinikka and Svensson, 2004 [P; QEX, panel data analysis]). After reforms, schools received an average of 82% of their annual entitlements; two-thirds of the reduction in resource leakage can be explained by the information campaign (Reinikka and Svensson, 2005 [P; EXP, RCT]; 2011 [P; EXP, mixed methods]).

Hubbard (2007 [P; OBS, case study]) suggests the success of the intervention owed not only to the combination of monitoring (PETS) with the public information campaign, but also to the introduction of additional policies and reforms that engage citizens. Further research also suggests **transparency alone is insufficient to reduce corruption** (Kolstad and Wiig, 2009 [S; OR]; Lindstedt and Naurin, 2010 [P; QEX, regression analysis]).

> **In summary**
>
> There is a medium-sized body of consistent evidence indicating public expenditure tracking is successful in identifying corruption risks. Monitoring public finances has preventive effects in and of itself. However, in combination with other policy reforms and citizen engagement, tracking is likely to achieve stronger results in reducing corruption.

Revenue and customs authorities

There is a substantial literature on the reform of revenue and customs authorities, which frequently targets specific, measurable corrupt activities like bribery and tax evasion. A study of 39 Sub-Saharan African countries in the period 1985-1996 (Ghura, 1998 [P; QEX, regression analysis]) shows increases in corruption lower the tax revenue-to-GDP ratio, although few studies assess the effectiveness of specific reforms on reducing corruption. Six relevant studies were found for this paper. The World Bank suggests **the paucity of indicators and measures makes assessing the effectiveness of tax reform programmes on reducing corruption difficult** (Barbone et al., 1999 [S; OR]).

Cost–benefit analysis is not conducted in the studies found, and likewise data from the Business Environment and Enterprise Performance Survey (BEEPS) are not subject to analysis. In general, there is a shortage of comparative studies, and most studies use observational designs, as shown below.

A number of country-level studies do provide evidence of the effect of specific revenue and customs reforms on corruption:

- Zuleta et al. (2007 [P; OBS, case study]) show how the government's reform of Bolivia's revenue service (improved inspection control processes) contributed to reducing corruption in the National Tax Service and stemmed the loss of public funds. They also found applying a process flow analysis approach (mapping the key steps in delivery and the associated corruption risks) when reforming the value-added tax refund system in Bolivia reduced corruption.
- In Peru, establishment of a semi-autonomous tax authority led to reductions in perceived corruption (Taliercio, 2003 [P; OBS, case study]; World Bank, 2001 [P; OBS, case study]).
- Anson et al. (2006 [P; QEX, regression]) examine the effects of pre-shipment inspection programmes on improving tariff revenue collection and reducing fraud. These programmes check the quantity and quality of goods and verify documentation and compliance with pre-agreed standards and specifications. This study finds inspections reduced fraud in the Philippines; increased it in Argentina; and had no significant impact in Indonesia.

Other studies outline some of the major challenges: combating corruption in revenue and customs can drive it elsewhere, while underlying patronage systems and political interference undermine reform efforts (Das Gupta and Mookherjee, 1998 [P; OBS, case study]; Fjeldstad, 2003 [P; OBS, case study]; 2006 [P; OBS, case study]).

In summary

There is a small body of literature, mainly case studies, analysing the effectiveness of revenue and customs authority reforms on reducing corruption. There are some examples of success, for example the introduction of semi-autonomous tax authorities in Peru, which reduced perceptions of corruption, and pre-shipment inspection programmes in the Philippines, which reduced fraud. However, politics and patronage can obstruct reforms, and corruption can merely be displaced from one sector to another.

Procurement

There is a small body of evidence that shows reforms to procurement systems can reduce corruption. Cross-country studies suggest robust procurement systems are associated with lower levels of corruption (Ades and Di Tella, 1997 [P; QEX, regression analysis]; 1999 [P; QEX, regression analysis]), while anecdotal evidence shows costs in public construction works in developing countries can fall dramatically when anti-corruption investigations into procurement have been undertaken (Rose-Ackerman, 1999 [TC]).

A number of specific types of reform emerge from the literature as having a positive effect on levels of corruption. Tran (2008 [P; QEX, descriptive statistics]) analyses the effects of government procurement reform on corruption by looking at a firm engaged in

several corrupt transactions in Asia. She finds open and non-discretionary auctions (where price is the only decision criterion) reduced bribery (as opposed to secret auctions and best-value auctions).

Increased oversight reduces corruption. Di Tella and Schargrodsky (2003 [P; EXP, regression]) show a 10% reduction in procurement prices following increased monitoring and auditing of procurement officers in Buenos Aires. Kenny and Musatova (2012 [P; QEX, descriptive analysis]) examine predefined corruption vulnerabilities (i.e. "red flags") in World Bank transport and water projects in Africa. They find projects where corruption had been detected did not have notably more red flags than control contracts. Red flags may be a way to identify some level of corruption risk, but other tools are needed to actually assess and mitigate risks.

Coviello and Mariniello (2014 [P; QEX, regression analysis]) present evidence from Italy that increased publicity requirements in public procurement processes induces more entry and reduces costs. These positive results may stem from less corruption, such as collusion. Overall, these studies suggest monitoring, oversight and transparency work to reduce corruption, and they work best when combined.

While the evidence on the positive effects of procurement reforms on corruption is consistent, gaps in the evidence base remain. No donor evaluations could be found that made use of non-perception-based data or cost–benefit analysis. Rigorous evidence on electronic procurement (e-procurement), a popular reform choice, seems to be non-existent. This evidence gap certainly contributes to Andvig and Todorov's (2011 [P; OBS, mixed methods]) judgement that procurement reform choices are thus still in need of further guidance to maximise positive effects.

> **In summary**
>
> There is a small body of evidence on the effect of procurement reforms on corruption, which use a range of research methodologies. These studies suggest procurement reforms can reduce corruption via reforms based on monitoring, oversight and transparency, particularly when used in combination. However, some significant evidence gaps remain, for example cost–benefit analyses of different types of reform.

Central budget planning and management

This category covers a broad set of reforms aimed at strengthening budget planning and management processes at the central level of government, often with ministries of finance as the key beneficiaries.

Similar to public expenditure tracking, the evidence drawn from this set of reforms benefits from investments into measurement frameworks and data collection. Public Expenditure and Financial Accountability (PEFA) reviews and the OECD's Development Assistance Committee's PFM Public Performance Measurement Framework are prominent examples of mechanisms that enable the production of stronger evidence.

Cross-country studies, often based on quasi-experimental designs and using regression analysis methods, show **countries with strong budget management systems and with greater participation of external stakeholders in public spending** (i.e. through

participatory budgeting) **have lower scores on the Corruption Perceptions Index (CPI)** (Dorotinsky and Pradhan, 2007 [P; OBS, descriptive analysis]).

Most evidence for this category comes from donor evaluations, which tend to use observational research designs and often lack counterfactual or comparative analysis. Donor evaluations focus on the effectiveness of budget management reforms in general, but sporadically note specific anti-corruption effects. For example, a meta-evaluation of anti-corruption efforts in Bangladesh, Nicaragua, Tanzania, Vietnam and Zambia suggests donor support for computerised integrated financial management systems have contributed to increased transparency in accounting, recording and reporting procedures and in preventing fraud (Norad, 2011 [P; OBS, interviews]). Another meta-evaluation finds reforms improving budget formulation capability also increased transparency (IEG, 2003 [P; OBS, interviews and statistical analysis]).

A rare, comparative study reviews the effects of World Bank-supported PFM reforms in eight post-conflict countries (Afghanistan, Cambodia, Democratic Republic of Congo, Kosovo, Liberia, Sierra Leone, Tajikistan and West Bank and Gaza) (World Bank, 2012 [P; OBS, case study]). The report finds there have been a number of positive reform processes, contrary to the dominant view that such reform efforts in fragile states are futile because the state has such low capacity. The report finds some correlation between progress on building central-level PFM systems and better control of corruption, but also cases where such reforms did not automatically increase state accountability. For example, the gains in core PFM processes in Afghanistan did not translate into less corruption.

Mark Robinson (2006 [S; OR]) finds independent budget analysis in Brazil, Croatia, India, Mexico, South Africa and Uganda contributed to greater transparency and accountability.

Chapter 5.4 on social accountability initiatives discusses the effects of participatory budgeting processes on corruption. In short, participatory processes seem to have positive effects on responsive public expenditure, but the direct effects on corruption are less clear.

> **In summary**
>
> A small body of mainly observational studies provide evidence that stronger budget management systems and processes at the central level of government can lead to less corruption, even in some fragile states.

5.2 Supreme audit institutions (SAIs)

SAIs carry out audits on government accounts to ensure the proper and effective use of public funds, the proper execution of administrative activities, the development of sound financial management and the satisfactory sharing of information with public authorities and the general public (GIZ and INTOSAI, 2013 [P; OBS, case study]). Assessments of the effectiveness of SAIs in terms of curbing corruption typically focus either on their general organisational capability or more specifically on the effectiveness of the specific audit instruments (there are several) SAIs employ.

Figure 9: Summary of evidence on supreme audit institutions

SUPREME AUDIT INSTITUTIONS

IMPACT OF THE INTERVENTIONS — EFFECTIVE / CONTESTED / INEFFECTIVE

■ Supreme Audit Institutions

SMALL MEDIUM LARGE

SIZE OF EVIDENCE

Source: Authors.

Donor evaluations on SAI effectiveness typically use methodologies that are unable to demonstrate causality. However, one meta-evaluation (Norad, 2011 [P; OBS, interviews]) suggests **SAIs are more effective at reducing corruption compared with other anti-corruption institutions, such as anti-corruption authorities (ACAs).**

Academic research highlights **a range of obstacles to the effectiveness of SAIs in reducing corruption,** with political economy factors most prominent. In particular, the lack of clear distribution of powers and authority across different government bodies (e.g. audit, legislature, judiciary) can be particularly damaging (Santiso, 2006 [P; QEX, regression analysis]). Similarly, executive interference in the auditing process (Wang and Rakner, 2005 [P; OBS, case study]) reduces its effectiveness.

Wang and Rakner (2005 [P; OBS, case study]) study the implementation of SAIs in Malawi, Tanzania and Uganda. They note SAI effectiveness is reduced where funding, infrastructure and human capacity are insufficient. In addition, the independence of SAIs is affected where there is external interference in the appointment or dismissal of SAI staff and in SAI financial affairs, and where the timely provision of information relevant to carrying out audits is hampered. They also highlight the development of good relations with parliamentary public accounts committees (i.e. with the legislature). Lastly, SAIs are more likely to be effective where they work closely with civil society and the media.

Based on a sample of 37 countries, Migliorisi and Wescott (2011 [P; OBS, case study]) find SAIs receiving World Bank support had in fact declined in their effectiveness. They suggest consistent underfunding of audit institutions reduces their effectiveness. Blume and Voigt's cross-country analysis (2007 [P; QEX, regression analysis]; 2011 [P; QEX, regression analysis]) does not report any significant effects of SAIs on fiscal policy, government effectiveness or civil service productivity.

The reviewed studies highlight the importance of institutional context for the corruption-reducing impact of SAIs. SAIs draw information from individual line ministries' internal audit bodies; as such, the efficacy of an SAI is dependent partially on the capacity of the bodies that report to it (Wescott, 2008 [P; OBS, case study]). Even assuming audit reports are detailed and robust, they are unlikely to have much effect without effective parliamentary budgetary oversight and scrutiny, or ability to apply sanctions (Dye and Stapenhurst, 1998 [P; OBS, case studies]).

The effectiveness of SAIs may also be determined by the types of audit (i.e. the audit instrument) they use. Standard audits are called regularity or compliance audits. These tend to have a focus on the introduction of corruption prevention measures and not on the actual detection of fraud and corruption.

By contrast, **specialised audits** (e.g. forensic and performance audits) **may be more effective in detecting and reducing corruption.** At present, SAIs appear to comparatively underuse specialised audits (Dye, 2007 [P; OBS, case study]). Academic studies document the positive effects of more thorough audits. Often, effects were achieved when combining auditing with some sort of action or punishment of those found to be corrupt. This ranged from publicising the auditing records to diminishing future funds or terminating the bureaucrat's position (Di Tella and Schargrodsky, 2003 [P; EXP, regression analysis]; Ferraz and Finan, 2008 [P; EXP, RCT]; Olken, 2007 [P; EXP, RCT]).

> **In summary**
>
> SAIs have been found to be effective in curbing corruption in a small number of observational studies. Their effectiveness is dependent not just on the organisational capacity of the individual SAI and its staff but also on the degree to which the wider governance context is permissive. There is a small body of consistent evidence indicating the use of specialised audits, such as forensic or performance audits, when combined with punitive sanctions, is effective in detecting and then reducing corruption.

5.3 Direct anti-corruption interventions

The formative years of the anti-corruption agenda (the mid-1990s) saw many "direct" anti-corruption interventions (e.g. the establishment of anti-corruption agencies, national anti-corruption strategies and anti-corruption legislation). The perceived failure of such direct approaches resulted in a switch towards addressing corruption indirectly, for example by mainstreaming corruption prevention and control activities into sector-based service delivery programmes (Campos et al., 2007 [S; OR]).

This section re-examines the evidence on two types of direct anti-corruption interventions:

- **Anti-corruption authorities (ACAs):** a medium-sized body of qualitative case studies, and one quantitative regression study, examine the effectiveness of ACAs. Most studies argue ACAs are ineffective in curbing corruption, but these are often constrained by a poor data foundation and lack of a systematic approach to evaluating performance.

- **National anti-corruption strategies (NACSs):** a small body of evidence finds NACSs to be ineffective at countering corruption. NACSs are often plagued by poor implementation, making it difficult to ascertain whether failure owes to the strategies themselves or other factors.

Figure 10: Summary of evidence on direct anti-corruption interventions
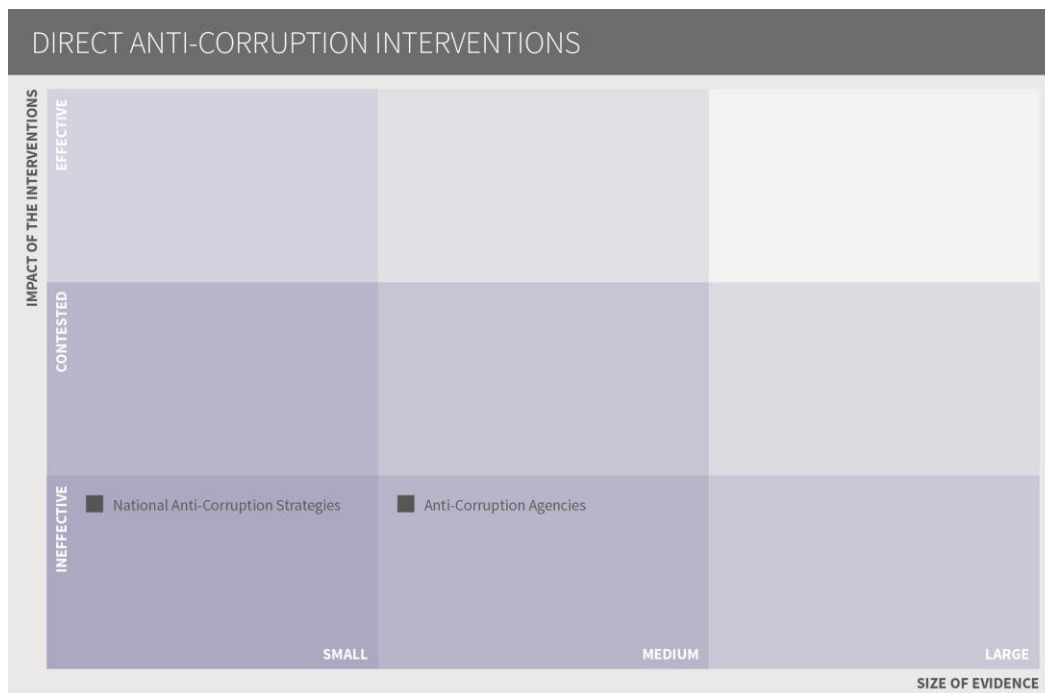
Source: Authors.

Anti-corruption legislation is typically also associated with direct anti-corruption interventions. Access to information (ATI) legislation is often conflated with anti-corruption laws. However, as the relationship between this type of legislation and corruption lies primarily in providing an enabling environment for civil society-led anti-corruption interventions, this is covered in Chapter 5.4 on social accountability.

Anti-corruption authorities

ACAs, considered to have been highly successful in reducing corruption in Hong Kong and Singapore, **generally appear to have failed in developing countries** (Mungiu-Pippidi et al., 2011 [P; QEX, regression analysis]). Most practitioners and academics warn ACAs are rarely effective in curbing corruption in environments with poor governance and high levels of corruption (Shah and Schacter, 2004 [TC]). Specific reasons include: 1) uneven or insufficient financial support (Doig et al., 2007 [P; OBS, interviews]; Tangri and Mwenda, 2006 [P; OBS, case study]); 2) limited independence from political influence (De Sousa, 2010 [P; OBS, case study]; Hussmann et al., 2009 [P; OBS, case studies]); 3) weak institutional mandates (Heilbrunn, 2011 [TC]); and, 4) lack of political will (Heilbrunn, 2004 [P; OBS, case study]; Quah, 2010 [P; OBS, case study]).

However, methodological limitations reduce **the credibility of this evidence.** First, there are few success criteria for ACAs. As such, many studies assume the failure of ACAs without having demonstrated that failure. Some studies attempt to determine the success of an ACA on the basis of country rankings in the Corruption Perceptions Index

(CPI) (Heilbrunn, 2004 [P; OBS, case study]; Meagher, 2004 [P; OBS, case study]; Quah, 2010 [P; OBS; case study]), but this is ill-suited to measuring actual levels of corruption and changes in country-level perceptions, to say little about the impact of one organisation.

Second, the studies forming this body of evidence do not consider systematically the range of potential explanations for ACA failure (e.g. design, implementation, political context), nor do they consider these explanations comparatively, across countries (Johnsøn et al., 2011 [P; OBS, descriptive statistics]; Recanatini, 2012 [P; OBS, descriptive statistics]).

A recent study by Kuris (2014 [P; OBS, case study]) argues ACAs can be successful if they: 1) have strong internal controls and accountability mechanisms; 2) build alliances with government and non-government actors; and, 3) focus on preventive and educational efforts in hostile political environments. The study reviews the experience of ACAs from Botswana, Croatia, Ghana, Indonesia, Latvia, Lithuania, Mauritius and Slovenia. The comparative aspect is useful, but unfortunately no systematic framework for comparing effectiveness is established. Schütte (2012 [P; OBS, qualitative interviews]) presents a single country study on the success of the ACA in Indonesia. The causes and conditions for success in the Indonesian context are local ownership, public engagement and support and alliance-building with reform-friendly government agencies.

> **In summary**
>
> ACAs are not panaceas for reducing corruption, particularly in environments with poor governance. Political influence, institutional weakness and uneven financial support have all been cited in the literature as factors hindering the effectiveness of ACAs. However, a critique of the evidence against ACAs suggests they may still have the potential for success when they are independent, well-resourced and coordinated with government and non-government actors that aim to curb corruption.

National anti-corruption strategies

NACSs are, together with the establishment of ACAs, the most visible initiatives a government can take to counter corruption. While few OECD countries have similar, single strategies on anti-corruption, they have mushroomed in the developing world. The UN Convention Against Corruption (UNCAC) does not explicitly require signatories to implement an anti-corruption strategy, although it does stipulate that anti-corruption be addressed by policy, for example by codifying and harmonising existing regulations or legislation. Even so, donors have actively supported the development of NACSs, often with the national ACA as the lead government agency.

The body of evidence relating to the effectiveness of NACSs is small and mixed, and mainly comprises observational studies that are unable to determine whether a NACS has reduced corruption.

The limited evidence base is a result of the difficulty of evaluating strategies. NACSs are often assessed on the basis of the constituent interventions and work streams they pull together in a single plan. While, ideally, they should be assessed on the basis of their "coordination function" (i.e. the degree to which the interventions and work streams are

adequately harmonised by the strategy so they add up to more than the sum of their parts), no studies have done so. NACSs are often implemented without robust monitoring and evaluation frameworks (Hussmann, 2007 [P; OBS, case study]).

In general, case studies suggest most NACSs fail because they are poorly designed and/or badly implemented. NACSs often fail because of their reliance on organisations and agencies (police, the justice sector, the financial sector) responsible for implementing specific reforms: such organisations are themselves frequently corrupt (McCusker, 2006 [S; OR]). Most studies warn against a one-size-fits-all approach to NACSs, showing how this leads to failure (Doig and Riley, 1998 [S; OR]; McCusker, 2006 [S; OR]). Kwok (2006 [P; OBS, case study]) documents the success of the Hong Kong NACS, where significant resources were invested in design and implementation, complemented by popular and political support. Content, as well as design and implementation, is also crucial. Andersen (2009 [P; QEX, panel-based cross-country regression analysis]) and Elbahnasawy (2014 [P; QEX, regression analysis]) present evidence from cross-country regression studies that e-government strategies have helped reduce corruption in many countries.

> **In summary**
>
> There is a small body of evidence on the effectiveness of NACSs. This evidence suggests design and implementation are critical to the success of NACSs and warns against a one-size-fits-all approach. There is currently no evidence to suggest a NACS adds value above and beyond the constituent reforms and initiatives it aims to pull together and coordinate.

5.4 Social accountability

It is commonly assumed civil society has a role to play in the fight against corruption, by holding public institutions accountable and advocating for anti-corruption reforms. Over the past decade, donors have supported a wide range of civil society actors (e.g. non-governmental and civil society organisations and the media) to strengthen their role and effectiveness in the fight against corruption. Within this area, focus is increasingly being paid to strengthening social accountability mechanisms and increasing transparency in partner countries.

Social accountability mechanisms are intended to enable citizens to hold public institutions accountable in ways other than the traditional vertical channels (e.g. elections) and horizontal channels (e.g. legislatures, courts and institutional checks and balances) of formal political accountability. It includes a broad range of mechanisms: participatory budgeting; public expenditure tracking (PETS); citizen monitoring of service delivery; information dissemination; and public complaints mechanisms, among others (Fox, 2014 [S; OR]; Malena et al., 2004 [TC]).

Over the past two decades, a large body of evidence has accumulated on social accountability, particularly relating to community monitoring and access to information (ATI). This includes several qualitative multi-country studies and secondary reviews (e.g. Arroyo and Sirker, 2005 [S; OR]; McNeill and Mumvuma, 2006 [S; OR];

Gaventa and Barrett, 2010 [P; QEX, meta-case study analysis]; Gaventa and McGee, 2013 [S; SR], as well as a growing number of country-level studies, including ones making use of experimental methodologies.[13]

Figure 11: Summary of evidence on social accountability

Source: Authors.

A challenge in assessing the impact of social accountability mechanisms on corruption is that this is typically not the main objective of the intervention. The review carried out by Johnsøn et al. (2012 [S; OR]), nevertheless, suggests transparency and accountability initiatives (including social accountability) can contribute to increased state or institutional responsiveness, lowering corruption, building of new democratic spaces for citizen engagement, empowerment of local voices, better utilisation of budgets and better delivery services. That said, Joshi (2010 [S; OR]) finds transparency and accountability initiatives to improve service delivery tend to score better on reaching intermediate goals – for example complaint mechanisms are used or corruption is exposed – than on achieving their intended outcomes – that is, improving responsiveness of providers or improving the services themselves.

This section addresses social accountability mechanisms as a group and looks specifically at community monitoring and participatory budgeting. It addresses

---

[13] See, for example, Barr et al. (2012 [P; EXP, field and lab experiment]), Duflo et al. (2012 [P; EXP, field experiment]), Pandey et al. (2008 [P; OBS, survey]), Pardhan et al. (2011 [P; EXP, RCT]) and Reinikka and Svensson (2004 [P; OBS, panel data analysis];) on social accountability interventions in the education sector; Besley et al. (2005 [P; OBS, survey data]), Chaudhuri et al. (2007 [P; QEX, survey, randomised sample]), Díaz-Cayeros et al. (2014 [P; QEX, statistical analysis]), Gonçalves (2014 [P; OBS, statistical analysis]) and Touchton and Wampler (2013 [P; OBS, statistical analysis]) on social accountability mechanisms aimed at holding local government accountable; Björkman and Svensson (2009 [P; EXP, RCT]) and Björkman et al. (2013 [P; EXP, RCT]) on social interventions in the health sector; Ferraz and Finan (2008 [P; QEX, data set analysis]) on transparency and local elections; Shankar (2010 [P; OBS, survey]) on preventing leakages in public works; Isham and Kähnkönen (2002 [P; OBS, statistical analysis]), Krishna and Uphoff (2002 [P; QEX, interviews and data analysis]) and Uphoff and Wijayaratna (2000 [P; OBS, case study]) on social accountability interventions in the water sector; and Peisakhin and Pinto (2010 [P; QEX,field experiment]) on preventing corruption in targeted food subsidies schemes.

transparency and ATI, media and organised civil society separately as key enablers of social accountability mechanisms.

Social accountability mechanisms

As mentioned above, **the evidence indicates that the various forms of social accountability mechanisms can, given the right conditions, have a positive impact on levels of corruption.** For example, in their analysis of a non-randomised sample of 100 studies of citizen engagement in 20 countries, Gaventa and Barrett (2010 [P; QEX, meta-case study analysis]) find 75% of the observable effects of civic engagement were positive, including improvements in service delivery and more accountable institutions. Nevertheless, a more nuanced picture emerges when the various mechanisms are examined in more depth.

Community monitoring

The evidence on the effect of community monitoring on anti-corruption is contested. Some studies indicate access to and dissemination of information, participation and "bottom-up" monitoring have little or no impact on corruption. Experimental studies by Véron et al. (2006 [P; OBS, case study]) and Olken (2007 [P; EXP, RCT]) find community monitoring in the implementation of public development projects does little to reduce the leakage of funds as compared with other forms of accountability. For example, party political control over local councillors (i.e. top-down or horizontal accountability) was more important for limiting corruption (Véron et al., 2006 [P; OBS, case study] – see also discussion in Chapter 2.5 on electoral dynamics and corruption). In Indonesia, community monitoring did not have any significant impact. Instead, central audits reduced leakages of funds by 8% (Olken, 2007 [P; EXP, RCT).

However, evidence of no, or limited, impact found in these evaluations requires some nuance. Olken (2007 [P; EXP, RCT]) suggests that, given the low probability of criminal prosecution, it was not the potential sanctions resulting from central audits that served as a deterrent. Rather, it worked through the threat of democratic accountability and social sanctions – that is, community responses to the detection of corruption by not re-electing the village head. This indicates social accountability may be a condition for central audits to work, and the synergy between both forms of accountability can be more effective to reduce corruption (Fox, 2014 [S; OR]). A comparative study (Afridi, 2008 [P; OBS, case study]) of different models of community participation and monitoring in India through social audits confirms the importance of these synergies.

Several studies do find there is potential for community monitoring to have an impact on corruption. For example, although it did not address directly the effect on corruption, a study of community-based primary health monitoring in Uganda (Björkman and Svensson, 2009 [P; EXP, RCT]) found actionable information and an enhanced understanding of communities' rights regarding service delivery improved the quality of health services and outcomes (33% lower child mortality, 20% higher use of services, 13% lower absenteeism). An evaluation of the impact of Bangalore Citizen Report Cards (Ravindra, 2004 [S; OR]) found evidence of improvements in the performance of public services owing to a combination of reforms accelerated by the findings of the report cards and on-going reform processes. Although no effect on reported corruption was found, the exposure of irregularities led to property tax reforms, in turn reducing opportunities for corruption.

Participatory budgeting

While there is no evidence participatory budgeting (budget transparency and monitoring) has led to better development outcomes, it has been found to have an impact in terms of exposing corruption (Masud et al., 2013 [S; OR]; McGee and Gaventa, 2010 [S; SR]). Analysing panel data for 1990-2004, Gonçalves (2014 [P; OBS, statistical analysis]) finds participatory budgeting in Brazilian municipalities is strongly correlated with changes in government expenditures such that they better match with citizens' expressed preferences. A review of experiences of civil society-led budget analysis in Brazil, Croatia, India, Mexico, South Africa and Uganda (Robinson, 2006 [P; OBS, case studies]) finds this contributed to increased transparency and strengthened accountability, resulting in changes to budget allocation and implementation. Specifically, awareness of budget utilisation and budget literacy was bolstered, and legislators, the media and civil society were increasingly engaged. In the education and health sectors, expenditure tracking contributed to better use of funding (see Chapter 5.1 for further discussion on PETS).

Contextual factors affecting the impact of social accountability mechanisms

The contrasting evidence suggests **social accountability mechanisms work for curbing corruption and improving service delivery under certain conditions.** Studies using the same methodology come to differing conclusions, which indicates context plays a critical role in the success or failure of social accountability mechanisms. Not sufficiently taking context into account is also something the literature is increasingly recognising as playing a part in unsatisfactory performance of social accountability initiatives (Joshi, 2008 [TC]; O'Meally, 2013 [TC]).

One of the main challenges to the effectiveness of social accountability mechanisms in general, and community monitoring in particular, is **the risk of elite capture** – that is, that local power structures co-opt ownership over the process (Björkman and Svensson, 2009 [P; EXP, RCT]; Mansuri and Rao, 2013 [S; OR]; Véron et al., 2006 [P; OBS, case study]). Also, **community monitoring appears to be less effective for anti-corruption when the issues monitored do not affect citizens' direct, private interests** (3iE Global Development Network, 2011 [S; OR]; Olken, 2007 [P; EXP, RCT]). Similarly, if citizens do not understand or see as relevant information and data on service delivery outcomes, they are unlikely to generate greater accountability and to stimulate action on the part of a broad range of stakeholders. For interventions to be effective, citizens must be involved not only in monitoring but also at the design and formulation stages (Gaventa and McGee, 2013 [S; SR]; McGee and Gaventa, 2010 [S; SR]). Agarwal et al. (2009, [S; OR]) also note the extent of access, use and quality of public information is a critical factor (see further discussion below on transparency and ATI).

Citizens are likely to engage only when they have a sense of ownership and there are clear incentives for them to participate (see, e.g., Shkabatur, 2012 [P; OBS, case study] on the successful Check my School initiative in the Philippines). This also requires awareness be raised among citizens about their rights, and their capacity to participate and withstand elite capture be enhanced (Argawal et al., 2009, [S; OR]; Walker, 2009 [TC]).

Véron et al. (2006 [P; OBS, case study]) find elite capture and collective action problems related to socially and economically fragmented societies can explain the ineffectiveness of community monitoring in the cases they studied. Björkman and Svensson (2010 [P; EXP, RCT]) similarly conclude **community monitoring is more effective in ethnic and income homogeneous communities, as fractionalisation is found to adversely impact collective action.**

Mansuri and Rao (2013 [S; OR]) find **social accountability mechanisms require functional state institutions that are responsive to community demands** (judicial oversight, independent audit agencies, right to information and free media, among others), **and other social, political and cultural conditions** (including history, inequality, heterogeneity, the nature of social interactions, networks, political systems and the nature of the local state). Similarly, Fox (2014 [S; OR]) suggests local development initiatives are "likely to work better if they combine central oversight with social accountability measures". Arroyo and Sirker (2005 [S; OR]) find the level of institutionalisation of social accountability mechanisms is a relevant factor. Agarwal et al. (2009, [S; OR]) also find **the political context, the existence of coalitions and partnerships between different actors and the use of clear systems of incentives that combine rewards and punishment are important.**

> **In summary**
>
> There is a large body of evidence on social accountability making use of a good mix of methodologies. The focus on the impact of social accountability on corruption is, however, typically not the main focus of the studies reviewed. Nevertheless, the evidence does indicate overall that social accountability mechanisms can have an impact on levels of corruption, although the effect varies depending on the mechanism used. This is highly conditioned on the context within which they are implemented. Critical conditions include a focus on issues that are relevant to the targeted population; relatively homogenous populations; populations that are empowered and have the capacity to hold institutions accountable and withstand elite capture; synergies and coalitions between different actors; alignment between social accountability and other reforms and monitoring mechanisms; credible sanctions; and functional and responsive state institutions.

Transparency and access to information

Transparency, and, linked to this, ATI, is generally expected to have a positive impact on corruption control. As noted in the previous sections, transparency and ATI are also seen as one of the pillars for enabling the successful implementation of social accountability mechanisms. A review of the evidence by McGee and Gaventa (2010 [S; SR]) concludes **transparency initiatives can have positive outcomes** on institutional responsiveness, corruption, citizen engagement, empowerment, budget utilisation and delivery of services. Nevertheless, they remain cautious about generalising findings.

ATI legislation has been introduced widely in developing countries in recent years (Ackerman and Sandoval-Ballesteros, 2006 [S; OR]). **Observational research finds only modest gains from ATI laws.** Islam (2006 [P; OBS, statistical analysis) and Tavares (2007 [P; OBS, statistical analysis]) observe a positive correlation between the existence of ATI legislation and reduced corruption. By contrast, Relly's (2012 [P; OBS, OLS regression]) cross-country study of 150 countries finds ATI legislation alone has no impact on corruption. These research findings may result from ATI legislation being a

relatively recent introduction to many countries. As a result, it will take time for evidence to emerge.

Some country-level evidence is emerging from studies based on experimental methodologies of the potential positive impact of ATI, however. For example, Peisakhin and Pinto (2010 [P; QEX, field experiment]), through a randomised field experiment in New Delhi, demonstrate that using India's ATI law is almost as effective as bribery in helping slum dwellers obtain ration cards. The experiment showed that, while most applications to obtain ration cards were ignored, individuals who filed enquiries either about the status of their application or about processing times were consistently successful. This effect may owe less to penalties prescribed by the law than to civil servants' fear that blemishes on their record may be detrimental to career prospects. Further studies demonstrate information campaigns have effectively contributed to constraining the capture of public funds in the education sector in Uganda and Madagascar (Francken et al., 2009 [P; OBS, case study]; Reinikka and Svensson, 2003a [P; EXP, RCT]). The relative impact achieved through the release of information through different media (TV, newspaper, radio) depends on population characteristics (e.g. literacy). Hubbard (2007 [TC]) argues concurrent reforms (i.e. reforms not relating to social accountability) in Uganda's education and fiscal systems were also important.

The **evidence relating to the impact of information disclosure (specifically information relating to an incumbent's corrupt practices) on election outcomes is mixed.** Anecdotal evidence shows corruption scandals lead to "throwing the rascals out" (Stapenhurst, 2000 [P; OBS, statistical analysis]). Djankov et al. (2010 [P; QEX; regression analysis]), analysing data from 175 countries, show a correlation between public financial and conflict disclosure for members of parliament and lower levels of corruption. Pereira et al. (2009 [P; OBS, statistical analysis]) use panel data for Brazilian municipalities where mayoral re-election was introduced. They find significant evidence that elections are an effective mechanism for controlling corruption, but only when horizontal accountability institutions are functional, and where information on incumbents' corruption is disclosed during election years. Ferraz and Finan (2008 [P; QEX, dataset analysis]), using a dataset on corruption constructed from audit reports, compare the electoral outcomes of municipalities audited before or after the 2004 elections. They show the release of the audit outcomes had a significant impact on incumbents' electoral performance. These effects were more pronounced in municipalities where local radio was present to disseminate the information.

On the other hand, a field experiment in 12 Mexican municipalities (Chong et al., 2011 [P; EXP, field experiment]) showed the dissemination of information about incumbents' corruption led to reduced support for the incumbent but also to reduced support for the challenger and lower voter turnout. Furthermore, exposing corruption may fail to oust corrupt politicians in societies with deep ethnic divisions (Gthnji and Holmquist, 2012 [TC]).

> **In summary**
>
> There is a medium-sized body of evidence on the effectiveness of transparency and ATI. This includes some primary, experimental studies but is based mainly on secondary research and observational studies making use of statistical analyses. The evidence shows transparency and ATI is important to the effectiveness of the broader range of social accountability mechanisms, although evidence of the direct impact on corruption is inconsistent. The impact of information

Media

There is a small body of evidence that finds freedom of the press is an intermediate factor moderating the relationship between transparency and accountability (Arroyo and Sirker, 2005 [S; OR]; Grimes, 2008 [S; OR]; Hanna et al., 2011 [S; SR]). Lindstedt and Naurin (2005 [P; OBS, cross-country data analysis]; 2010 [P; OBS; cross-country data analysis]) find the effects of transparency on corruption are mediated by the presence of a free press in conjunction with the level of education amongst the general population and electoral democracy. Logic suggests freedom of the press takes effect both by investigating, exposing and creating awareness about corruption, and by promoting a political and social context inhospitable to corrupt practices. Case study evidence from Africa, Latin America and OECD countries supports this (Stapenhurst, 2000 [P; OBS, statistical analysis]), and other kinds of empirical evidence have started to emerge.

Brunetti and Weder (2003 [P; OBS, statistical analysis]) find freedom of the press is strongly correlated with lower levels of corruption. Chowdhury (2004 [P; OBS, statistical analysis]) identifies consistent effects for both democracy and freedom of the press on levels of corruption. Freille et al. (2007 [P; QEX, modified extreme bounds analysis]) show restrictions to press freedom lead to higher levels of corruption in a sample of 51 developed and developing countries. Camaj (2013 [P; OBS, statistical analysis]) confirms previous findings and suggests press freedom's effects on corruption would be amplified when coupled with effective horizontal accountability institutions (such as an independent judiciary and strong parliaments).

In summary

There is a small body of evidence relying primarily on observational studies making use of statistical analyses. This evidence consistently indicates freedom of the press can reduce corruption and that the media plays a role in the effectiveness of other social accountability mechanisms.

Organised civil society and civic engagement

There is a medium-sized body of evidence focusing on the effect of organised civil society on corruption, suggesting **the mobilisation and involvement of civil society organisations (CSOs) helps constrain corruption, although the impact is not always direct and is highly dependent on the conditions within which they operate.**

Organised civil society (in the form of NGOs, CSOs, community organisations, etc.) helps **strengthen social accountability mechanisms by fostering collective action** (Mansuri and Rao, 2013 [S; OR]; Mungiu-Pippidi, 2013 [TC]). They also serve as an intermediary between state and citizens in order to generate more effective relations; raise public expectations about the performance of public officials; mobilise citizens to monitor the state; and activate and strengthen checks and balances between state institutions (Chalmers and Setiyono, 2012 [TC]; Peruzzotti, 2007 [TC]).

Mungiu-Pippidi (2013 [TC]) finds a positive statistical relationship between the number of CSOs per capita and corruption control. Similarly, in one of the few studies based on panel data, Grimes (2013 [P; OBS, panel country data]) confirms a positive relationship between the strength of civil society and the mitigation of corruption. This is confirmed by the Development Research Centre (2011 [S; OR]) based on case studies carried out in 30 countries, which indicates it is not only the presence or absence of CSOs that matters but also what the organisations do and how they do it.

Grimes (2008 [S; OR]) finds **civic engagement tends to have most impact when there is a wide range of community organisations able to generate broad-based citizen mobilisation and a few professionalised CSOs taking the lead in putting pressure on accountability institutions.** CSOs also have the potential to build coalitions with other actors (including state accountability institutions and other CSOs). The formation of such coalitions is, in turn, a critical condition in the establishment of strong accountability chains (Baviskar, 2008 [P; OBS, case study]; Chalmers and Setiyono, 2012 [TC]; Development Research Centre, 2011 [S; OR]; Ezeoha, 2006 [TC]; Griffin et al., 2010 [S; OR]; Jenkins, 2007 [TC]; Joshi, 2008 [TC]; Schouten, 2011 [S; OR]). Further evidence from India (Jenkins, 2007 [TC]), Bangladesh (Knox, 2009 [P; QEX, large scale quantitative survey]), Central Europe, the Baltic States and South Korea (Mungiu-Pippidi, 2013 [TC]) demonstrates how the institutionalisation of social movements into specialised CSOs can result in successful public service reform.

Grimes (2008 [S; OR]; 2013 [P; OBS, panel country data]), through a review of case study evidence (including from Brazil, India, Indonesia and Mexico) and panel data analysis, identifies a range of preconditions and pathways for civil society to be able to play an effective role. She finds a number of institutional factors are salient. For example, similarly to social accountability mechanisms in general, **civil society is more effective where it is integrated within more or less formalised institutional frameworks.** These include transparency-enhancing legislation, participatory governance and effective horizontal accountability institutions (e.g. legislative commissions or the public prosecution). Moreover, civil society's role is shaped by the nature of these institutional frameworks, which must possess reasonable authority and autonomy in order to enhance the quality of government.

Political will is identified as a critical factor, affecting the ability of civil society to be effective (3ie Global Development Network, 2011 [S; OR]; Grimes, 2008 [S; OR]). CSOs depend on political actors with the ability to enforce sanctions as well as providing them with a space to act within. Bukenya et al. (2012 [S; OR]) conclude demand-led (i.e. civil society-led) approaches are rarely capable of enforcing accountability in the absence of supply-side (i.e. public institutions) factors. They suggest social accountability mechanisms need to be designed in ways that develop synergies between civil society and the state and that a more effective route towards ensuring downward accountability may be to strengthen public institutions rather than to focus only on strengthening demand-led initiatives. This conclusion is reinforced by O'Meally (2013 [TC]), who suggests "state and political society actors are equally or even more important than civil society in determining whether or not [social accountability mechanisms] achieve their intended outcomes, especially because such 'top-down' or 'supply-side' pressures often hold the power to enforce needed sanctions".

Beyond formal institutional frameworks, a **free and capable media focused on different political and administrative arenas and investigating different levels of**

government affects civil society's ability to monitor and mobilise public pressure against corruption (Grimes, 2008 [S; OR]; Themudo, 2013 [P; OBS, analysis of cross-country and longitudinal data]).

<div style="border: 2px solid black; background-color: #5B9BD5; padding: 10px;">

In summary

There is a medium-sized body of evidence made up primarily of observational case studies, literature reviews and systematic reviews. The evidence shows CSOs have a role to play in reducing corruption by strengthening accountability systems and mobilising citizens, but their effectiveness is highly dependent on the conditions in which they operate. Conditions for success include the capacity to influence service providers, an independent and free media, a combination of broad-based community mobilisation with professionalised CSOs and engagement between state and civil society actors.

</div>

5.5 Other anti-corruption interventions

Building on Johnsøn et al.'s 2012 ([S; OR]) mapping of existing donor anti-corruption interventions, this section analyses evidence emerging since 2012 on the anti-corruption effects of 1) civil service reform; 2) multilateral agreements (including the Extractive Industries Transparency Initiative [EITI], the UN Convention Against Corruption [UNCAC] and agreements related to illicit financial flows); and 3) police reform.

Civil service reform

Gong and Wu (2012 [P; OBS, case study]) analyse Chinese civil service salary data and compare them with the number of cases of corruption as reported by the office of the public prosecutor. They find that, between 1999 and 2008, corruption increased sharply despite salary increases. In their analysis, **contextual factors play a key role in explaining why salary increases do not curb corruption.** Such factors include proliferation of opportunities for corruption linked to economic growth; lack of focus on integrity in recruiting, training, appraising and promoting civil servants; failure to establish a merit-based civil service; and macro-level factors such as general accountability and transparency in the public service. These findings are consistent with those in Johnsøn et al. (2012, [S; OR]), who find little evidence to support the argument that salary increases reduce corruption.

E-government initiatives may help reduce corruption and increase accountability in the civil service. Decreasing public officials' discretionary powers may increase accountability, while electronic systems also strengthen the capacity to trace and monitor administrative actions. Krishnan et al. (2013 [P; OBS, cross-country regressions]) analyse data from 105 countries and find an increase in the level of "e-government maturity" (i.e. their established online presence) is correlated with a reduction in levels of corruption. However, they do not elaborate on any context-specific factors that may contribute to this relationship. Elbahnasawy (2014 [P; OBS, quantitative]) considers e-government, levels of internet adoption and corruption levels across 160 countries and finds e-government adoption is negatively correlated with corruption. The impact of e-government on reducing corruption is enhanced by the robustness of telecommunication infrastructure and the scope and quality of online services in the country. The overall level of internet adoption in a country does not reduce corruption by itself, but it enhances the anti-corruption effects of e-government. This suggests e-government and internet adoption initiatives should be pursued in

combination, not as substitutes. Proskuryakova et al. (2013 [P; OBS, cross-country regressions]) do not find the expected negative correlation between e-government and corruption. However, their study partly reinforces Elbahnasawy's in identifying the quality of telecommunication infrastructure as the main contextual factor for the effectiveness of e-government.

In summary

Johnsøn et al. (2012 [S; OR]) found civil service reform has not been effective in reducing corruption. Studies that have emerged since 2012 present a mixed picture. Salary increases do not reduce corruption, while e-governance emerges as an area of potential interest, particularly in combination with initiatives to increase internet adoption.

Multilateral agreements

UN Convention Against Corruption

Johnsøn et al. (2012, [S; OR]) do not find any relevant studies on UNCAC. One new study was identified since 2012: a comparative review of UNCAC implementation review mechanisms carried out by Trivunovic et al. (2013 [P; OBS, case study]), which finds the participation of civil society is an important element in improving their effectiveness. However, the study does not provide any evidence regarding the effects of UNCAC membership on corruption and anti-corruption.

Extractive Industries Transparency Initiative

Two new studies on the EITI have emerged since 2012. Corrigan (2013 [P; OBS, cross-country regressions]) carries out a comprehensive, multi-country statistical study of the EITI, finding **membership mitigates the negative effects the abundance of natural resources has on per capita GDP** (a phenomenon known as the "resource curse") and has positive effects on one governance indicator ("the capacity of government to effectively formulate and implement sound policies") in member countries with "sufficient resource abundance". However, **it is not possible to identify a causal effect of EITI on corruption.**

David-Barrett and Okamura's (2013 [P; OBS, cross-country regressions]) findings contradict those in Corrigan (2013 [P; OBS, cross-country regressions]). Their cross-country analysis concludes **the EITI is effective in reducing corruption,** particularly in countries with higher levels of voice and accountability (V&A), as defined in the World Governance Indicators.[14] This finding is consistent with the idea that the effectiveness of the multi-stakeholder group (government, companies and civil society), that together implements the EITI standards, is one of the keys to the success of the EITI. However, the authors do not clearly establish causation, and note their findings indicate only a "contributory role" of the EITI in reducing perceived levels of corruption (as measured by the Corruption Perceptions Index [CPI]).

---

[14] "Voice and accountability captures perceptions of the extent to which a country's citizens are able to participate in selecting their government, as well as freedom of expression, freedom of association, and a free media." See http://info.worldbank.org/governance/wgi/index.aspx#doc

Illicit financial flows

The methods used for laundering the proceeds of corruption, for example through tax havens, are the same as or similar to those used to launder the proceeds of other crimes, such as drug trafficking and tax evasion. As such, measures aimed at curbing illicit financial flows (IFFs) are highly relevant as anti-corruption tools (Fontana and Gomes Pereira, 2012 [P; OBS, case study]; Fontana and Hearson, 2012 [TC]). Indeed, there is an increasing body of evidence on IFFs, which are gaining attention globally as a factor that undermines development. However, only a small number of studies examine the effectiveness of reforms aimed at addressing IFFs, and these relate to the Financial Action Task Force (FATF).

Jensen and Png (2011 [S; OR) conduct a comparative analysis of FATF implementation in developing countries. They find limited technical capacity and difficulties in prioritising the anti-money laundering agenda over other national priorities can hamper reforms.

Findley et al. (2014, [P; QEX, field experiment]) find company formation agents, intermediaries required by FATF to collect beneficial ownership information,[15] from traditional tax havens are more compliant with FATF recommendations than those from OECD countries. They argue that, while tax havens have improved their enforcement of beneficial ownership legislation, owing to international pressure and the threat of blacklisting, OECD countries have largely managed to escape such pressures and enforce beneficial ownership legislation only weakly.

Several countries have adopted laws against "illicit enrichment" as a means of countering IFFs stemming from corruption. However, these have been criticised because they may limit the rights of defendants.

In summary

While there is a growing evidence base on multilateral agreements, particularly relating to the EITI and IFFs, it remains too limited to draw generalisable conclusions. There is also too little testing of the available evidence to say what works cross-nationally. More context-specific work needs to be carried out to understand the specific conditions under which certain interventions have an impact on reducing corruption.

Police reform

Only one study has emerged since 2012 examining the effect of police reform on corruption. Light (2014; [P; OBS, case study]) conducts a qualitative analysis of police reform in Georgia, and finds **contextual factors play a key role in explaining the success of police reforms.** He concludes that a significant reduction of corruption in the police force was possible as a result of the need for the country to free itself from the

---

[15] Beneficial ownership is a legal term where ownership in equity belongs to a person even though the legal title belongs to another person. It is thus a mechanism used to hide the true ownership of an asset. Having this information helps avoid money laundering and hiding of assets.

Soviet legacy and from Russian influence; the transition to democracy and the advent of a revolutionary government; the country's need to redefine its image abroad; and Western financial and logistic support to reform efforts following Georgia's bid to join the North Atlantic Treaty Organization and the European Union. These domestic and international factors created unique conditions where even drastic measures, such as the firing of hundreds of corrupt police officers, became possible to implement.

Light also puts the Georgian experience in a comparative perspective, by looking at similar reforms in Singapore and Brazil. He finds democratic transition is not the only prerequisite for successful police reforms. **The way the regime (democratic or authoritarian) came to power seems to matter as much as the type of regime.** Democracies that emerge from "pacted transitions" (as opposed to revolutionary ones) may struggle to implement more drastic reforms such as those adopted in Georgia and may require a more gradual approach. While the support of foreign donors may help, it is essential for the reforming government to be motivated and committed. In other words, domestic politics and power dynamics are crucial factors in ensuring the effectiveness of reforms.
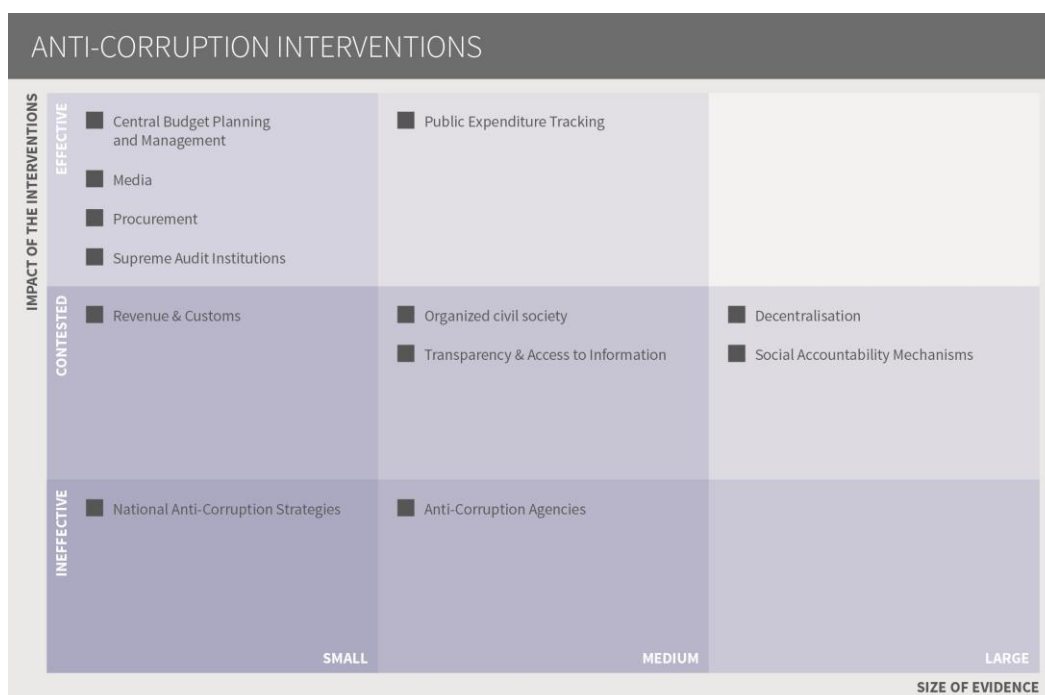
> **In summary**
>
> Consistent with the findings of Johnsøn et al. (2012 ([S; OR]), the evidence base for the impact of police reform on corruption remains limited. Contextual factors such as the political and economic environment are likely to influence the effect of police reform on corruption.

5.6 Conclusion

Overall, the evidence on the conditions under which different types of anti-corruption interventions help effectively reduce corrupt practices (or fail to do so) is mixed, and causal effects are hard to prove. The evidence on contextual factors influencing the effectiveness of anti-corruption reforms is still sparse, although its importance is increasingly being recognised, in particular for social accountability mechanisms. The difficulty of separating contextual factors from reforms, and the complexity of identifying the direction of causality, remains a challenge to clearly identifying contextual factors and their effects on reforms.

Figure 12: Summary of evidence base on anti-corruption interventions

ANTI-CORRUPTION INTERVENTIONS

	SMALL	MEDIUM	LARGE
EFFECTIVE	■ Central Budget Planning and Management ■ Media ■ Procurement ■ Supreme Audit Institutions	■ Public Expenditure Tracking	
CONTESTED	■ Revenue & Customs	■ Organized civil society ■ Transparency & Access to Information	■ Decentralisation ■ Social Accountability Mechanisms
INEFFECTIVE	■ National Anti-Corruption Strategies	■ Anti-Corruption Agencies	

IMPACT OF THE INTERVENTIONS

SIZE OF EVIDENCE

Source: Authors.

Nevertheless, while the review does identify the "usual suspects" of political will and local ownership, a range of other explanatory and contextual factors for the success of anti-corruption interventions does emerge.

The alignment and complementarity of anti-corruption reforms and interventions plays a role in their success, as suggested by the literature on PFM and social accountability. The success of social accountability interventions is linked to synergies and coalitions between different actors, and responsive state institutions. Strong community involvement is identified as a critical factor. Broad-based mobilisation and high levels of participation are also critical for the social accountability, PETS and decentralisation interventions.

Transparency and ATI emerge as important for the exercise of other rights, improving service delivery and constraining corruption. Linked to this is the critical role of an active media and freedom of the press, which are identified as factors in the success of decentralisation, PETS and social accountability interventions.

The findings of this Evidence Paper differ somewhat from the 2012 DFID-funded mapping carried out by Johnsøn et al. (2012 ([S; OR]). This is partly to do with the fact that this Evidence Paper assesses the size, rather than the quality, of the evidence base, but also reflects that the previous mapping focused on evidence on donor-funded interventions whereas the current review looks at anti-corruption interventions in general.

6. Conclusions

6.1 Headline messages

This study has sought to address the following overarching question: "What are the conditions that facilitate corruption, what are its costs and what are the most effective ways to combat it?"

The **key headline messages that emerge from our analytical review** include the following:

- Corruption is symptom of governance dynamics and institutional quality.
- It is also a collective, rather than purely individualised, challenge. It involves a variety of interactions, dynamics and linkages between multiple actors, organisations and institutions at different levels.
- It is this collective and systemic character of corruption that makes it so entrenched and so difficult to address.
- Democracy does not in and of itself solve corruption.
- Women in politics are not a magic bullet against corruption.
- Economic costs of corruption are hard to quantify.
- The effect of corruption on economic growth remains open to question.
- Overall, corruption can have a negative effect on economic growth over the short term, although the estimated size of the effect varies significantly. But the literature focused on more foundational aspects of growth finds that corruption has not been a (or the) determining factor constraining growth.
- Social spending and investments suffer from corruption.
- Corruption affects the poor disproportionately and gives rise to inequality.
- Corruption is both a cause and an effect of a lack of trust in the state.
- The relationship between corruption and fragility remains unsettled: it can be a source of conflict but has also been an important stabilising factor in some settings.
- The environment suffers from corruption.
- Anti-corruption measures are most effective when they are supported by other contextual factors and are integrated into a broader package of institutional reforms. Gendered approaches also need to be further mainstreamed.
- Multilateral anti-corruption initiatives are under-researched and thus far have not paid sufficient attention to context.

The remainder of this chapter explores these headline messages in further detail, highlighting the key findings that emerge from our review about how corruption should be understood, what factors facilitate corruption, what some of the most significant effects of corruption are and what the evidence base has to say about what approaches are more/less effective and why, based on a selected range of anti-corruption interventions. Evidence gaps and areas for further research are also identified.

6.2 Understanding corruption

As defined by Transparency International, **corruption is** "the abuse of entrusted power for private gain" (Kolstad et al., 2008 [S; OR]). It is a **complex, dynamic and multi-faceted** phenomenon that can take a variety of forms.

However, **difficulties in measuring different kinds/types of corruption persist.** As noted in this Evidence Paper, it has become possible to document people's actual experiences with corruption (mainly bribery), provide reliable estimates of leakage of public funds (graft) and credibly assess some of the costs of corruption on, for example, firms. There are, however, some important types of corruption that continue to elude precise measurement, such as patronage and grand corruption.

6.3 Factors that facilitate corruption

Different drivers/factors facilitating corruption identified in the literature include the following:

- **Economic** (including levels of development, patterns of wealth accumulation, salaries, structure of the economy and openness to trade, sources of income, illicit flows, resource curse, etc.);
- **Political** (e.g. different types of political systems [e.g. different types of political systems and state–society dynamics]; competition for power and authority at different levels; accountability relationships; meritocracy vs. patronage);
- **Sociological/anthropological** (sociocultural logics, gift-giving, solidarity networks).

This highlights the collective, rather than simply individual, nature of corruption. Corruption goes beyond the pursuit of private gain, as those who engage in it seek to expand broader interests and benefits (e.g. for the family, community, political party, etc.). As such, it is useful to conceptualise **corruption not simply as a problem between a principal and an agent, but also as a collective action challenge.** The interaction between different economic, political and social institutions (both formal and informal) in (re)creating corruption and the incentives/constraints they generate are central.

Corruption is not independent of contextual variables. It i**s a symptom of wider governance dynamics** and broader issues related to institutional quality. It is likely to thrive in conditions where accountability is deficient and actors have too much discretion.

Some factors that enable systemic corruption include:

- Weak separation of the public and private spheres, which results in the widespread private appropriation of public resources;
- The primacy of vertical (e.g. patron–client) and identity-based (e.g. kinship, ethnicity, religion) relationships over horizontal and rights-based relationships;
- Personalism or "big man" syndrome, reflected in the patron–client relations replicated throughout society.

But as the analysis in this paper suggests, it is worth noting **democracy as such does not in itself lead to reduced corruption.** In fact, corruption tends to be more prevalent in countries undergoing processes of political and economic transition (because of

struggles over sources of accumulation, distribution of access, cost of buying legitimacy, etc.). In settings where democracy is emerging, democratisation processes, in particular electoral competition, can in fact help generate dynamics that foster corruption.

6.4 The gender dimensions of corruption

> **Evidence on the linkages between corruption and gender in brief**
>
> As discussed in Chapter 3, there is no conclusive evidence that women are less predisposed to corruption than men. Context is crucial in shaping attitudes and behaviour towards corruption.

A **key question** emerging from academic and policy-oriented literature alike is whether corruption has a gendered dimension – that is, **whether women are likely to be less corrupt than men.** As discussed here, different hypotheses have been advanced in this respect, based on the empirical observation captured by Dollar, Fisman and Gatti in their influential 2001 World Bank study that a higher percentage of women in government is associated with lower levels of corruption (Dollar et al., 2001 [P; OBS, cross-country regression analysis]). However, **existing evidence emerging from both observational studies and laboratory experiments remains inconclusive** and a firm causal relationship between gender and corruption cannot be demonstrated.

The evidence analysed in this study (especially from experimental studies) shows that, on the whole, **women are more risk-averse than men,** and therefore less prone to accept bribes in situations considered more risky. However, the evidence on whether women are more moral than men remains mixed, and available research suggests **women may be as likely as men to engage in corruption** in the measure that they gain greater exposure and access. An important implication stemming from these findings is that the **greater participation of women in the political system** and political processes **is not a "magic bullet" to fight corruption,** and increasing the number of women in government is not likely to lead to reduced levels of corruption, if pursued in isolation (see Chapter 5).

Contextual dynamics and social taboos do seem to matter in understanding propensity towards corruption among men and women. Since corrupt acts such as bribery depend to a significant extent on the expectations and willingness of others to be complicit in corruption, understanding how individual characteristics such as gender interact with the social context surrounding corrupt opportunities is an important task for future anti-corruption research.

6.5 Effects of corruption: costs and broader impacts

> **Evidence on the effects of corruption on growth and broader development in brief**
>
> The key points emerging on the effects of corruption: costs and broader impacts are summarised below. Please refer to Chapter 4 for more details and references on the literature.
>
> *Growth/economic development:*
> **Evidence of the impact of corruption on growth/economic development at the macro level remains mixed.** Some evidence on the more proximate causes of growth suggests there is a causal link, although estimates of the costs of corruption on growth/development vary significantly. The literature focused on more foundational aspects of growth finds corruption has not been a central determinant and that other institutions have been more important. Evidence

emerging on rents also suggests, in some instances, rents can be conducive to stability/peace and development more broadly.

At the firm level, the **evidence** that corruption imposes additional costs on growth, especially in terms of performance and productivity, **is much more consistent.**

Research findings also suggest corruption has a negative effect on domestic investment and tax revenues.

Broader development dimensions
In terms of the impact of corruption on broader development processes, the evidence analysed as part of this study suggests the following:

* *Social costs:* there is a correlation between higher levels of corruption and increased inequality. Higher levels of corruption also has a negative effect on the provision of basic services and thus tends to affect the poor disproportionately.
* *Trust and state legitimacy:* the evidence base reports a consistent, **negative, relationship between corruption and confidence in public institutions** and the state. Corruption can be both a *cause* and an *effect* of lack of trust and reduced legitimacy.
* *Fragility and conflict:* the **evidence base is mixed,** with some findings suggesting corruption can fuel (violent) conflict and other studies finding corruption, and rent-seeking in particular, can play a crucial stabilising role in countries emerging from conflict or undergoing broader processes of transformation.
* *Environment:* the evidence base is conclusive that **corruption leads to worsened environmental outcomes,** such as increased pollution emissions, higher rates of deforestation, increased depletion of natural resources and trafficking in illegal or highly regulated environmental products.

Corruption, economic growth and institutions

At the firm level, the picture that emerges from the literature on the costs of corruption is relatively clear. The evidence points to the fact that **corruption, especially in terms of bribes, imposes additional costs that negatively affect firm performance and productivity.** The economic literature on corruption also suggests corruption can have an impact on the productivity of firms through the incentives it generates. Where (corrupt) rent-seeking activities are sufficiently profitable relative to productive activities, the most talented people will choose rent-seeking professions rather than entrepreneurship, and productivity and innovation in the private sector will suffer.

Research findings from different studies also suggest **corruption has a negative effect on domestic investment and tax revenues,** the latter related to reduced citizen trust in governments perceived to be dishonest and/or unfair.

However, at the macro level, **whether corruption is detrimental to economic development, especially growth, and to what extent, is far less settled.** There is considerable variation in estimates for the costing of corruption on growth. Some of this variation can be attributed to the heterogeneity of the studies analysed, and their different set-ups, including different corruption measures. It is also very difficult to disentangle corruption from the effects of other variables that may be present. All this means aggregating and getting a usable figure is extremely problematic, and costing corruption is therefore likely to be misleading.

In addition, a fairly consistent finding in the literature focused on governance and institutions suggests **corruption has not been a factor constraining growth performance,** and other governance dimensions and institutions are more important. This helps explain why countries with markedly different levels of corruption have been equally able to experience sustained periods of economic growth.

Similarly, the evidence base indicates **rents are not always detrimental to growth and development.** If rents are invested productively in dynamic sectors of the economy, they can also be a source of growth and/or help limit violence and promote stability. Crucially, "developmental patrimonial states" have proven this is not sustainable over time.

Corruption, inequality and other effects on the poor

The evidence reviewed as part of this study indicates **corruption has a negative impact on income equality and tends to affect the poor disproportionately.** In addition, it suggests corruption distorts spending patterns. In corrupt settings, social spending is often reduced and assistance targeted at the poor is misallocated. Basic services, especially education and health, tend to get neglected or can be politicised as a tool of co-optation and patronage.

Corruption, trust and state legitimacy

The evidence analysed here suggests **a negative correlation between corruption and confidence in public institutions and the political system more broadly.** Citizens who lack confidence in public institutions may be more likely to accept bribery and less likely to participate in political processes. Corruption can be both a *cause* and an *effect* of lack of trust and reduced legitimacy of the state in the eyes of the population, generating a feedback mechanism that further recreates and reinforces this perverse dynamic. Corruption also erodes trust in institutions at the firm level. If businesses perceive other businesses to be corrupt or to enjoy unfair/privileged access to the state, they tend to have less confidence in the judiciary, are more likely to pay bribes and are less likely to pay taxes.

Corruption, fragility and (violent) conflict

With the evidence indicating high levels of corruption are negatively correlated with trust and state legitimacy, it could be inferred that corruption reinforces fragility and increases the likelihood of conflict. **Some evidence does suggest corruption can have a particularly pernicious impact in fragile and conflict-affected states.** However, unlike the literature on trust and legitimacy, there is a divergence in views as to whether corruption and rent-seeking are a source of (violent) conflict or can actually play a crucial stabilising role in helping overcome it.
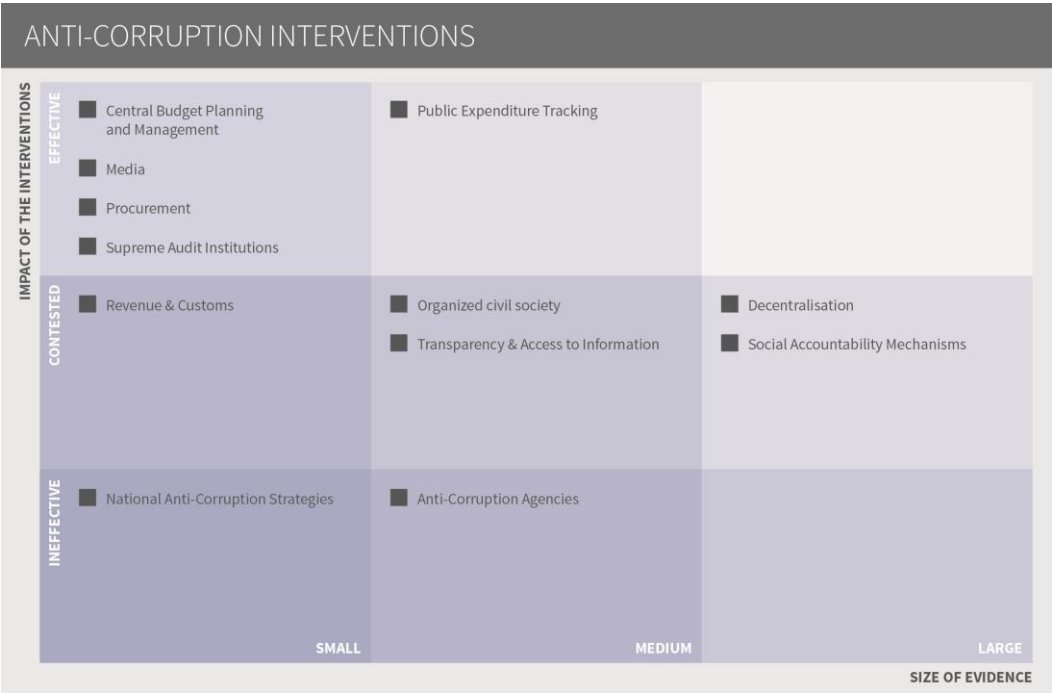
Corruption and the environment

Overall, the literature, which focuses primarily on natural resources, finds **corruption can have negative consequences on the environment,** including increased pollution, deforestation and depletion of natural resources, as well as trafficking in environmental products like wildlife and wood. Furthermore, the resource curse literature shows the **exploitation of natural resources can have negative social, political and economic impacts,** including conflict, reduced social spending and increased inequality. The effect of corruption on the environment can be direct (e.g. on policy-making and

implementation, or the stocks of a given environmental resource) or indirect (through its impact on income and economic growth).

6.6 Anti-corruption measures

Figure 13: Summary of evidence base on anti-corruption interventions

ANTI-CORRUPTION INTERVENTIONS

	SMALL	MEDIUM	LARGE
EFFECTIVE	Central Budget Planning and Management Media Procurement Supreme Audit Institutions	Public Expenditure Tracking	
CONTESTED	Revenue & Customs	Organized civil society Transparency & Access to Information	Decentralisation Social Accountability Mechanisms
INEFFECTIVE	National Anti-Corruption Strategies	Anti-Corruption Agencies	

IMPACT OF THE INTERVENTIONS

SIZE OF EVIDENCE

Source: Authors.

Over the past two decades, **corruption has emerged as a significant area of engagement as part of overall donor efforts** to promote "good governance". From a donor perspective, the fight against corruption is also driven by normative considerations as well as a perceived need to show domestic audiences they are taking a tough stand on corruption.

A central message emerging from ongoing anticorruption work is that not all types of corruption are the same, and that **multiple, differing responses are needed** based on the context, stakeholders and specific nature of corrupt behaviours. The evidence analysed as part of this study looks at several different kinds of interventions, including public financial management, supreme audit institutions, direct anti-corruption interventions and social accountability initiatives.

Public financial management

In terms of PFM, reforms include decentralisation, public expenditure tracking, revenue and costumes, procurement and central budget planning and management.

Overall, there is evidence **PFM reforms are effective in reducing corruption,** although the size of the evidence base varies across the different PFM dimensions.

In terms of decentralisation, research findings remain mixed, and decentralisation on its own does not appear to have much of an impact on corruption. As for revenue and customs, the number of studies is small and the evidence remains inconclusive.

On the other hand, evidence on public expenditure tracking, procurement and central budget planning and management suggests these interventions have a positive effect on efforts to combat corruption. Of these, the evidence base on public expenditure tracking is perhaps the richest and most methodologically diverse, while there is a small body of (mostly observational) research on central budget planning; global evidence on procurement is remarkably scarce.

The available evidence suggests the following factors matter to the effectiveness of PFM reforms:

- The reforms were undertaken in an enabling environment with crucial support from the political leadership.
- PFM initiatives were part of a more integrated approach to combat corruption.
- Reforms had an explicit focus on implementation and resourcing.

Supreme audit institutions (SAIs)

SAIs play an important oversight role, particularly in relation to the use of public funds. Evidence in this area suggests that, **while SAIs can be effective in combating corruption, their effectiveness depends on the wider institutional context,** including power dynamics between different government bodies and the quality of checks and balances mechanisms linking them (e.g. legislative oversight, executive discretionary authority, etc.). There is consistent evidence that, when special audits are combined with follow-up actions to sanction the corrupt, they are effective.

Direct anti-corruption interventions

Direct anti-corruption interventions, which were especially prominent during the 1990s and 2000s, include efforts such as ACAs, NACSs and national anti-corruption legislation. **Overall, these types of interventions were found to be ineffective in combating corruption.** A medium-sized body of evidence shows that ACAs are not panaceas for reducing corruption, particularly in environments with poor governance. Political influence, institutional weakness and uneven financial support were identified as factors hindering their effectiveness. A small-sized evidence base held that NACSs are not found to add value above and beyond the constituent reforms and initiatives it aims to pull together and coordinate.

Social accountability

It is commonly assumed civil society has a role to play in the fight against corruption, holding public institutions accountable and advocating for anti-corruption reforms. Within this area, focus is increasingly being placed on strengthening social accountability mechanisms and increasing transparency. Social accountability mechanisms include a broad range of mechanisms: participatory budgeting; PETS; citizen monitoring of service delivery; information dissemination; and public complaints mechanisms, among others.

There is a large body of evidence that indicates, overall, that **social accountability mechanisms can have an impact on levels of corruption.** This is highly conditioned on the context within which they are implemented. Critical conditions include a focus on issues relevant to the targeted population; targeting of relatively homogenous populations; populations that are empowered and have the capacity to hold institutions

accountable and withstand elite capture; synergies and coalitions between different actors; alignment between social accountability and other reforms and monitoring mechanisms; credible sanctions; and functional and responsive state institutions.

There is a medium-sized body of evidence showing **transparency and ATI is important to the effectiveness of the broader range of social accountability mechanisms, while the direct impact on corruption is contested.** Transparency and ATI are, however, not sufficient unless the information is meaningful to users, there are stakeholders who are empowered to make use of the information and there are credible sanctions when evidence of corruption is uncovered. There is a small body of evidence that indicates the media has a critical role to play in reducing corruption and that it plays a role in the effectiveness of other social accountability mechanisms.

There is a medium-sized body of evidence on the role of organised civil society. There is general consensus that **CSOs have a role to play in reducing corruption** by strengthening accountability systems and mobilising citizens, but their effectiveness is moderated by a range of contextual factors. Conditions for success include the capacity to influence service providers, an independent and free media, the combination of broad-based community mobilisation with professionalised CSOs and engagement between state and civil society actors.

Other anti-corruption interventions

This study also looked at evidence that has emerged for the following interventions since the publication of Johnsøn et al.'s (2012 [S; OR]) mapping of evidence on donor anti-corruption interventions: civil service reform; multilateral agreements (including the EITI, illicit financial flows and UNCAC); and police reform.

As part of civil service reform, **salary increases are unlikely to be an effective tool to address corruption. E-government initiatives are emerging as an area of potential interest for combating corruption.** While the evidence base remains small, there appears to be agreement in the literature that the quality of telecommunication infrastructure and efforts to increase internet adoption are critical to the success of e-government initiatives.

In terms of multilateral agreements, **the evidence base for the effectiveness of the UN Convention Against Corruption (UNCAC) remains small** and there is no evidence that a country being a state party to UNCAC has an effect on levels of corruption. There is an increasing, but still small, body of literature on **the Extractive Industries Transparency Initiative (EITI),** although **the evidence on how effective this initiative is in addressing corruption is inconsistent.**

There is an increasing body of evidence on Illicit Financial Flows (IFFs) although only a small number of studies examine the effectiveness of reforms aimed at addressing IFFs. **Illicit Financial Flows (IFFs)** Overall, the evidence base for multilateral agreements remains too limited to draw any generalisable conclusions about their effect on corruption, and there is little in the way of analysing the role context plays in whether initiatives are successful or not.

Only one study has emerged since 2012 examining the effect of **police reform** on corruption An interesting finding that emerges from this work is that the way a regime

(democratic or authoritarian) comes to power seems to matter as much as the type of regime for how effective it will be in coming to terms with police corruption, with revolutionary regime change often providing greater space for more drastic reforms.

6.7 Evidence gaps in the literature on corruption and areas for further research

As the Introduction discussed, this Evidence Paper is not intended to produce new knowledge, but rather to provide an authoritative assessment of the existing literature on corruption. On the other hand, in the process of reviewing the available evidence on corruption, the analysis in this study has identified a few gaps and potential areas for further research. These include the following:

- Policy research that is disaggregated by type of corruption. Most studies currently do not distinguish between different types of corruption when discussing the causes of corruption, the effects/impact of corruption and what this implies for how to address corruption more effectively. This kind of disaggregation seems relevant as it can generate important knowledge/insights to inform policy-making and thereby offer concrete propositions about how anti-corruption reforms and programming need to change as a result of these insights.
- Wider collection and analysis of data that are also disaggregated by gender. For example, more gendered evidence on acts of corruption committed by public officials, as well as on citizens' experiences with corruption, can be useful for future research on the relationship between gender and corruption.
- More rigorous and in-depth analysis of anti-corruption interventions that to date seem to be most effective. As depicted in Figure 13, research findings suggest that some anti-corruption interventions are more effective than others. However, the size of the evidence remains relatively small. It would therefore seem relevant and important to delve more deeply into the interventions in the top left-hand corner of Figure 13 (most effective but based on a small evidence base) so as to test and/or validate their effectiveness more robustly.
- More high-quality comparative quantitative studies on the effectiveness of anti-corruption reforms/interventions to better understand the impact of context, which would be particularly beneficial for those interventions in Figure 13 whose effect remains "contested".
- Better understanding of the interdependency of different types of anti-corruption interventions. For instance, do interventions adequately capture/target the dynamic nature of corruption? And is the success of particular types of reforms/interventions dependent on others already in place? This kind of research would help shed some light on the question about the relevance and appropriateness of different actions against corruption at different times in a country's development, and whether and how anti-corruption interventions should be sequenced. Evidence on this could be especially relevant in countries emerging from conflict, where the political settlement is still fluid and a careful balance between different needs and reform objectives needs to be achieved.
- Better understanding of the political economy of corruption/the incentives that drive actors to support or work against anti-corruption reforms. This links to a better understanding of the linkages between the principal-agent and the collective action understandings of corruption, and when one or another approach might be more fruitful in combating corruption. A possible implication of our analysis is that anti-

corruption initiatives that are based only on a principal-agent framework (which tends to be the norm in development circles) are less likely to be effective. Thus, the extent to which a framework that is more explicitly rooted in a collective action understanding of corruption is being incorporated in more innovative practice, and to what effect, seems to be a fruitful area for further investigation.

- Research on which institutions or governance dimensions matter most for growth and development more, when and why. This is still an open question that deserves closer attention because different governance dynamics beyond corruption, and the political settlements underpinning them, are likely to influence the link between governance and growth.

- More refined analysis and data collection and improved evaluation of the effectiveness of anti-corruption initiatives. It is often difficult to establish causality between an intervention (actions of a programme, policy or institution) and changes in levels of corruption. This owes in part to the challenges related to how corruption is measured, but also to weaknesses in how anti-corruption interventions are evaluated.

Reference list

3iE Global Development Network. How to Turn the Tide on Corruption? 3iE Brief 17. New Delhi: 3iE Global Development Network. 2011.

Acemoglu, D.; Johnson, S. Unbundling Institutions. *Journal of Political Economy* 113(5): 949-995. 2005.

Acemoglu, D.; Robinson, J. Why Nations Fail: The Origins of Power, Prosperity, and Poverty. New York: Crown Publishers. 2011.

Ackerman, J.M.; Sandoval-Ballesteros, I.E. The Global Explosion of Freedom of Information Laws. *Administrative Law Review* 58(1): 85-130. 2006.

Ades, A.; Di Tella, R. National Champions and Corruption: Some Unpleasant Interventionist Arithmetic. *Economic Journal* 107(443): 1023-1042. 1997.

Ades, A.; Di Tella, R. Rents, Competition, and Corruption. *The American Economic Review* 89(4): 982-993. 1999.

Afridi, F. Can Community Monitoring Improve the Accountability of Public Officials? *Economic and Political Weekly* 23(42): 35-40. 2008.

Agarwal, S.; Heltberg, R.; Diachok, M. Scaling up Social Accountability in World Bank Operations. Washington, DC: World Bank. 2009.

Aidt, T.; Dutta, J.; Senac, V. Governance Regimes, Corruption and Growth: Theory and Evidence. *Journal of Comparative Economics* 96: 195-220. 2008.

Aidt, T. Corruption, Institutions, and Economic Development. *Oxford Review of Economic Policy* 25(2): 271-291. 2009.

Alatas, V.; Cameron, L.; Chaudhuri, A.; Erkal, N.; Gangadharan, L. Gender, Culture, and Corruption: Insights from an Experimental Analysis. *Southern Economic Journal* 75(3): 663-680. 2009.

Alemu, A.M. Effects of Corruption on FDI Inflow in Asian Economies. *Seoul Journal of Economics* 25(4): 387-412. 2012.

Al-Sadig, A. The Effects of Corruption on FDI Inflows. *Cato Journal* 29(20): 267-294. 2009.

Anders, G. Civil Servants in Malawi: Cultural Dualism, Moonlighting and Corruption in the Shadow of Good Governance. PhD thesis. Rotterdam: University of Rotterdam. 2005.

Andersen, T.B. E-Government as an Anti-Corruption Strategy. *Information Economics and Policy* 21(3): 201-210. 2009.

Anderson, C.J.; Tverdova, Y.V. Corruption, Political Allegiances, and Attitudes Toward Government in Contemporary Democracies. *American Journal of Political Science* 47(1): 91-109. 2003.

Andvig, J.C.; Fjeldstad, O.-H.; with Amundsen, I.; Sissener, T; Soreide, T. Research on Corruption: A Policy-Oriented Survey. Report No. R2001:7. Bergen: CMI. 2001.

Andvig, J.C.; Todorov, B. Anti-Corruption in Public Procurement. Sofia: Center for the Study of Democracy. 2011.

Anoruo, E.; Braha, H. Corruption and Economic Growth: The African Experience. *Journal of Sustainable Development* 7(1): 43-55. 2005.

Anson, J.; Cadot, O.; Olarreaga, M. Tariff Evasion and Customs Corruption: Does Pre-Shipment Inspection Help? *Journal of Economic Analysis and Policy: Contributions to Economic Analysis and Policy* 5(1): 1-24. 2006.

Arezki, R.; Gylfason, T. Resource Rents, Democracy, Corruption, and Conflict: Evidence from Sub-Saharan Africa. *Journal of African Economies* 22(4): 552-569. 2013.

Arroyo, D.; Sirker, K. Stocktaking of Social Accountability Initiatives in the Asia and Pacific Region. Washington, DC: Community Empowerment and Social Inclusion Learning Program, World Bank Institute. 2005.

Asiedu, E. Foreign Direct Investment in Africa: The Role of Natural Resources, Market Size, Government Policy, Institutions and Political Instability. *World Economy* 29(1): 63-77. 2006.

Asiedu, E.; Freeman, J. The Effect of Corruption on Investment Growth: Evidence from Firms in Latin America, Sub-Saharan Africa, and Transition Countries. *Review of Development Economics* 13(20): 200-214. 2009.

Barbone, L.; Das-Gupta, A.; De Wulf, L.; Hansson, A. Reforming Tax Systems: The World Bank Record in the 1990s. Washington, DC: World Bank. 1999.

Bardhan, P.; Mookherjee, D. Decentralisation, Corruption and Government Accountability. In Rose-Ackerman, S. (ed.) International Handbook on the Economics of Corruption. Cheltenham: Edward Elgar. 2006.

Barr, A.; Kinsey, B. Do Men Really Have No Shame? Working Paper. Oxford: Oxford University. 2002.

Barr, A.; Mugisha, F.; Serneels, P.; Zeitlin, A. Information and Collective Action in Community-Based Monitoring of Schools: Field and Lab Experimental Evidence from Uganda. Working Paper. Oxford: CSAE. 2012.

Barsky, R.B.; Kimball, M.S.; Juster, F.T.; Shapiro; M.D. Preference Parameters and Behavioral Heterogeneity: An Experimental Approach in the Health and Retirement Survey. Cambridge, MA: NBER. 1997.

Bates, R. Markets and States in Tropical Africa: The Political Basis of Agricultural Policies. Berkeley, CA: University of California Press. 1981.

Batley, R.; Bjørnestad, L; Cumbi, A. Evaluation of General Budget Support – Mozambique Country Report. Birmingham: International Development Department, School of Public Policy, University of Birmingham. 2006.

Baviskar, A. Winning the Right to Information Campaign in India. Research Summary. Brighton: Institute of Development Studies. 2008.

Besley, T.; Pande, R.; Rao, V. Participatory Democracy in Action: Survey Evidence from South India. *Journal of the European Economic Association* 3 (2-3): 648-657. 2005.

Bhargava, V.; Bolongaita, E. Challenging Corruption in Asia: Case Studies and a Framework for Action. Washington, DC: World Bank. 2004.

Birch, S. Electoral Systems and Electoral Misconduct. *Comparative Political Studies* 40(12): 1533-1556. 2007.

Bird, R.M.; Martinez-Vazquez, J.; Torgler, B. Tax Effort in Developing Countries and High Income Countries: The Impact of Corruption, Voice and Accountability. *Economic Analysis and Policy* 38 (1) 55-71. 2008.

Björkman, M.; Svensson, J. Power to the People: Evidence from a Randomised Field Experiment of Community-Based Monitoring in Uganda. *Quarterly Journal of Economics* 124(2): 735-769. 2009.

Björkman, M.; Svensson, J. When Is Community-Based Monitoring Effective? Evidence from a Randomized Experiment in Primary Health in Uganda. *Journal of the European Economic Association* 8(2-3): 571-581. 2010.

Björkman, M.; De Walque, D.; Svensson, J. Information Is Power: Experimental Evidence of the Long Run Impact of Community Based Monitoring. Working Paper. Stockholm: Stockholm University. 2013.

Blume, L.; Voigt, S. Supreme Audit Institutions: Supremely Superfluous? A Cross Country Assessment. Working Paper No. 03-2007. Turin: International Centre for Economic Research. 2007.

Blume, L.; Voigt, S. Does Organizational Design of Supreme Audit Institutions Matter? A Cross-Country Assessment. *European Journal of Political Economy* 27(2): 215-229. 2011.

Blundo, G.; Oliver de Sardan, J.P. Everyday Corruption and the State: Citizens and Public Officials in Africa. London: Zed Books. 2006.

Bolton, G.; Katok, E. An Experimental Test for Gender Differences in Beneficent Behaviour. *Economics Letters* 48: 287-292. 1995.

Booth, D. Development as a Collective Action Problem: Addressing the Real Challenges of African Governance. Synthesis Report of the Africa Power and Politics Programme. London: ODI. 2012.

Booth, D.; Cammack, D. Governance for Development in Africa: Solving Collective Action Problems. New York: Zed Books. 2013.

Booth, D.; Fritz, V. Good Governance, Aid Modalities and Poverty Reduction: From Better Theory to Better Practice. Final Synthesis Report. Good Governance, Aid Modalities and Poverty Reduction: Linkages to the Millennium Development Goals and Implications for Irish Aid. London and Bergen: ODI and CMI. 2008.

Boucher, A.J.; Durch, W.J.; Midyette, M.; Rose, S; Terry, J. Mapping and Fighting Corruption in War Torn States. Report No. 61. Washington, DC: Stimson Center. 2007.

Bratton, M. Are You Being Served? Popular Satisfaction with Health and Education Services in Africa. Afrobarometer Working Paper No. 65. 2007.

Brunetti, A.; Weder, B. A Free Press is Bad News for Corruption. *Journal of Public Economics* 87(7-8): 1801-1824. 2003.

Bukenya, B.; Hickey, S.; King, S. Understanding the Role of Context in Shaping Social Accountability Interventions: Towards an Evidence-Based Approach. Manchester: IDPM. 2012.

Buss, D.M.; Shackelford, T.K. Human Aggression in Evolutionary Psychological Perspective. *Clinical Psychology Review* 17: 605-619. 1997.

Busse, H.; Hefeker, C. Political Risk, Institutions and Foreign Direct Investment. *European Journal of Political Economy* 23: 397-415. 2007.

Byrnes, J.; Miller, D.C.; Schafer, W.D. Gender Differences in Risk Taking. *Psychological Bulletin* 125: 367-383. 1999.

Camaj, L. The Media's Role in Fighting Corruption. Media Effects on Governmental Accountability. *The International Journal of Press/Politics* 18(1): 21-42. 2013.

Campos, J.E.; Bhargava, V. Introduction: Tackling a Social Pandemic. In Campos, J.E.; Pradhan, S. (eds) The Many Faces of Corruption: Tracking Vulnerabilities at the Sector Level. Washington, DC: World Bank. 2007.

Campos, J. E; Pradhan, S.; Recanatini, F. Conclusion: Where to Next? In Campos, J.E; Pradhan, S. (eds) The Many Faces of Corruption: Tracking Vulnerabilities at the Sector Level. Washington, DC: World Bank. 2007.

Carothers, T.; De Gramont, D. Aiding Governance in Developing Countries: Progress amid Uncertainties. The Carnegie Papers. Washington, DC: Carnegie Endowment for International Peace. 2011.

Casari, M.; Ham, J.C.; Kagel, J,H. Selection Bias, Demographic Effects and Ability Effects in Common Value Auction Experiments. Staff Report No. 213. New York: FRB of New York. 2005.

Catterberg, G.; Moreno, A. The Individual Bases of Political Trust: Trends in New and Established Democracies. *International Journal of Public Opinion Research* 18(1): 408-443. 2005.

Cavanagh, C. Unready for REDD+? Lessons from Corruption in Ugandan Conservation Areas. Bergen: CMI. 2012.

Chabal, P. and Daloz, J.-P. Africa Works: Disorder as Political Instrument. Oxford: James Currey. 1999.

Chalmers, I.; Setiyono, B. The Struggle Against Corruption During the Democratic Transition: Theorising the Emerging role of CSOs. *Development and Society* 41(1): 77-102. 2012.

Chand, Sheetal K.; Moene, Karl O. Controlling Fiscal Corruption. *World Development* 27(7): 1129-1140. 1999.

Chang, E.C.C.; Chu, Y.H. Corruption and Trust: Exceptionalism in Asian Democracies? *The Journal of Politics* 68(2): 259-271. 2006.

Chaudhuri, S.; Harilal, K.N.; Heller, P. Building Local Democracy: Evaluating the Impact of Decentralization in Kerala, India. *World Development* 35(4): 626-648. 2007.

Chavis, L. Decentralizing Development: Allocating Public Goods via Competition. *Journal of Development Economics* 93(2): 264-274. 2010.

Chetwynd, E.; Chetwynd, F.; Spector, B. Corruption and Poverty: A Review of Recent Literature. London: Management Systems International. 2003.

Cho, W.; Kirwin, M. A Vicious Circle of Corruption and Mistrust in Institutions in Sub-Saharan Africa: A Micro-Level Analysis. Afrobarometer Working Paper No. 71. 2007.

Chong, A.; Calderon, C. Institutional Quality and Income Distribution. *Economic Development and Cultural Change* 48(4): 761-786. 2000.

Chong, A.; De la O, A.L.; Karlan, D.; Wantchekon, L. Looking Beyond the Incumbent: The Effects of Exposing Corruption on Electoral Outcomes. Working Paper No. 17679. Cambridge, MA: NBER. 2011.

Chowdhury, S.K. The Effect of Democracy and Press Freedom on Corruption: An Empirical Test. *Economic Letters* 85(1): 93-101. 2004.

Clausen, B.; Kraay, A.; Nyiri, Z.. Corruption and Confidence in Public Institutions: Evidence from a Global Survey. *The World Bank Economic Review* 25(2): 212-249. 2011.

Cole, M.A. Corruption, Income, and the Environment: An Empirical Analysis. *Ecological Economics* 62: 637-647. 2007.

Collier, P. Is Aid Oil? An Analysis of Whether Africa Can Absorb More Aid. *World Development* 34(9): 1482-1497. 2006.

Commission on Growth and Development. The Growth Report: Strategies For Sustained Growth and Inclusive Development. Washington, DC: World Bank. 2008.

Connerley, E.; Eaton, K.; Smoke, P. Making Decentralization Work: Democracy, Development, and Security. Boulder, CO: Lynne Rienner. 2010.

Corrigan, C.C. Breaking the Resource Curse: Transparency in the Natural Resource Sector and the Extractive Industries Transparency Initiative. *Resources Policy* 40: 17-30. 2013.

Coviello, D.; Mariniello, M. Publicity Requirements in Public Procurement: Evidence from a Regression Discontinuity Design. *Journal of Public Economics* 109: 76-100. 2014.

Croson, R.; Gneezy, U. Gender Differences in Preferences. Philadelphia, PA: The Wharton School, University of Pennsylvania. Mimeo. 2004.

Dalgaard, C.-J.; Olsson, O. Windfall Gains, Political Economy, and Economic Development. Working Papers in Economics No. 223. Göteborg: Department of Economics, Göteborg University. 2006.

Das Gupta, A.; Mookherjee, D. Incentives and Institutional Reform in Tax Enforcement: An Analysis of Developing Country Experience. Delhi: OUP. 1998.

David-Barrett, E.; Okamura, K. The Transparency Paradox: Why Corrupt Countries Join the Extractive Industries Transparency Initiative. American Political Science Association Annual Meeting. Chicago, IL, 29 August-1 September. 2013.

De Jong, E.; Bogmans, C. Does Corruption Discourage International Trade? *European Journal of Political Economy* 27(2): 385-398. 2011.

De la Croix, D.; Delavallade, C. Growth, Public Investment and Corruption with Failing Institutions. *Economic Governance* 10: 187-219. 2009.

De Sousa, L. Anti-Corruption Agencies: Between Empowerment and Irrelevance. *Crime, Law and Social Change* 53(1): 5-22. 2010.

Deininger, K.; Mpuga, P. Does Greater Accountability Improve the Quality of Public Service Delivery? Evidence from Uganda. *World Development* 33(1): 171-191. 2005.

Delavallade, C. Corruption and Distribution of Public Spending in Developing Countries. *Journal of Economics and Finance* 30(2): 222-239. 2006.

Development Research Centre. Blurring the Boundaries: Citizen Action Across States and Societies. Brighton: Development Research Centre. 2011.

DFID (Department for International Development). How to Note: Assessing the Strength of Evidence. London: DFID. 2014.

DiJohn, J. Mineral Resource Abundance and Violent Political Conflict: A Critical Assessment of the Rentier State Model. Crisis States Programme Working Paper No. 20. London: LSE. 2002.

DiJohn, J. "Failed States" in Sub-Saharan Africa: A Review of the Literature (ARI). ARI 5/2011-14/1/201. Madrid: Real Instituto Elcano. 2011.

Di Tella, R.; Schargrodsky, E. The Role of Wages and Auditing during a Crackdown on Corruption in the City of Buenos Aires. *Journal of Law and Economics* 46(1): 269-300. 2003.

Díaz-Cayeros, A.; Magaloni, B.; Ruiz-Euler, A. Traditional Governance, Citizen Engagement and Local Public Goods: Evidence from Mexico. *World Development* 53: 80-93. 2004.

Dix, S.; Hussmann, K.; Walton, G. Risks of Corruption to State Legitimacy and Stability in Fragile Situations. Bergen: CMI. 2012.

Djankov, S.; La Porta, R.; Lopez-de-Silanez, F.; Shleifer, A. Disclosure by Politicians. *American Economic Journal: Applied Economics* 2(2): 179-209. 2010.

Dobson, S.; Ramlogan-Dobson, C. Is There a Trade-Off Between Income Inequality and Corruption? Evidence from Latin America. *Economics Letters* 107: 102-104. 2010.

Doig, A.; Riley, S. Corruption and Anti-Corruption Strategies: Issues and Case Studies from Developing Countries. In UNDP (UN Development Programme) Corruption and Integrity Improvement Initiatives in Developing Countries. New York: UNDP. 1998.

Doig, A.; Tisné, M. A Candidate for Relegation? Corruption, Governance Approaches and the (Re)construction of Post-War States. *Public Administration and Development* 29(5): 374-386. 2009.

Doig, A.; Watt, D.; Williams, R. Why Do Developing Country Anti-Corruption Commissions Fail to Deal with Corruption? Understanding the Three Dilemmas of Organizational Development, Performance Expectation, and Donor and Government Cycles. *Public Administration and Development* 27(3): 251-259. 2007.

Dollar, D.; Fisman, R.; Gatti, R. Are Women Really the "Fairer" Sex? Corruption and Women in Government. *Journal of Economic Behaviour and Organization* 46: 423-429. 2001.

Donchev, D.; Ujhelyi, G. What Do Corruption Indices Measure? *Economics & Politics* 26: 309-331. 2014.

Donkers, B.; Van Soest, A.; Melenberg, B. Estimating Risk Attitudes Using Lotteries: A Large Sample Approach. CentER Discussion Paper Series No. 1999-12. Tilburg: Tilburg University. 1999.

Dorotinsky, W.; Pradhan, S. Exploring Corruption in Public Financial Management. In Campos, J.E; Pradhan, V. (eds) The Many Faces of Corruption: Tracking Vulnerabilities at the Sector Level. Washington, DC: World Bank. 2007.

Dreher, A.; Herzfeld, T. The Economic Costs of Corruption: A Survey and New Evidence. In De Luca, F.N. (ed.) Economic Corruption: Detection, Costs and Prevention. Hauppage, NY: Nova Science. 2005.

Drury, C.A.; Krieckhaus, J.; Lusztig, M. Corruption, Democracy and Economic Growth. *International Political Science Review* 27(2): 121-136. 2006.

Duflo, E.; Dupas, P.; Kremer, M. School Governance, Teaching Incentives, and Pupil-Teacher Ratios. Experimental Evidence from Kenyan Primary Schools. Working Paper. Cambridge, MA: NBER. 2012.

Duvanova, D. Economic Regulations, Red Tape and Bureaucratic Corruption. Annual Meeting of the American Political Science Association, Seattle, WA: 1-4 September. 2011.

Dye, K. Corruption and Fraud Detection by Supreme Audit Institutions. In Shah, A. (ed.) Performance Accountability and Combating Corruption. Washington, DC: World Bank. 2007.

Dye, K.M.; Stapenhurst, R. Pillars of Integrity: The Importance of Supreme Audit Institutions in Curbing Corruption. Washington, DC: World Bank. 1998.

Easterly, W. The Elusive Quest for Growth: Economists' Adventures and Misadventures in the Tropics. Cambridge, MA: MIT Press. 2001.

Eckel, C.; Grossman, P.J. Are Women Less Selfish than Men? Evidence from Dictator Experiments. *Economic Journal* 108: 726-735. 1998.

Eckel, C.; Wilson, R.K. Whom to Trust? Choice of Partner in a Trust Game. Working Paper. Blacksburg, VA: Virginia Polytechnic. 2004.

Egger, P.; Winner, H. How Corruption Influences Foreign Direct Investment: A Panel Data Study. *Economic Development and Cultural Change* 54(2): 459-486. 2007.

Elbahnasawy, N.G. E-Government, Internet Adoption, and Corruption: An Empirical Investigation. *World Development* 57: 114-126. 2014.

Estache, A.; Sinha, S. Does Decentralization Increase Public Infrastructure Expenditure? In Estache, A. (ed.) Decentralizing Infrastructure. Discussion Paper No. 290. Washington, DC: World Bank. 1995.

Evans, P. Embedded Autonomy: States and Industrial Transformation. Princeton, NJ: Princeton University Press. 1995.

Evans, P.; Rauch, J. Bureaucratic Structure and Bureaucratic Performance in Less Developed Countries. *Journal of Public Economics* 75(1): 49-71. 2000.

Ezeoha, A.E. Can NGOs Aid Good Governance and Sustainable Development in Africa? Some Theoretical Insights. *Sustainable Development in Africa* 8(3): 128-147. 2006.

Faruq, H.; Webb, M.; Yi, D. Corruption, Bureaucracy and Firm Productivity in Africa. *Review of Development Economics* 17(1): 117-129. 2013.

Ferraz, C.; Finan, F. Exposing Corrupt Politicians: The Effects of Brazil's Publicly Released Audits on Electoral Outcomes. *Quarterly Journal of Economics* 123(2): 703-745. 2008.

Findley, M.G.; Nielson, D.L.; Sharman, J. Global Shell Games: Experiments in Transnational Relations, Crime, and Terrorism. Cambridge: CUP. 2014.

Fisman, R.; Gatti, R. Decentralization and Corruption: Evidence across Countries. *Journal of Public Economics* 83(3): 325-345. 2002a.

Fisman, R.; Gatti, R. Decentralization and Corruption: Evidence from US Federal Transfer Programs. *Public Choice* 113 1/2): 25-35. 2002b.

Fisman, R.; Svensson, J. Are Corruption and Taxation Really Harmful to Growth? Firm Level Evidence. *Journal of Development Economics* 83: 63-75. 2007.

Fjelde, H. Buying Peace? Oil Wealth, Corruption and Civil War, 1985-99. *Journal of Peace Research* 46(2): 199-218. 2009.

Fjeldstad, O.-H.. Fighting Fiscal Corruption: Lessons from the Tanzania Revenue Authority. *Public Administration and Development* 23(2): 165-175. 2003.

Fjeldstad, O.-H. Corruption in Tax Administration: Lessons from Institutional Reforms in Uganda. In Rose-Ackerman, S. (ed.) International Handbook on the Economics of Corruption. Cheltenham: Edward Elgar. 2006.

Fontana, A.; Gomes Pereira, P. Using Money Laundering Investigations to Fight Corruption in Developing Countries: Domestic Obstacles and Strategies to Overcome Them. *U4* Issue 9. Bergen: CMI. 2012.

Fontana, A.; Hearson, M. Illicit Financial Flows and Measures to Counter Them: An Introduction. U4 Brief 9. Bergen: CMI. 2012.

Fox, J. The Difficult Transition from Clientelism to Citizenship: Lessons from Mexico. *World Politics* 46(2): 151-184. 1994.

Fox, J. Social Accountability: What Does the Evidence Really Say? First GPSA Knowledge Portal Webinar, Washington, DC, 3 April. 2014.

Francken, N.; Minten, B.; Swinnen, J.F.M. Media, Monitoring, and Capture of Public Funds: Evidence from Madagascar. *World Development* 37(1): 242-255. 2009.

Frank, B.; Schulze, G. Does Economics Make Citizens Corrupt? *Journal of Economic Behavior & Organization* 43(1): 101-113. 2000.

Freille, S.; Haque, M.E.; Kneller, R. A Contribution to the Empirics of Press Freedom and Corruption. *European Journal of Political Economy* 23(4): 838-862. 2007.

Fritz, V.; Kolstad, I. Corruption and Aid Modalities. *U4* Issue 2008:4. Bergen: CMI. 2008.

Fritz, V.; Rocha Menocal, A. Developmental States in the New Millennium: Concepts and Challenges for a New Aid Agenda. *Development Policy Review* 25(5): 531-552. 2007.

Galinato, G. and Galinato, S. The Effects of Corruption Control and Political Stability on the Environmental Kuznets Curve of Deforestation-Induced Carbon Dioxide Emissions. Working Paper Series. WP 2010-9. School of Economic Sciences.

Galtung, F. Measuring the Immeasurable: Boundaries and Functions of (Macro) Corruption Indices. In Sampford, C.; Shacklock, A.; Connors, C.; Galtung, F. (eds) Measuring Corruption. Aldershot: Ashgate. 2005

Gatti, R.; Paternostro, S.; Rigolini, J. Individual Attitudes Toward Corruption: Do Social Effects Matter? Policy Research Working Paper No. 3122. Washington, DC: World Bank. 2003.

Gauthier, Bernard. PETS-QSDS in Sub-Saharan Africa: A Stocktaking Study. Washington, DC: World Bank. 2006.

Gaventa, J.; Barrett, G. So What Difference Does It Make? Mapping the Outcomes of Citizen Engagement. Working Paper Special Issue No. 347. Brighton: Institute of Development Studies. 2010.

Gaventa, J.; McGee, R. The Impact of Transparency and Accountability Initiatives. *Development Policy Review* 31(s1): s3-s28. 2013.

Ghura, D. Tax Revenue in Sub-Saharan Africa: Effects of Economic Policies and Corruption. Working Paper No. 135. Washington, DC: IMF. 1998.

Gideon, U.; Morale, L.; Acosta, O. The Impact of Health Reforms in Bogotá Hospitals. 2001. *Human Resources for Health Development Journal* 5: 1-3. 2001.

Gilligan, C. In a Different Voice: Psychological Theory and Women's Development. Cambridge, MA: Harvard University Press. 1982.

GIZ (German International Cooperation) and INTOSAI (International Organization of Supreme Audit Institutions). Supreme Audit Institutions. Bonn: Nomos. 2013.

Gokcekus, O.; Mukherjee, R. Public Sector Corruption and Gender. Perceptions of Public Officials from Six Developing and Transition Countries. Washington, DC: World Bank. 2002.

Goetz, A.M. Political Cleaners: How Women Are the New Anti-Corruption Force. Does the Evidence Wash? *Development and Change* 38(1): 87-105. 2007.

Gonçalves, S.D. The Effects of Participatory Budgeting in Municipal Expenditures and Infant Mortality in Brazil. *World Development* 53: 94-110. 2014.

Gong, T.; Wu, A.M. Does Increased Civil Service Pay Deter Corruption? Evidence from China. *Review of Public Personnel Administration* 32(2): 192-204. 2012.

Griffin, C.C.; de Ferranti, D.; Tolmie, C.; Jacinto, J.; Ramshaw, G.; Bun, Chinyere. Lives in the Balance: Improving Accountability for Public Spending in Developing Countries. Washington, DC: Results for Development Institute, Brookings Institution Press. 2010.

Grimes, M. The Conditions of Successful Civil Society Involvement in Combating Corruption: A Survey of Case Study Evidence. Working Paper. Gothenburg: Quality of Government Institute. 2008.

Grimes, M. The Contingencies of Societal Accountability: Examining the Link Between Civil Society and Good Government. *Studies in Comparative International Development* 48(4): 380-402. 2013.

Gthnji, M.; Holmquist, F. Reform and Political Impunity in Kenya: Transparency without Accountability. *African Studies Review* 55(1): 53-74. 2012.

Gupta, S.; Davoodi, H.; Tiongson, E. Corruption and the Provision of Health Care and Education Services. Working Paper No. WP/00/116. Washington, DC: IMF. 2000.

Gupta, S.; Davoodi, H.; Alonso-Terme, R.. Does Corruption Affect Income Inequality and Poverty? *Economic of Governance* 3: 23-45. 2002.

Gyimah-Brempong, K. Corruption, Economic Growth, and Income Inequality in Africa. *Economic of Governance* 3: 189-209. 2002.

Gyimah-Brempong, K.; Munoz de Camacho, S. Corruption, Growth, and Income Distribution: Are there Regional Differences? *Economics of Governance* (7): 245-269. 2006.

Hafner, O. The Role of Corruption in the Misappropriation of Tropical Forest Resources and in Tropical Forest Destruction. Working Paper. 1998.

Hagen-Zanker, J.; Duvendack, M.; Mallett, R.; Slater, R.; Carpenter, S.; Tromme, M. Making Systematic Reviews Work for International Development Research. SLRC Briefing Paper No. 1. London: ODI. 2012.

Haggard, S. Pathways from the Periphery: The Politics of Growth in the Newly Industrialising Countries. Ithaca, NY: Cornell University Press. 1990.

Hanlon, J. How Northern Donors Promote Corruption: Tales from the New Mozambique. Manchester: The Corner House. 2004.

Hanna, R.; Bishop, S.; Nadel, S.; Scheffler, G.; Durlacher, K. The Effectiveness of Anti-Corruption Policy: What Has Worked, What Hasn't, and What We Don't Know. London: EPPI-Centre, Social Science Research Unit, Institute of Education, University of London. 2011.

Hagen-Zanker, J.; Mallett, R. How to do a rigorous, evidence-focused literature review in international development: A Guidance Note. London: ODI. 2013.

Haque, E.M.; Kneller, R. Public Investment and Growth: The Role of Corruption. Discussion Paper No. 98. Manchester: CGBCR. 2008.

Harrison, G.W.; Johnson, E.; McInnes, M.; Rutström, E. Risk Aversion and Incentive Effects: Comment. Economics Working Paper No. 03-19. Miami, FL: UCF. 2005.

Hausmann, R.; Pritchett, L.; Rodrik, D. Growth Accelerations. Working Paper No. 10566. Cambridge, MA: NBER. 2004.

Heilbrunn, J. Anti-Corruption Commissions: Panacea or Real Medicine to Fight Corruption? Washington, DC: World Bank. 2004.

Heilbrunn, J. Post-Conflict Reconstruction, Legitimacy and Anti-Corruption Commissions. In Cheng, C.; Zaum, D. (eds) Corruption and Post-Conflict Peacebuilding: Selling the Peace? Abingdon: Routledge. 2011.

Heller, N.. Defining and Measuring Corruption: Where Have We Come from, Where Are We Now, and What Matters for the Future? In Rotberg, R. (ed.) Corruption, Global Security, and World Order. Washington, DC: Brookings Institution Press. 2009.

Hellman, J.; Kaufmann, D. The Inequality of Influence. Washington, DC: World Bank. 2003.

Henrich, J.; Boyd, R.; Bowles, S.; Camerer, C.; Fehr, E.; Gintis, H.; McElreath, R. In Search of Homo Economicus: Behavioral Experiments in 15 Small-Scale Societies. *The American Economic Review* 91(2): 73-78. 2001.

Hodges, T. The Role of Resource Management in Building Sustainable Peace. Accord: From Military Peace to Social Justice? The Angolan Peace Process. London: Conciliation Resources. 2004.

Hodges, T.; Tibana, R. The Political Economy of the Budget Process in Mozambique. Oxford: Oxford Policy Managament. 2004.

Hollands, G. Fighting Corruption in Infrastructure Delivery in South Africa. Partnering to Combat Corruption Series. Loughborough: WEDC. 2008.

Holt, C.A.; Laury, S. Risk Aversion and Incentive Effects. Research Paper Series No. 06-12. Atlanta, GA: Andrew Young School of Policy Studies. 2002.

Hubbard, P. Putting the Power of Transparency in Context: Information's Role in Reducing Corruption in Uganda's Education Sector. Working Paper No. 136. Washington, DC: Center for Global Development. 2007.

Human Rights Watch. The Price of Oil: Corporate Responsibility and Human Rights Violations in Nigeria's Oil Producing Communities. New York: Human Rights Watch. 1999.

Human Rights Watch. Criminal Politics: Violence, "Godfathers", and Corruption in Nigeria. New York: Human Rights Watch. 2007.

Humphreys, M.; Sachs, J.; Stiglitz, J. (eds) Escaping the Resource Curse. New York: Columbia University Press. 2007.

Huntington, S. Political Order in Changing Societies. New Haven, CT: Yale University Press. 1968.

Hussmann, K. Anti-Corruption Policy Making in Practice: What Can Be Learned for Implementing Article 5 of UNCAC? Synthesis Report of Six

Country Case Studies: Georgia, Indonesia, Nicaragua, Pakistan, Tanzania, and Zambia. *U4* Report 1. 2007.

Hussmann, K.; Hechler, H.; Peñailillo, M. Institutional Arrangements for Corruption Prevention: Considerations for the Implementation of the United Nations Convention against Corruption. *U4* Issue 4. 2009.

IEG (Independent Evaluation Group). Public Sector Reform: What Works and Why? An Evaluation of World Bank Support. Washington, DC: World Bank. 2003.

Isham, J.; Kähnkönen, S. Institutional Determinants of the Impact of Community-Based Water Services: Evidence from Sri Lanka and India. *Economic Development and Cultural Change* 50(3): 667-691. 2002.

Islam, R. Does More Transparency Go Along with Better Governance? *Economics & Politics* 18(2): 121-167. 2006.

Jenkins, R. India's Unlikely Democracy: Civil Society Versus Corruption. *Journal of Democracy* 18(2): 55-69. 2007.

Jensen, N.; Png, C.-A. Implementation of the FATF 40+9 Recommendations: A Perspective from Developing Countries. *Journal of Money Laundering Control* 14(2): 110-120. 2011.

Johnsøn, J. Corruption and Stabilisation: Aid Agencies' Anti-Corruption Strategies in Fragile States. Unpublished PhD Thesis. Cambridge: University of Cambridge. 2014.

Johnsøn, J; Mason, P. The Proxy Challenge: Why Bespoke Proxy Indicators Can Help Solve the Anti-Corruption Measurement Problem. *U4* Issue 6: 1-6. 2013.

Johnsøn, J.; Søreide, T. Methods for Learning What Works and Why in Anti-Corruption: An Introduction to Evaluation Methods for Practitioners. *U4* Issue 8: 1-37. 2013.

Johnsøn, J.; Hechler, H.; De Sousa, L.; Mathisen, H. How to Monitor and Evaluate Anti-Corruption Agencies: Guidelines for Agencies, Donors and Evaluators. Oslo: CMI. 2011.

Johnsøn, J.; Taxell, N.; Zaum, D. Mapping Evidence Gaps in Anti-Corruption: Assessing the State of the Operationally Relevant Evidence on Donors' Actions and Approaches to Reducing Corruption. *U4* Issue 2012.7. 2012.

Johnston, M. Syndromes of Corruption: Wealth, Power, and Democracy. Cambridge: CUP. 2005.

Joshi, A. Producing Social Accountability? The Impact of Service Delivery Reforms. *IDS Bulletin* 38(6): 10-17. 2008.

Joshi, A. Review of Impact and Effectiveness of Transparency and Accountability Initiatives: Annex 1: Service Delivery. 2010.

Kaufmann, D.; Siegelbaum, P. Privatisation and Corruption in Transition Economies. *Journal of International Affairs* 50(2): 419-458. 1996.

Kaufmann, D.; Montoriol-Garriga, J.; Recanatini, F. How Does Bribery Affect Public Service Delivery? Micro-Evidence from Service Users and Public Officials in Peru. Washington, DC: World Bank. 2005.

Keen, D. Conflict and Collusion in Sierra Leone. London: Palgrave. 2005.

Kelsall, T. Developmental Patrimonialism? Rethinking Business and Politics in Africa. Policy Brief 2. Africa Power and Politics Research Programme. London: ODI. 2011.

Kenny, C.; Musatova. "Red Flags" of Corruption in World Bank Projects: An Analysis of Infrastructure Contracts. In Rose-Ackerman S.; Søreide T. (eds) International Handbook on the Economics of Corruption, Volume 2. Cheltenham: Edward Elgar. 2012.

Kiselev, E. Bribe-Taking and Bureaucratic Competition: A Search Cost Model of Corruption. Waltham, MA: Brandais International Business School. November. 2012.

Khagram, S.; You, J.-S. A Comparative Study of Inequality and Corruption. *American Sociological Review* 70: 136-157. 2005.

Khan, M. Rent-Seeking as Process. In Khan M.; Jomo, K.S. (eds) Rents, Rent-Seeking and Economic Development: Theory and Evidence in Asia. Cambridge: CUP. 2000a.

Khan, M. Rents, Efficiency and Growth. In Khan M.; Jomo, K.S. (eds) Rents, Rent-Seeking and Economic Development: Theory and Evidence in Asia. Cambridge: CUP. 2000b.

Khan, M. The New Political Economy of Corruption. In Fine, B.; Lapavistas, C.; Pincus, J. Development Policy in the Twenty-First Century: Beyond the Washington Consensus. London: Routledge. 2001.

Khan, M. State Failure in Developing Countries and Institutional Reform Strategies'. In Tungodden, B.; Stern, N.; Kolstad, I. (eds) Towards Pro-Poor Policies: Aid Institutions and Globalization. Annual World Bank Conference on Development Economics, Europe 2003. Washington, DC: OUP and World Bank. 2004.

Khan, M. Governance, Economic Growth and Development since the 1960s: Background Paper for the World Economic and Social Survey 2006. DESA Working Paper No. 54. New York: UN. 2006.

Khan, M. Governance, Economic Growth and Development since the 1960s. DESA Working Paper No. 54. New York: UN. 2007.

Khan, M. Governance and Development: The Perspective of Growth-Enhancing Governance. In GRIPS Development Forum (ed.) Diversity and Complementarity in Development Aid: East Asian Lessons for African Growth. Tokyo: GRIPS. 2008.

Khan, M. Governance, Growth and Poverty Reduction. DESA Working Paper No. 75. New York: UN. 2009.

Khan, M. Political Settlements and the Governance of Growth-Enhancing Institutions. DFID Research Paper on Governance for Growth. London: School of Oriental and African Studies, University of London. 2010.

Khan, M. The Political Economy of Inclusive Growth. In De Mello, L.; Dutz, M.A. (eds) Promoting Inclusive Growth: Challenges and Policies. Paris and Washington, DC: OECD and World Bank. 2012a.

Khan, M. Governance during Social Transformations: Challenges for Africa. *New Political Economy* 17(5): 667-675. 2012b.

Khan, M. Bangladesh: Economic Growth in a Vulnerable LAO. In North, D.C.; Wallis, J.J.; Webb, S.B.; Weingast, B.R. (eds) Politics, Economics and the Problems of Development in Shadow of Violence. Cambridge: CUP. 2013.

Klitgaard, R. Controlling Corruption. Berkeley, CA: University of California Press. 1988.

Knack, S. Aid Dependence and the Quality of Governance: Cross-Country Empirical Tests. *Southern Economic Journal* 68(2): 310-329. 2001.

Knox, C. Dealing with Sectoral Corruption in Bangladesh: Developing Citizen Involvement. *Public Administration and Development* 29 (2): 117-132. 2009.

Kolstad, I.; Wiig, A. Is Transparency the Key to Reducing Corruption in Resource-Rich Countries? *World Development* 37(3): 521-32. 2009.

Kolstad, I.; Fritz, V.; O'Neil, T. Corruption, Anti-Corruption Efforts and Aid: Do Donors Have the Right Approach? Working Paper No. 3. Good Governance, Aid Modalities and Poverty Reduction: Linkages to the Millennium Development Goals and Implications for Irish Aid. London and Bergen: ODI and CMI. 2008.

Koyuncu, C.; Yilmaz, R. The Impact of Corruption on Deforestation: A Cross-Country Evidence. *The Journal of Developing Areas* 42(2): 213-222. 2009.

Krishna, A.; Uphoff, N. Mapping and Measuring Social Capital. In Grootaert, C.; Van Bastelaer, T. (eds) The Role of Social Capital in Development: An Empirical Assessment. New York: CUP. 2002.

Krishnan, S.; Teo, T.S.H.; Lim, V.K.G. Examining the Relationships Among e-Government Maturity, Corruption, Economic Prosperity and Environmental Degradation: A Cross-Country Analysis. *Information & Management* 50(8): 638-649. 2013.

Kunicová, J.; Rose-Ackerman, S. Electoral Rules and Constitutional Structures as Constraints on Corruption. *British Journal of Political Science* 33(10): 1567-1585. 2005.

Kuris, Gabriel. From Underdogs to Watchdogs: How Anti-Corruption Agencies Can Hold Off Potent Adverseries. Princeton, NJ: Innovations for Successful Societies. 2014.

Kwok, Tony Man-wai. Formulating an effective anti-corruption strategy – The experience of Hong Kong ICAC. 2006

Lambsdorff, J.G. Corruption in Empirical Research – A Review. Ninth International Anti-Corruption Conference, Durban, 10-15 December. 1999.

Lambsdorff, J.G. Consequences and Causes of Corruption: What Do We Know from a Cross Section of Countries? Discussion Paper No. V-34-05. Passau: University of Passau. 2005.

Large, D. Introductory Survey: Corruption and Reconstruction after War. In Corruption and Post-Conflict Reconstruction: Breaking the Vicious Circle. Paris: OECD. 2005.

Lavallée, E.; Razafindrakoto, M.; Roubaud, F. Corruption and Trust in Political Institutions in Sub-Saharan Africa. Afrobarometer Working Paper No. 102. 2008.

Le Billon, P. Buying Peace or Fuelling War: The Role of Corruption in Armed Conflicts. *Journal of International Development* 15: 413-426. 2003.

Le Billon, P. Corrupting Peace Peacebuilding and Post-Conflict Corruption. *International Peacekeeping* 15(3): 344-361. 2008.

Le Billon, P. Wars of Plunder: Conflicts, Profits and the Politics of Resources. Oxford: OUP. 2012.

Lecuna, A. Corruption and Size Decentralization. *Journal of Applied Economics* 15(1): 139-168. 2012.

Leff, N. Economic Development through Bureaucratic Corruption. *American Behavioral Scientist* 82: 337-341. 1964.

Leitão, A.; Corruption and the environmental Kuznets Curve: Empirical evidence for sulfur. *Ecological Economics* 69: 2191–2201. 2010

Lessmann, C.; Markwardt, G. One Size Fits All? Decentralization, Corruption, and the Monitoring of Bureaucrats. *World Development* 38(4): 631-646. 2010.

Light, M. Police Reforms in the Republic of Georgia: The Convergence of Domestic and Foreign Policy in an Anti-Corruption Drive. *Policing and Society* 2013: 1-28. 2013.

Lindstedt, C.; Naurin, D. Transparency and Corruption: The Conditional Significance of a Free Press. Working Paper. Gothenburg: Quality of Government Institute. 2005.

Lindstedt, C.; Naurin, D. Transparency Is Not Enough: Making Transparency Effective in Reducing Corruption. *International Political Science Review* 3(31): 301-322. 2010.

Lovei, L.; McKechnie, A. The Costs of Corruption for the Poor – The Energy Sector. Public Policy for the Private Sector. Note No. 207. Washington, DC: World Bank. 2000.

Malena, C.; Forster, R.; Singh. J. Social accountability: An Introduction to the Concept and Emerging Practice. Social Development Papers. Paper No. 76. Washington, DC: World Bank. 2004.

Malone, D.M.; Nitzschke, H. Economic Agendas in Civil Wars: What We Know, What We Need to Know. Discussion Paper No. 2005/07. Helsinki: UNU-WIDER. 2005.

Management Systems International. Corruption and the Environment. London: Management Systems International. 2002.

Mansuri, G.; Rao, V. Localizing Development: Does Participation Work? Washington, DC: World Bank. 2013.

Manzetti, L.; Wilson, C.J. Corruption, Economic Satisfaction, and Confidence in Government: Evidence from Argentina. *The Latin Americanist*, Spring. 2006.

Marquette, H.; Peiffer, C. Corruption and Collective Action: Shifting the Equilibrium? Research Paper No. 32. Birmingham: Developmental Leadership Program, University of Birmingham.

Masud, H.; Agarwal, S.; Alton, M.L.; Majumdar, S.; Patel, D. Global Stock-Take of Social Accountability Initiatives for Budget Transparency and Monitoring: Key Challenges and Lessons Learned. Washington, DC: World Bank. 2013.

Mauro, P. Corruption and Growth. *The Quarterly Journal of Economics* 110(3): 681-712. 1995.

Mauro, P. The Effects of Corruption on Growth, Investment, and Government Expenditure. Working Paper No. 96/98. Washington, DC: IMF. 1996.

McCusker, R. Review of Anti-Corruption Strategies. Technical and Background Paper No. 23. Canberra: Australian Institute of Criminology. 2006.

McGee, R.; Gaventa, J. Review of Impact and Effectiveness of Transparency and Accountability Initiatives. Brighton: Institute for Development Studies. 2010.

McNeill, M.; Mumvuma, T. Demanding Good Governance: A Stock-Taking of Social Accountability Initiatives by Civil Society in Anglophone Africa. Washington, DC: World Bank. 2006.

Meagher, P. Anti-Corruption Agencies: A Review of Experience. Discussion Papers on Institutions and Development No. 04/02. College Park, MD: University of Maryland. 2004.

Mehlum, H.; Moene, K.; Torvik, R. Institutions and the Resource Curse. *The Economic Journal* 116(508): 1-20. 2006.

Meisel, N.; Ould Aoudia, J. Is Good Governance a Good Development Strategy? Working Paper No. 11. Paris: Direction Général du Trésor et de l'Économie Politique. 2007.

Méon, P.-G.; Sekkat, K. Does Corruption Grease or Sand the Wheels of Growth? *Public Choice* 122(1/2): 69-97. 2005.

Méon, P.-G.; Weill, L. Is Corruption an Efficient Grease? *World Development* 38(3): 244-259. 2010.

Migliorisi, S.; Wescott, C. A Review of World Bank Support for Accountability Institutions in the Contact of Governance and Anti-Corruption. IEG Working Paper Series No. 2011/5. Washington, DC: World Bank. 2011.

Mishler, W.; Rose, R. What Are the Origins of Political Trust? Testing Institutional and Cultural Theories in Post-Communist Societies. *Comparative Political Studies* 34(1): 30-62. 2001.

Mo, P.H. Corruption and Economic Growth. *Journal of Comparative Economics* 29: 66-79. 2001.

Moore, M. Taxation and the Political Agenda, North and South. *Forum for Development Studies* 1(4): 7-32. 2004.

Montinola, G.; Jackman, R. Sources of Corruption: A Cross-Country Study. *British Journal of Political Science* 32(1): 147-170. 2002.

Morris, S.D.; Klesner, J.L. 2010. Corruption and Trust: Theoretical Considerations and Evidence from Mexico. *Comparative Political Studies* 43: 1258. 2010

Morse, S. Is Corruption Bad for Environmental Stability? *Ecology and Society* 11(1): 22. 2006.

Mungiu-Pippidi, A. Corruption: Diagnosis and Treatment. *Journal of Democracy* 17(3): 86-99. 2006.

Mungiu-Pippidi, A. Contextual Choices in Fighting Corruption: Lessons Learned. Report No. 4/2011. Oslo: Norad. 2011.

Mungiu-Pippidi, A. Controlling Corruption through Collective Action. *Journal of Democracy* 24(1): 101-115. 2013.

Mungiu-Pippidi, A.; Loncaric, M.; Vaz Mundo, B.; Sponza Braga, A.C.; Weinhardt, M.; Pulido Solares, A.; Skardziute, A.; Martini, M.; Agbele, F.; Frisk Jensen, M.; Von Soest, C.; Gabedava, M. Contextual Choices in Fighting Corruption: Lessons Learned. Oslo: Norad. 2011.

Murphy, K.M.; Shleifer, A.; Vishny, R.W. The Allocation of Talent: Implications for Growth. *Quarterly Journal of Economics* 106(2): 503-30. 1991.

Mwenda, A.M. Corruption in Museveni's Uganda Is a System of Government. *Sunday Monitor*, 25 June. 2006.

Ndikumana, L. Corruption and Pro-Poor Growth Outcomes: Evidence and Lessons for African Countries. Working Paper No. 120. Amherst, MA: Political Economy Research Institute. 2006.

Norad (Norwegian Agency for Development Cooperation). Joint Evaluation of Support to Anti-Corruption Efforts, 2002-2009. Synthesis Report 6/2011. Oslo: Norad. 2011.

Norris, P. Making Democratic-Governance Work: The Consequences for Prosperity. HKS Faculty Research Working Paper Series No. RWP11-035. Cambridge, MA: John F. Kennedy School of Government, Harvard University. 2011.

North, D., Wallis, J.; Weingast, B. Violence and Social Orders: A Conceptual Framework for Interpreting Recorded Human History. New York: CUP. 2009.

North, D.; Wallis, J.; Webb, S; Weingast, B. In the Shadow of Violence: Politics, Economics and the Politics of Development. Cambridge: CUP. 2013.

O'Donnell, M. Corruption: A Rule of Law Agenda? In Hurwitz, A.; Huang, R. (eds) Civil War and the Rule of Law. Boston, CO: Lynne Rienner. 2006.

O'Meally, S.C. Mapping Context for Social Accountability: A Resource Paper. Washington, DC: World Bank. 2013.

Olivier de Sardan, J.P. A Moral Economy of Corruption in Africa. *Journal of Modern African Studies* 37(1): 25-52. 1999.

Olken, B. Monitoring Corruption: Evidence from a Field Experiment in Indonesia. *Journal of Political Economy* 115(2): 200-249. 2007.

Olken, B. Corruption Perceptions vs. Corruption Reality. *Journal of Public Economics* 93(7-8): 950-964. 2009.

Olken, B.; Barron, P. The Simple Economics of Extortion: Evidence from Trucking in Aceh. *Journal of Political Economy* 117(3): 417-452. 2009.

Olken, B.; Pande, R. Corruption in Developing Countries. Working Paper No. 17398. Cambridge, MA: NBER. 2011.

Olken, B.; Pande, R.. Governance Review Paper: Governance Initiative. Cambridge, MA: Abdul Latif Jameel Poverty Action Lab, MIT. 2013.

Ostrom, E. A Behavioural Approach to the Rational Choice Theory of Collection Action Presidential Address, American Political Science Association. *American Political Science Review* 92(1): 1-22. 1998.

Oto-Peralías, D.; Romero-Ávila, D.; Usabiaga, C. Does Fiscal Decentralization Mitigate the Adverse Effects of Corruption on Public Deficits? *European Journal of Political Economy* 32: 205-231. 2013.

Pandey, P.; Goyal, S.; Sundararaman, V.. Public Participation, Teacher Accountability, and School Outcomes: Findings from Baseline Surveys in Three Indian Steps. Policy Research Working Paper No. Washington, DC: World Bank. 2008.

Pardan, M., Suryadarma, D.; Beatty, A.; Wong, M.; Gaduh, A.; Alisjahbana, A.; Artha, R.P. Improving Educational Quality through Enhancing Community Participation: Results from a Randomised Field Experiment in Indonesia. Washington, DC: World Bank. 2011.

Peisakhin, L.; Pinto, P. Is Transparency an Effective Anti-Corruption Strategy? Evidence from a Field Experiment in India. *Regulation & Governance* 4(3): 261-280. 2010.

Pellegrini, L.; Gerlagh, R. Corruption's Effect on Growth and its Transmission Channels. *Kyklos* 57(3): 429-456. 2004.

Pellegrini, L.; Gerlagh, R. Corruption, Democracy, and Environmental Policy. *The Journal of Environment Development* 15: 332. 2006.

Pereira, C.; Melo, M.A.; Figueiredo, C.M.. The Corruption-Enhancing Role of Re-Election Incentives? Counterintuitive Evidence from Brazil's Audit Reports. *Political Research Quarterly* 62(4): 731-744. 2009.

Persson, T.; Tabellini, G.; Trebbi, F. Electoral Rules and Corruption. *Journal of the European Economic Association* 1: 958-989. 2003.

Persson, A.; Rothstein, B.; Teorell, J. Why Anticorruption Reforms Fail – Systemic Corruption as a Collective Action Problem. *Governance* 26(3): 449-471. 2013.

Peruzzotti, E. The Workings of Social Accountability: Contexts and Conditions. Workshop on Generating Genuine Demand with Social Accountability Mechanisms. Paris, 1-2 November. 2007.

Pritchett, L.; Werker, E. Developing the Guts of a GUT (Grand Unified Theory): Elite Commitment and Inclusive Growth. Working Paper No. 16/12. Manchester: Effective States and Inclusive Development Research Centre. 2012.

Proskuryakova, L.; Abdrakhmanova, G.; Pitlik, H. Public Sector E-Innovations. E-Government and Its Impact on Corruption. *Финансы* 1: 6-20. 2010.

Putzel, J.; DiJohn, J. Meeting the Challenges of Crisis States. Crisis States Research Centre Report. London: LSE. 2012.

Quah, J.S.T. Defying Institutional Failure: Learning from the Experiences of Anti-Corruption Agencies in Four Asian Countries. *Crime, Law and Social Change* 53(1): 23-54. 2010.

Rahman, A.; Kisunko, G.; Kapoor, K. Estimating the Effects of Corruption: Implications for Bangladesh. Policy Research Working Paper No. 2479. Washington, DC: World Bank. 2000.

Ravindra, A. An Assessment of the Impact of Bangalore Citizen Report Cards on the Performance of Public Agencies. Evaluation Capacity Development Working Paper No. ECD 12. Washington, DC: World Bank. 2004.

Razafindrakoto, M.; Roubaud, F. Corruption, Institutional Discredit, and Exclusion of the Poor: A Poverty Trap. Afrobarometer Working Paper No. 86. 2007.

Recanatini, F. Anti-Corruption Authorities – An Effective Tool to Curb Corruption? In Rose-Ackerman, S.; Søreide T. (eds) International Handbook on the Economics of Corruption, Volume 2. Cheltenham: Edward Edgar Publishing. 2012.

Reinikka, R.; Svensson, J. Explaining Leakage of Public Funds. Policy Research Working Paper No. 2709. Washington, DC: World Bank. 2001.

Reinikka, R.; Svensson, J. The Power of Information: Evidence from a Newspaper Campaign to Reduce Capture. Working Paper No. 3239. Washington, DC: World Bank. 2003a.

Reinikka, R.; Svensson, J. Survey Techniques to Measure and Explain Corruption. Policy Research Working Paper No. 3071. Washington, DC: World Bank. 2003b.

Reinikka, R.; Svensson, J. Local Capture: Evidence from a Central Government Transfer Program in Uganda. *The Quarterly Journal of Economics* 119(2): 679-705. 2004.

Reinikka, R.; Svensson, J. Fighting Corruption to Improve Schooling: Evidence from a Newspaper Campaign in Uganda. *Journal of the European Economic Association* 3(2-3): 259-267. 2005.

Reinikka, R.; Svensson, J. The Power of Information in Public Services: Evidence from Education in Uganda. *Journal of Public Economics* 95(7-8): 956-966. 2011.

Relly, J.E. Examining a Model of Vertical Accountability: A Cross-National Study of the Influence of Information Access on the Control of Corruption. *Government Information Quarterly* 29(3): 335-345. 2012.

Reno, W. Corruption and State Politics in Sierra Leone. Cambridge: CUP. 2008.

Robinson, J.A.; Torvik, R.; Verdier, T. Political Foundations of the Resource Curse. *Journal of Development Economics* 79(2): 447-468. 2006.

Robinson, M. Budget Analysis and Policy Advocacy: The Role of Non-Governmental Public Action. Working Paper No. 279. Brighton: Institute of Development Studies. 2006.

Rocha Menocal, A. Less Political and More Pro-Poor? The Evolution of Social Welfare Spending in Mexico in a Context of Democratisation and Decentralisation. *Nord-Süd Aktuell*, Special Issue on Fighting Poverty. 2005.

Rocha Menocal, A. Understanding the Effects of Electoral Systems and Resulting Incentives on Governance. Political Economy Analysis Note prepared for the World Bank. London: ODI. 2011.

Rocha Menocal, A. Governance and Growth: Institutions Yes, but Which Ones? Report prepared for the World Bank. London: ODI. 2013.

Rocha Menocal, A.; Fritz, V.; Rakner, L. Democratisation's Third Wave and the Challenges of Democratic Deepening: Assessing International Democracy Assistance and Lessons Learned. *South African Journal of International Affairs* 15(1): 29-40. 2008.

Rocha Menocal, A.; Sharma, B. Joint Evaluation on Citizens' Voice and Accountability: Synthesis Report. London: DFID. 2009.

Rodrik, D. Getting Institutions Right. In Rodrik, D. (ed.) One Economics, Many Recipes, Globalization, Institutions and Economic Growth. Princeton, NJ: Princeton University Press. 2007.

Rose, R.; Mishler, W.; Haerpfer, C. Democracy and Its Alternatives: Understanding Postcommunist Societies. Baltimore, MD: The Johns Hopkins University Press. 1998.

Rose-Ackerman, S. Corruption: A Study in Political Economy. New York: Academic Press. 1978.

Rose-Ackerman, S. Corruption and Government: Causes, Consequences and Reform. Cambridge: CUP. 1999.

Rose-Ackerman, S. (ed.) International Handbook on the Economics of Corruption. Cheltenham: Edward Elgar. 2006.

Rose-Ackerman, S.; Søreide T. (eds) International Handbook on the Economics of Corruption, Volume 2. Cheltenham: Edward Elgar Publishing. 2012.

Sandbrook, R. The Politics of Africa's Economic Stagnation. Cambridge: CUP. 1985.

Santiso, C. Improving Fiscal Governance and Curbing Corruption: How Relevant Are Autonomous Audit Agencies? *International Public Management Review* 7(2): 97-108. 2006.

Schouten, C. Social Accountability in Situations of Fragility and Conflict. U4 Brief 19. Bergen: CMI. 2011.

Schultz, J.; Søreide, T. Corruption in Emergency Procurement. U4 Issue Paper No. 7. Bergen: CMI. 2006.

Schulze, G.; Frank, B. Deterrence versus Intrinsic Motivation: Experimental Evidence on the Determinants of Corruptibility. *Economics of Governance* 4(2): 143-160. 2003.

Schütte, Sofie. Against the Odds: Anti-Corruption Reform in Indonesia. *Public Administration and Development* 33(1): 38-48. 2012.

Scott, J.C. Corruption, Machine Politics, and Political Change. *The American Political Science Review* 63(4): 1142-1158. 1969.

Seligson, M.A. The Impact of Corruption on Regime Legitimacy: A Comparative Study of Four Latin American Countries. *The Journal of Politics* 64(2): 408-433. 2002.

Seligson, M.A. The Measurement and Impact of Corruption Victimization: Survey Evidence from Latin America. *World Development* 34(2): 381-404. 2006.

Sequeira, S.; Djankov, S. An Empirical Study of Corruption in Ports. MPRA Paper 21791. 2013.

Shah, A.; Schacter, M. Combating Corruption: Look before You Leap. *Finance and Development* 41(4): 40-43. 2004.

Shankar, S. Can Social Audits Count? ASARC Working Paper No. 9. Canberra: ASARC. 2010.

Shkabatur, J. Check My School. A Case Study on Citizen Monitoring of the Education Sector in the Philippines. Washington, DC: World Bank Institute. 2012.

Shrestha, P.M. Combating Corruption in Service Provision in Nepal. Kathmandu: Partnering to Combat Corruption Series. 2007.

Sissener, T.K. Anthropological Perspective on Corruption. Working Paper No. 2001: 5. Bergen: CMI. 2001.

Smith, D.J. A Culture of Corruption: Everyday Deception and Popular Discontent in Nigeria. Princeton, NJ: Princeton University Press. 2007.

Sogge, D. Angola: Global "Good Governance" Also Needed. Working Paper No. 23. Madrid: FRIDE. 2006.

Solnick, S.J. Gender Differences in the Ultimatum Game. *Economic Inquiry* 39: 189-200. 2001.

Stapenhurst, R. The Media's Role in Curbing Corruption. Washington, DC: World Bank Institute. 2000.

Stedman, S.J. Spoiler Problems in Peace Processes. *International Security* 22(2): 5-53. 1997.

Svensson, J. Foreign Aid and Rent Seeking. *Journal of International Economics* 51(2): 437-461. 2000.

Svensson, J. Who Must Pay Bribes and How Much? Evidence from a Cross Section of Firms. *Quarterly Journal of Economics* 118(1): 207-230. 2003.

Svensson, J. Eight Questions About Corruption. *Journal of Economic Perspectives* 19(3): 19-42. 2005.

Swaleheen, M. Economic Growth with Endogenous Corruption: An Empirical Study. *Public Choice* 146: 23-41. 2011.

Swamy, A.; Knack, S.; Lee, Y.; Azfar, O. Gender and Corruption. *Journal of Development Economics* 64: 25-55. 2001.

Taliercio, R. Designing Performance: The Semi-Autonomous Revenue Authority Model in Africa and Latin America. Policy Research Working Paper No. 3423. Washington, DC: World Bank. 2003.

Tangri, R.; Mwenda, A. Corruption and Cronyism in Uganda's Privatization in the 1990s. *African Affairs* 100(398): 117-133. 2001.

Tangri, R.; Mwenda, A. Politics, Donors and the Ineffectiveness of Anticorruption Institutions in Uganda. *The Journal of Modern African Studies* 44: 101-124. 2006.

Tavares, J. Does Foreign Aid Corrupt? *Economics Letters* 79(1): 99-106. 2003.

Tavares, S. Do Freedom of Information Laws Decrease Corruption? MPRA Paper No. 3560. 2007.

Themudo, N.S. Reassessing the Impact of Civil Society: Nonprofit Sector, Press Freedom and Corruption. *Governance* 26(1): 63-89. 2013.

Torgler, B.; Valev, N. Corruption and Age. *Journal of Bioeconomics* 8: 133-145. 2006.

Touchton, M.; Wampler, B. Improving Social Well-Being through New Democratic Institutions. *Comparative Political Studies* 47(10): 1442-1669. 2013.

Tran, A. Can Procurement Auctions Reduce Corruption? Evidence from the Internal Records of a Bribe Paying Firm. Sloan GEM Seminar Series. Cambridge, MA: MIT. 2008.

Transparency International. 2009 Global Corruption Barometer. Transparency International. 2009.

Transparency International. Corruption and Gender in Service Delivery: The Unequal Impacts. London: Transparency International. 2010.

Treisman, D. Decentralization and the Quality of Government. Working Paper. Los Angeles, CA: Department of Political Science, University of California. 2002.

Trivunovic, M., Johnsøn, J.; Taxell, N. The Role of Civil Society in the UNCAC Review Process: Moving Beyond Compliance? *U4* Issue 4. Bergen: CMI. 2013.

Ugur, M.; Dasgupta, N. Evidence on the Economic Growth Impacts of Corruption in Low-Income Countries and Beyond: A Systematic Review. London: EPPI-Centre, Social Science Research Unit, Institute of Education, University of London. 2011.

UNESCO (UN Educational, Scientific and Cultural Organization). Education for All Global Monitoring Report 2009. Paris: UNESCO. 2009.

Unsworth, S. (ed.) An Upside Down View of Governance. Brighton: Centre for the Future State, Institute of Development Studies. 2010.

Uphoff, N.; Wijayaratna, C.M. Demonstrated Benefits from Social Capital: The Productivity of Farmer Organizations in Gal Oya, Sri Lanka. *World Development* 28 (11): 1875-1890. 2000.

Uslaner, E. Corruption and the Inequality Trap in Africa. Afrobarometer Working Paper No. 69. 2007.

Uslaner, E. Corruption, Inequality and the Rule of Law. The Bulging Pocket Makes the Easy Life. New York: CUP. 2008.

Van de Walle, N. Tipping Games: When Do Opposition Parties Coalesce? In Schedler, A. (ed.) Electoral Authoritarianism: The Dynamics of Unfree Competition. Boulder, CO: Lynne Rienner. 2006.

Van Rijckeghem, C.; Weder, B. Bureaucratic Corruption and the Rate of Temptation: Do Wages in the Civil Service Affect Corruption, and by How Much? *Journal of Development Economics* 65: 307-331. 2001.

Verón, R.; Williams, G.; Corbridge, S.; Srivastava, M. Decentralised Corruption or Corrupt Decentralisation? Community Monitoring of Poverty Alleviation Schemes in Eastern India. *World Development* 34(11): 1922-1941. 2006.

Vicente. P.C. Does Oil Corrupt? Evidence from a Natural Experiment in West Africa. *Journal of Development Economics* 92: 28-38. 2010.

Vom Hau, M. State Capacity and Inclusive Development: New Challenges and Directions. Working Paper No. 2. Manchester: Effective States and Inclusive Development Research Centre. 2012.

Walker, D.W. Citizen-Driven Reform of Local-Level Basic Services: Community-Based Performance Monitoring. *Development in Practice* 19(8): 1035-1051. 2009.

Wang, V.; Rakner, L. The Accountability Function of Supreme Audit Institutions in Malawi, Uganda and Tanzania. Report *2005:4.* Bergen: CMI. 2005.

Wei, S.-J. How Taxing Is Corruption on International Investors? *Review of Economics and Statistics* 82(1): 1-11. 2000.

Welsch, H. Corruption, Growth, and the Environment: A Cross-Country Analysis. *Environment and Development Economics* 9: 663-693. 2004.

Wescott, C.G. World Bank Support for Public Financial Management: Conceptual Roots and Evidence of Impact. Washington, DC: Independent Evaluation Group, World Bank. 2008.

Widoyoko, D. Tackling Corruption to Improve Housing Services in Indonesia. Partnering to Combat Corruption Series. Washington, DC: World Bank. 2007.

Williams, A. Shining a Light on the Resource Curse: An Empirical Analysis of the Relationship between Natural Resources, Transparency, and Economic Growth. *World Development* 39(4): 490-505. 2010.

Williams, G.; Duncan, A.; Landell-Mills, P.; Unsworth, S. Politics and Growth. *Development Policy Review* 27(1): 5-31. 2009.

World Bank. Strengthening Peru's Tax Agency. Washington, DC: World Bank. 2001.

World Bank. Strengthening the World Bank Group Engagement on Governance and Anticorruption. Washington, DC: World Bank. 2007.

World Bank. World Development Report 2011: Conflict, Security and Development. Washington, DC: World Bank. 2011a.

World Bank. Curbing Fraud, Corruption, and Collusion in the Roads Sector. Washington DC: World Bank. 2011b.

World Bank. Public Financial Management Reforms in Post-Conflict Countries: Synthesis Report. Washington, DC: World Bank. 2012.

You, J.-S. Corruption and Inequality as Correlates of Social Trust: Fairness Matters More Than Similarity. Working Paper No. 29. Cambridge, MA: The Hauser Center for Nonprofit Organizations and the John F. Kennedy School of Government, Harvard University. 2005.

Zak, P.J.; Knack, S. Trust and Growth. *The Economic Journal* 111(470): 295-321. 2001.

Zaum, D. Political Economies of Corruption in Fragile and Conflict-Affected States: Nuancing the Picture. Bergen: CMI. 2013.

Zhuang, J.; De Dios, E.; Lagman-Martin, A. Governance and Institutional Quality and the Links with Economic Growth and Income Inequality: With Special Reference to Developing Asia. Economics Working Paper No. 193. Manila: ADB. 2010.

Zuleta, J.C.; Leyton, A.; Fanta Ivanovic, E. Combating Corruption in the Revenue Service: The Case of VAT Refunds in Bolivia. In Campos, J.E.; Pradhan, S. (eds) The Many Faces of Corruption: Tracking Vulnerabilities at the Sector Level. Washington, DC: World Bank. 2007.