

**“PATTERNS OF CORRUPTION IN THE PUBLIC  
SECTOR AND HOW TO DEAL WITH THEM”**

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## INTRODUCTION

Corruption takes place in all societies, but threatens the economic and political opportunities of developing countries the most. The definition of corruption has been a subject of intense debate. There is no single comprehensive universally accepted definition of corruption. Attempts to develop such a definition encounter legal, criminological and in many countries, political problems. Longman Dictionary of Contemporary English (1992) defines the word **“corrupt” as “dishonest and improper use of one’s power or position”**. Similarly, the Human Development Report, UNDP (1999) defines the concept as **“the misuse of power, office or authority for private benefit through bribery, extortion influence peddling, nepotism, fraud, speed money or embezzlement”**. However, most authorities seem to agree to broadly define corruption as the misuse of official power or position for illegitimate private gain.

The Amended Corrupt Practices Act (2004), which deals with corruption issues in Malawi, defines **corruption as the engagement in corrupt practices**. Corrupt practices are defined as including the offering, giving, receiving obtaining or soliciting of any advantage to influence the action of any public officer or any official or any other person in the discharge of duties of that public officer, official or other person. Corrupt practices also include extortion of any advantages.

Most anti-corruption pundits believe that **corruption must be treated as a product of institutional failures**, not simply individual moral findings. Developing strong institutions is the best way to curb corruption. This calls for the creation of a combination of reliable systems that reward honesty and transparency, and punish bribery and abuse of public office.

## PATTERNS AND TYPES OF CORRUPTION

Corruption in the public sector is a sign of **failed governance** at the national level. In this respect, **“governance”** is being referred to imply the traditions and institutions by which authority in a country is exercised, including the process by which governments are selected, monitored and replaced, the capacity of the government to effectively formulate and implement sound policies, and the respect of citizens and the state for the institutions that govern economic and social interactions among them.

In that respect corruption has been perceived to typically materialise itself in the following forms or patterns:

**Bribery**- It involves the direct or indirect offer or provision of any undue payment, gift or other advantage to a public official, in violation of their legal duties, in order to obtain or retain business or obtain any undue favour. Bribery is at the core of any definition of corruption and always includes at least two parties.

**Embezzlement**-is theft of public resources by public officials. It is also understood as another form of misappropriation. It may involve one person.

**Fraud**-is a crime that involves some element of deceit, trickery or swindle. It is a broader legal and popular term that includes both bribery and embezzlement.

**Extortion**-is when money or other resources are extracted from somebody through coercion, violence or other threats to use force.

**Favouritism**-is a mechanism of abuse of power meaning “privatization” and a highly biased distribution of common resources, no matter how these resources have been accumulated in the first place.

**Nepotism**-is a form of favouritism, where an office holder with the right to make appointments, prefers to nominate to positions kinfolk, family members and friends, irrespective of their qualification.

Shah and Schacter (4002) have observed that there are three common types of corruption in which the above patterns of corruption have been categorized. The first type is **petty administrative or bureaucratic corruption**. In this case, many acts of corruption are isolated transactions by individual public officials, who abuse their office, for instance, by demanding bribes and kickbacks, diverting public funds, embezzle small amounts of money or awarding favours in return for personal considerations. Acts of such a nature are often referred to as petty corruption despite on average, they involve a substantial amount of public funds.

The second type is **State capture or influence peddling**. This involves collusion between private sector and public officials or politicians for their mutual private benefit. In this case the private sector “captures” the state organs, ie legislature, executive and judicial system for its own intentions. However, state organs, ie capture coexists with the

conventional view of corruption, whereby public officials extort the private sector for private gains.

The last but not least type is **grand corruption**. This constitutes theft or misuse of large amounts of public resources by state officials. It usually involves members of, or associated with, political or administrative elite. Grand corruption often takes the form of embezzlement of public funds and bribes or kickbacks from large-scale public procurement and industrial investments.

### **POSSIBLE CAUSES/DRIVERS OF CORRUPTION**

Despite the fact that corruption differs from country to country, recent World Bank in-depth country studies carried out in **Kenya, Latvia, Pakistan, the Philippines, Guatemala and Tanzania** show some common key drivers of corruption. Further, econometric studies were conducted on developing, transition and industrial countries. The studies of the six countries were essentially aimed at examining the root causes of corruption and evaluating the impact of the World Bank to reduce corruption in each country.

Basically, the main corruption drivers identified by these studies include:

Firstly, **the legitimacy of the State as the guardian of the “public interest” is contested**. In countries with a high rate of corruption, there is little public acceptance of the idea that the role of the State is to rise above private interest to protect the broader public interest. **“Clientalism”** that is public officials concentrating on serving special client groups connected to them by ethnic, geographic, or other ties, maps the landscape and cultivates an environment conducive for corruption. The dividing line between what is **“public” and “private”** is unclear. As a result, abuse of public office for private gain is common practice.

Secondly, **the rule of law is weakly embedded**. Corruption in the public sector prevails where laws are applied selectively, and where the law is used as a tool for advancing private interests as opposed to protecting public interest. A common feature of such a breakdown in the rule of law in highly corrupt countries is where the police act as law breakers rather than law enforcers. For example, stopping motorists for made up traffic offences as an excuse for extracting bribes. In addition, the judiciary, which is a pillar of the rule of law, is usually highly compromised in highly corrupt countries.

Thirdly, **institutions of accountability are ineffective**. In those countries with relatively low levels of public sector corruption, normally there are strong institutions of accountability that control abuse of authority by public officials. These institutions are created by the State itself. Some examples of such institutions are the office of the **Ombudsman, Anti Corruption Commission** and **the legislature**. Some of these institutions emerge from outside the formal state structures and they include **media** and **organized civic groups**. However, in highly corrupt countries, there is an apparent weakness in these institutions of accountability.

Fourth, **the commitment of national leaders in fighting corruption is weak**.

Widespread public sector corruption thrives when national authorities are either unwilling or fail to address it authoritatively. In countries where public sector corruption is endemic, it is reasonable to suspect that it involves the highest level of government. Further, that many senior officials will not have the drive to fight it.

Fifth, according to 2005 Governance And Corruption Baseline conducted by the Malawi Government **causes of corruption**, may result from various factors some of which are outlined below:

**a) Absence of Ethical Code of Conduct.**

Employees in an institution that has no code of conduct compelling them to act with integrity and accountability may be prone to corruption. In such a institution, employees are not guided on best conduct and punishment for deviation from the normal conduct is not clearly spelt out.

**b) Lack of Effective Supervision.**

If there is little or no supervision in an institution, employees may not follow work procedures, code of conduct or policies. The institution may suffer loss and dented image through corruption as a result.

**c) Unclear, complex and frequently changing laws, policies, procedures and regulations.**

When laws are conflicting or demand intensive interpretation, the discretionary power of public officials is expanded, increasing the likelihood that they will make arbitrary or self-serving decisions. When laws are unpredictable, quite often

entrepreneurs do not know their rights and obligations, as a result they often times cannot comply fully nor defend themselves against illegal inspections.

An institution which has outdated policies and regulations is a fertile ground for corruption. Corruption then becomes a means to promote inefficiency and arbitrary official actions.

**d) Bureaucratic Delays**

Delays in making decisions may impede access to services, hence people may resort to paying bribes in order to speed up bureaucratic process and be served promptly.

**e) Discretionary Powers minus Accountability**

Where public officers are vested with discretionary powers without corresponding measures for ensuring accountability, such powers may be prone to abuse. For example, a public officer with powers to decide to whom a service should be rendered in times of scarcity may abuse such discretion by soliciting bribes to have such a service rendered.

**f) Monopoly of Service**

Some institutions are sole suppliers of certain services as a result there is always scarcity and high demand for the service. In such a situation, most people would be willing to offer a bribe in order to be served quickly. Sometimes, scarcity can be deliberately created in order to create an impression of high demand.

**g) Living Beyond Means**

Some people may resort to corruption if they desire to live a lifestyle that does not match with their income. Expensive life style coupled with little income may compel people to engage in corrupt practices.

**h) Organizational Culture**

In some institutions, employees may believe that corruption is a way of life and that they cannot survive without it. This is what can be called '**everyone is doing it syndrome**'. People who join the institutions become part of the system.

**i) Greed and Opportunity**

Some people are greedy and selfish. Such people do not care about the effects of their conduct on others. Corruption takes place because such people take advantage of opportunities to accept and solicit bribes, which are presented to them by the systems they operate.

**j) Decay of Moral Values**

Corruption thrives in societies with weak religious and moral teaching. In a society where value is placed on wealth accumulation and little thought is given to moral and religious teaching, people may use illegal and evil ways to acquire wealth. In such a society the end justifies the means.

**k) Lack of Effective Punitive Sanctions and Penalties**

Most people may engage in corrupt practices if they believe that they will not be caught or if caught, they will not be severely punished. In such a case the benefit of corruption to an individual out-weighs the potential risk of being caught.

## **THE IMPACT OF PUBLIC SECTOR CORRUPTION ON THE ECONOMY**

**Corruption retards development.** It has adverse effects on the social, political and economic development of the country as it affects all sectors of the economy including the government, civil society, private sector and other stakeholders. Corruption seriously undermines any development efforts. In Malawi, it was common to hear of unfinished projects or poor quality infrastructure. This is because corruption erodes the institutional capacity of government as procedures are disregarded, resources are siphoned off, and public officials are corrupted. Unfinished projects require additional resources to be completed while poor quality infrastructure entails high frequency of maintenance.

The Centre for International Private Enterprise (2008) established that corruption may result in the following:

- a. **Reduction in competition, efficiency and innovation.** Rent-seeking implies that on one hand, favoured companies do not compete on the market prospects alone and on the other hand, new firms encounter high obstacles to entry. Ultimately, the consumer ends up paying high prices for lower quality service, or items because of limited product offerings.

- b. **Exacerbated poverty.** Corruption lowers the income potential of the poor because there are reduced private sector opportunities. It also reduces their access to quality public services such as health care and education.
- c. **Lower employment.** By forcing businesses into the informal sector, building barriers to entry, and raising the costs of participating in business, corruption actually reduces private sector employment, because companies are less likely to grow. Small enterprises are especially hit hard.
- d. **Resource allocation.** Resources that could have been used for productive purposes are instead diverted to corruption. Companies spend time and resources on rent-seeking-cultivating relationships with authorities and spending on bribes. Authorities are compelled to make biased investment decisions that do not serve the public interest. As a result taxpayers shoulder the burden of the cost.
- e. **Unresponsive policies and poor administration and management.**  
Corruption threatens the foundation of democracy by undermining democratic values of good governance, political stability, and rule of law. It erodes public confidence in all the three branches of government. In corrupt regimes, only a few people benefit at the expense of the poor majority, as a result the government may lose its credibility.
- f. **Lower investment.** With rampant corruption, foreign and domestic investments are discouraged since it is a signal to prospective investors that the rule of law, and thus property rights, are weak in the country, making investment there a risky proposition.

Corruption raises the cost of doing business and the cost of investing. It increases the uncertainty and risk attached to investment as well as reducing incentives for entrepreneurs. The cost of paying off corrupt officials to acquire land, business licenses, or necessary work permits, for example, may be too high for potential investors. Therefore, lower investment implies lower growth. In this regard, corruption impedes economic growth.

- g. **Corruption breeds criminal behavior,** and hence endangers public security. For instance, if passports are corruptly issued to unscrupulous illegal immigrants, there will be more vehicle thefts, drug trafficking, commercial fraud, and all sorts of crimes.



- h. **Corruption violates the rights of the people** who experience it. For example, people have a right to development and it is a violation of this right if a public officer does not ensure that the **“national cake”** is shared fairly amongst all citizens.

## **STRATEGIES TO DEAL WITH PUBLIC SECTOR CORRUPTION**

### **Strategizing on approaches**

It has been already mentioned above that corruption is country-specific. As such, approaches that involve common policies and tools (that is, one-size-fits-all approaches) to countries having a wide variation in acts of corruption and the quality of governance are likely to be unsuccessful. It is imperative for one to comprehend local circumstances that promote or allow public and private actors to be corrupt.

If at all corruption is about governance and governance is about the exercise of state power, then initiatives to fight corruption require strong local leadership and ownership if they are to be successful and sustainable.

In formulating policies to address corruption, policy makers can learn from experiences which suggest that the answer lies in following an indirect approach and starting with the root causes. The model divides developing countries into three categories, that is reflective of the incidence of corruption as **“low”, “medium” and “high”**. This model assumes that those countries with “low” corruption have “good” governance, those with “medium” corruption have “fair” governance and those with “high” corruption have “low” quality governance.

What this model shows is that since corruption itself is a symptom of fundamental governance failure, the higher the incidence of corruption, the less the anticorruption strategy should include tactics that are narrowly targeted at corrupt behavior. It should focus on the broad underlying features of the governance environment. For example, in environments where corruption is rife and government systems deeply flawed, promoting anticorruption agencies and public awareness initiatives is likely to meet with limited success.

As a matter of fact where governance is weak anticorruption agencies are prone to be misused as instruments of political victimization. Such types of interventions seem to fit in “low” corruption situations, where one can assume that the governance fundamentals are sound and that corruption is a relatively marginal phenomenon.

Where corruption is high with correspondingly low quality of governance, it makes more sense to concentrate on the underlying drivers of malfeasance in the public sector. For example, through building the rule of law and strengthening the institutions of accountability. Surely, lack of democratic institutions or where they exist but are ineffective (which are a key component of accountability), has been observed to be one of the most important determinants of corruption.

In those countries that have a level of corruption which lies between high and low instances, it may be advisable to attempt reforms that assume a modicum of governance capacity. For example, attempting to make **public servants more accountable for results**; bringing government decision making closer to citizens through **decentralization; simplifying administrative procedures** and **reducing discretion** for simple government tasks such as the distribution of licenses and permits.

#### **A look at past failures**

Bearing the above model in mind, it is quite easy to understand why so many anticorruption initiatives have met with so little success. For example, the almost universal failure of wide-ranging media awareness campaigns, seminars and workshops on corruption targeted at parliamentarians and journalists. As revealed by the model such poor results would be expected in countries with weak governance, where corruption is openly practiced but neither the general public nor honest public officials are not able to take a position against it for fear of being victimized. In contrast, **awareness campaigns** would be expected to have a positive impact in countries where governance is fair or good and the incidence of corruption is low.

Another example is that of establishing “**watchdog**” institutions, a thing which most developing countries have done. These have a mandate to detect and prosecute corrupt acts. In this case governance and corruption nexus is key. Indications show that watchdog agencies have been successful only in countries where there is generally good governance. **Australia and Chile** are a few of such countries.

In those countries which have weak governance, these agencies have been found to often lack credibility and even extort rents. Indications show that anticorruption agencies have been ineffective in countries like **Kenya, Malawi, Pakistan, Sierra Leon, Tanzania, and Uganda**. For example, in Tanzania the government's Prevention of Corruption Bureau produces only about six convictions a year, usually against low level functionaries, in a public sector environment rife with corruption.

In Pakistan, the National Accountability Bureau does not have the mandate to investigate corruption in a powerful and influential military. Worse still, ethics and Ombudsman Office have had no more success than anticorruption agencies in countries with bad governance.

### **Possible Strategies**

In countries with bad governance where corruption is deeply embedded, external actors such as the **World Bank**, and other development partners need to employ an indirect approach whose key lies in identifying alternative "entry points" that will lead inevitably to the underlying governance-based drivers of corruption in order to address corruption. For example:

**Service delivery performance.** If donors were to seriously hold governments to service delivery standards, eventually those governments would be compelled to address causes and consequences of corruption. Further, given the difficulty of detecting corruption through financial audits, corruption may easily be detected through observation of service delivery performance.

**Citizen empowerment.** This could be implemented through promotion of bottom-up reforms. In most countries where corruption is entrenched, governments lack either the will or the capability to mount effective anticorruption programs. Therefore, external development partners may choose to amplify citizens' voice and strengthen existing mechanisms so as to enhance transparency, accountability, and the rule of law.

**Information dissemination.** Exposing government operations is quite a powerful antidote to corruption. The more influence development partners can exert in strengthening citizens' right to know and on government to release timely, complete and accurate information about government operations, the more improved prospects for curbing corruption. Information on how government spend money and manage programs, and about what these programs deliver in services to people, is a central ingredient of accountability, which in turn may be an imperative brake on corruption.

**Economic policy reform.** Where there is trade and financial liberalization, this can minimize chances for corruption by reducing the instances where public officials might exercise unaccountable discretionary powers. This also increases transparency and curbs public sector monopoly .

**Involvement of other stakeholders.** At times when government's commitment to fighting corruption is questionable, it is imperative to involve other local stakeholders in the fight against corruption. Participatory processes in which the World Bank is already involved at the country level, such as the Country Assistance Strategy and the Poverty Reduction Strategy Paper approach, that give priority to cross-cutting governance issues such as corruption, provide an important entry point for non governmental stakeholders.

It has been observed that the participation of the private sector in the fight against corruption is key to success. Those anticorruption programs that have been effective have involved the private sector in institutional reforms that encourage competitive markets and good governance. The public sector can take positive action both in the public arena, by advancing legal and regulatory reforms and transparency in government and in the private sector, through improved corporate governance, better information and voluntary standards.

## **CONCLUSION**

In conclusion, corruption exists almost in every society. Public sector corruption is an indication of malfunction of governance at the country level. Corruption can generally be identified through three different forms, petty administrative or bureaucratic corruption, grand corruption and state capture or influence peddling. Common types of corruption include bribes, extortion, embezzlement, nepotism, favoritism and fraud. Bad governance is broadly perceived to promote public sector corruption. Generally, studies reveal that corruption damages growth, impairs capital accumulation, reduces the effectiveness of development aid, and increases income inequality and poverty. Apart from employing universal strategies in fighting corruption, country specific approaches are imperative in successfully fighting corruption.

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