Corruption: abuse of public office for private gain

- Embezzlement
- Nepotism
- Bribery
- Extortion
- Influence peddling
- Fraud
- Insider advantages
- Misappropriation
- Voting manipulation
- Jury tampering
- Kickback schemes
Corruption occurs at intersection of traditional and modern systems

- Traditional systems are self-policing
- Corruption embedded in cultural norms: patronage, familial, ethnic, clan, sectarian, and regional networks
- “Tribute” “kormlenie”, gift-giving, blat
- Benefitting one’s family, clan (trust)
- Blurring of public/private realms—formal and informal norms
Costs of Corruption

• Undermines good governance, public trust, legitimacy, rule of law
• Reduces institutional capacity
• Undermines economic development, raises costs, reduces competition, introduces economic distortions, creates “public bads” (e.g. orphanage case)
• Drives away investment and aid
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*2009 report
The Paradox

How do you enhance institutional capacity without enabling government officials to abuse their offices?
Corruption is a system

Opportunity

Societal Norms  Incentives
At the **Institutional Level:**

- Legislative drafting
- Deregulation: licenses, permits
- Decentralize services → competition
- Transparency, paper-trail, RFPs, e-governance
- Enforcement, sanctions, audits, accountability, reprimands, asset seizure
- Eliminate incentives (adjust salaries?)
- Eliminate cash transactions
- Protection for whistleblowers, witness protection programs, rewards?
- Focus on police, Prosecutor’s Office, State Audit Commission
Breaking the Cycle

At the **Societal** Level:

- Work with civil society groups to change cultural norms, accountability and focus attention
- Work with media, esp. new media
- Emphasize female-led groups
- Education and information campaigns
- Professional advocacy groups
- International pressure/standards
Enforcement Dilemma

Focus on the “shishki” and cases of grand scale corruption?

or

Focus on petty (but corrosive) bribery?
“The Resource Curse” and Rule of Law

- Russia
- Iraq
- Saudi Arabia
- Libya
- Sierra Leone
- Nigeria
- Azerbaijan
- Afghanistan?
Anti-Corruption Campaigns
Transparency in Georgia
Audits of Procurement and Contracts in Indonesia
Strict Enforcement vs. Amnesty?

• Difference between maintaining clean governance and transforming a fundamentally corrupt system

• Where a culture of bribery is pervasive, an amnesty can change the cost calculus*

Using New Media: The Case of the Azerbaijan Donkeys
Boy and Girl Scouts of Afghanistan
Rule of Law Merit Badge
Court TV in Armenia
Corruption Scenario #1

Street vendors in Tunisia selling fruit and vegetables are experiencing harassment by local authorities for failure to have the proper business license. The average vendor nets only $5 per day. A monthly license costs $30 and entails a long wait at the Municipal Offices for Business Licensing. It is not uncommon for licensing authorities to demand a bribe. Anger over this situation is rising and eroding support for other ROL initiatives in the country. Recommend a strategy for suggesting solutions to the Tunisian authorities.

Which USG agency takes the lead?
A man in Kabul is apprehended, tried, and convicted for trafficking in heavy arms and explosive materials, like those used in IEDs. He is sentenced to 10 years in prison. The convicted man is immediately transferred to a prison. After only four days, he is inexplicably released into the custody of his family and drives off in a mirrored SUV.

You have been working closely with the Ministry of Justice on justice sector reforms, including the administration and training of prison staff. Many hours of effort went into securing a conviction in this case. What do you do? Which USG agencies should be involved in the response and how?
Corruption Scenario #3

An unnamed whistle-blower and former criminal investigator is quoted in a news article that customs officers on the Russian/Ukrainian border were being forced to pay their bosses $200,000 to keep their positions. The whistle-blower, fearing retaliation, chooses to remain anonymous. The border is a critical point in the interdiction of contraband, money laundering, and trafficking in arms and people to Western Europe. You have been working closely with Ministry of Justice, Customs Services, and others in both Moscow and Kiev on corruption issues. Develop an coordinated Russian-Ukrainian response. Which USG agencies need to be involved?
Corruption Scenario #4

Traffic police in Georgia are notorious for stopping vehicles for minor offenses (e.g. broken tail light or failure to use a turn signal). Drivers are accustomed to being stopped but will sometimes try to bargain with the traffic police for a lower fine, paid in cash to the officer. The average amount for a minor violation is 20 gel (about $12). Traffic police are badly paid; the average officer earns approximately $125 per month. Georgian authorities working on ROL issues are worried that public cynicism about corruption is hampering their efforts. Which USG agency should take the lead in suggest a course of action?
Corruption Scenario #5
Charges surface in Minsk that the chief judge of the Municipal Court has used his influence to secure well-paid management positions for his two sons in the Office of Public Works. Although this situation was generally known within the court and municipal government, it only became a scandal when it was discovered that employees of the Public Works Department were found building a new dacha for the judge during normal work hours. Minsk city officials come to you for advice on what to do in this particular case, but also on how to deter similar episodes in the future. What do you suggest?
Corruption Scenario #6

For the past several years foreign direct investment in Country X has been declining. Some major Western companies have pulled out of the country citing a culture of corruption that “drives up operating costs to the point that it becomes a marginal investment.” The Foreign Corrupt Practices Act of 1977 strictly prohibits American citizens and companies from engaging in bribery. Yet the culture in X is such that no business can operate, secure a location, renovate, have telephone or other utilities hooked up, or obtain a business license without paying bribes. The Minister of Economic Development contacts the you seeking advice on how to reverse the decline in FDI. What courses of action do you recommend? Who leads?