

A New Approach to Anti-Corruption

When Rule-Breakers Rule

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This guide sets out three anti-corruption strategies for contexts where rule following is low.

It is aimed at policy-makers and practitioners looking to find solutions to deeply entrenched, often seemingly intractable corruption challenges.

The approach outlined here is based on research between 2016 and 2022 by the [Anti-Corruption Evidence \(ACE\) Research Consortium](#) led by SOAS University of London.

The guide draws on insights from the ACE Synthesis Report, *Making anti-corruption real: using a 'Power Capabilities and Interest Approach' to stop wasting money and start making progress*. You can read the full report [here](#).

ABOUT ACE

The Anti-Corruption Evidence (ACE) Research Consortium is a UK government funded programme that takes an innovative approach to anti-corruption policy and practice. Working with a multi-country coalition of 12 partners, ACE has responded to the serious challenges facing people and economies affected by corruption by generating evidence identifying effective, high-impact strategies to tackle corruption.

THREE KEY INGREDIENTS FOR EFFECTIVE ANTI-CORRUPTION

Three key interdependent factors are required for an anti-corruption strategy to be effective – accurate information about rule violations, which *transparency* measures try to ensure, and clear procedures for using this information to sanction violators, which is what *accountability* processes provide. But when violations are widespread, we also have to explicitly look for actors with the *power*, *capabilities* and *interests* to use information and procedures to reduce corruption.

Most anti-corruption strategies assume that the people formally charged with taking action – the ‘enforcers’ – will do so when the information or analysis arrives. This is a safe assumption when violators are a small minority, and once detected, action against them will be widely supported and indeed demanded. But in contexts where corruption is widespread, and most people and organisations are breaking some rules some of the time, this is a problematic assumption. Even when violations are detected and accountability procedures exist, enforcement often does not follow.

When corruption is widespread, the rule of law is weak. Formal rules are not consistently enforced. Enforcers – including politicians, police, judges, the media, and civil society organisations - may not have the power to enforce in many areas, or may themselves be directly or indirectly benefiting from corrupt activities.

In general, whether transparency and accountability will deliver results will depend on the distribution of power and interests to enforce particular rules - whether formally, such as through police investigations and the courts, or informally, for instance through unofficial political networks.

The approach outlined in this guide is based on our research in contexts where the rule of law is weak and corruption widespread – precisely where much anti-corruption work has struggled to deliver impact. The aim is to help policymakers and practitioners design feasible, effective anti-corruption strategies that build on transparency and accountability measures. The core idea is to pursue an incremental approach by sequentially identifying anti-corruption strategies in areas where there is (or it is possible to develop) the power, capabilities and interests for effective implementation, and to follow longer-term mitigation and transformation approaches where it is not.

Our objective is not just the reduction of corruption, but also the achievement of positive development outcomes – that is social and economic gains, especially for the poor. In other words, anti-corruption measures should help address development objectives, for instance improving health outcomes by reducing doctors’ absenteeism or bolstering skills attainment for low-income earners by reducing fraud in skills training.

Sectoral approach

In countries where corruption is widespread and the rule of law weak, system-wide approaches to anti-corruption face a challenge. For one, the uptake of systemic, top-down reforms by actors across sectors is low. There are not enough actors across the system with the power to make a difference who also stand to benefit from enforcement. Additionally, since actors have different motives for engaging in corrupt activities, system-wide approaches rarely address the multiple, discrete and context-specific causes of corruption.

System-wide anti-corruption strategies are often designed without taking into consideration the specifics of the sectors where corruption exists. At the same time, sectoral policies – for instance policies on sector-related subsidies or tariffs – tend to exist in parallel with these separate anti-corruption strategies, instead of being aligned with them.

In contrast, sectoral anti-corruption approaches, for instance those focused on the health or power sector, can ensure that anti-corruption efforts are ‘baked into’ the relevant sectoral policy. That is, the sectoral policies can themselves include mechanisms for lowering corruption. For example, if subsidies are proposed to reduce investor risk and attract investment in the power sector, they should be designed with competitive checks and balances built in at the procurement stage so that the intended results are achieved and the subsidies are not collusively ‘captured’.

Power, capabilities and interests

Effective sectoral anti-corruption policies must consider the power, capabilities and interests of relevant actors in that sector, including why they may be engaging in corruption and how they could benefit from reduced corruption and even help enforce rules. **Power** refers to the ability of actors to hold out in conflicts or contests, for instance in the case of strikes or when lobbying to stop a policy. Power is important because the actors who try to stop corruption should be at least as powerful as the violators. **Capability** refers to how actors make money and add value. This is important because productive actors are more likely to want to enforce rules, but they may not always have the power to block the violators. In contrast, actors with low productive capabilities may make their money by violating rules and be less interested in enforcement. Which brings us to **interest** - actors need to be interested in following the rules. For instance, a monopoly could be powerful, highly capable, and yet not interested in rule enforcement because of its comfortable position within a sector.

An anti-corruption strategy is only feasible if we can identify actors who have the power, capabilities and interests to play an active role in making that strategy successful.

UNDERSTANDING THE PROBLEM TO DESIGN FEASIBLE STRATEGIES

To design feasible anti-corruption strategies, it is first necessary to fully understand the problem, using the methodology outlined below and explained in more detail in the pages that follow.

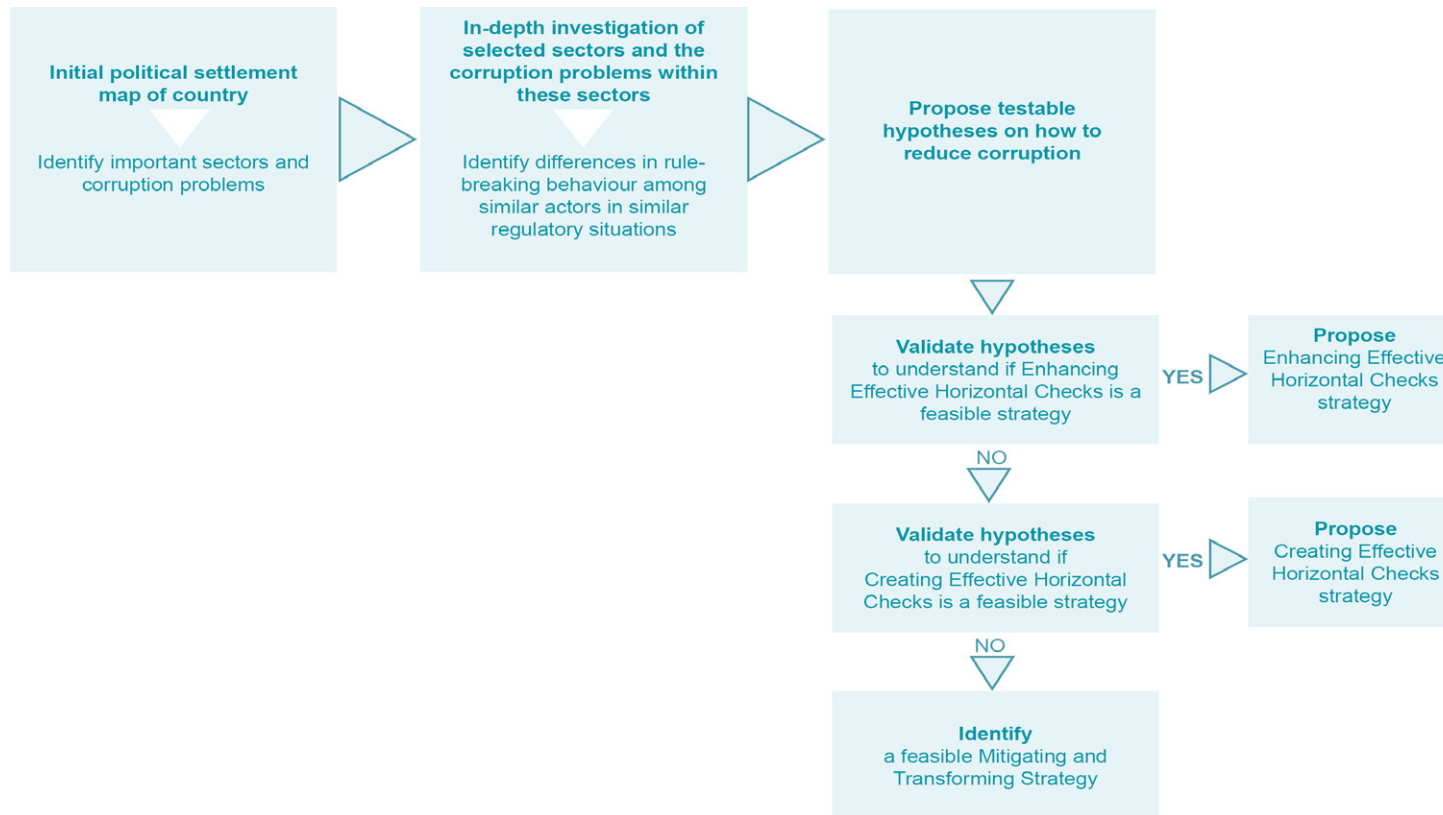


Figure 1. Methodology for understanding the problem and selecting feasible anti-corruption strategies

1. Political settlement mapping and identification of important sectors and corruption problems

The first step is to carry out a political settlement mapping of a country. A 'political settlement' describes the distribution of power and benefits across powerful actors who are relevant for understanding a particular problem.

It is important to remember that power (whether economic or organisational) and benefits (such as tax breaks, subsidies or preferential contracts) can be both formal and informal. For instance, in some developing countries, while ministers have formal power, local leaders who can organise votes for ministers have no official power but are informally powerful. Similarly, these local leaders may benefit from the unofficial patronage of the formally elected politicians. (For an exhaustive guide on how informality is defined and how it influences political settlements, see Mushtaq Khan's [overview of political settlements](#)).

The distribution of power in a country is based on both formal and informal power. When formal rules go against informal power and benefits, the formal rules are likely to be informally violated in various ways, including through corruption and political clientelism (that is, the exchange of goods and services for political support). If informal processes and transactions are widespread, and powerful actors are benefiting from these informalities, formal anti-corruption policies are also likely to be distorted by these actors, unless countervailing actors can be identified. This makes understanding a country's political settlement crucial for designing anti-corruption strategies.

Mapping a political settlement involves three steps:

1. describing the relative **power** of relevant actors using as a starting point the incomes and 'rents' (the privileged material gains) they benefit from, which helps to identify the relative power and capabilities of the actors;
2. describing the productive **capability** of relevant actors, that is the value they add to society (whether the value is economic, social, cultural, or other); and
3. analysing the **interests** of these actors and whether they will support or adhere to specific rules given the power and capabilities of the other actors.

This first step in analysing the actors' power, capabilities and interests provides a starting point for assessing the feasibility of any anti-corruption strategy. In addition, analysing the processes through which actors are gaining or capturing resources provides information on the relative costs to society of different types of corruption. This makes it possible to assess not just the feasibility but also the potential impact of anti-corruption efforts that target specific types of corruption in different sectors, including their potential to achieve inclusive developmental outcomes.

Because the political settlement map provides an initial and high-level understanding of how a country's most important sectors work, the types of corruption affecting them, and the potential impact of anti-corruption, it allows for a selection of sectors to investigate in more depth.

See examples of political settlements mapping

ACE has mapped the political settlements of three countries: [Bangladesh](#), [Nigeria](#), and [Tanzania](#).

2. In-depth investigation of selected sectors and the corruption problems within them

The second step is a deeper investigation of the selected sectors to identify the types of corruption that can be feasibly addressed in ways that also have positive developmental impacts. This entails investigating distortions of formal rules and looking for evidence of anomalies in the rule-following - whether similar actors are engaging in different levels of corruption (for example, some power sector companies bribing and colluding with regulators and others not) and whether similar 'enforcers' are delivering different anti-corruption enforcement (for example, the same government agency sometimes overseeing projects that are delivered to contracted budget and scope, and other times overseeing similar projects that are not delivered to contracted budget and scope).

If such differences exist, the next step is to look for the factors that can plausibly explain these differences in behaviour – whether these are related to differences in actors' power, capabilities or interests. This analysis explains why actors behave in different ways and if their behaviour can be influenced in sustainable ways by incentives. For anti-corruption to be sustainable in contexts of a weak rule of law, our strategy should strengthen or bring in actors who have the power and interests to check the corruption of others. If these differences in behaviour are not already observable, and too many actors are violating, the analysis uncovers differences between actors who violate to gain an advantage and actors who are 'forced' to behave in a certain way because of the constraints of the system within which they operate. For example, there is a difference between businesses that bribe so they can violate rules that are important for health and safety, and businesses that are forced to pay bribes just to operate. This investigation allows us to create an explanatory model of different types of corrupt behaviour.

3. Proposal of testable hypotheses on how to reduce corruption

A behavioural model allows us to theorize how an anti-corruption strategy that changes specific opportunities, costs or benefits may work. The critical part of a political settlements anti-corruption hypothesis is that we do not just look at how incentives may change the behaviour of particular actors, but how this behaviour may be 'reinforced' by the activities of other actors who play a de facto enforcement role out of self-interest. This is important in contexts where standard enforcement processes are weak. So, for example, we do not expect corruption to go down simply by raising the costs of corruption, but only if we can also identify ways of getting actors with sufficient power to monitor and prevent others' violations.

The hypotheses that we develop based on our initial examination of the behaviour of actors is then further tested or validated against the evidence. This can be done using a number of methods – a non-exhaustive list is found in Table 1 on the next page.

We first identify and try to validate strategies that can reduce corruption by 'enhancing effective horizontal checks.' If such strategies are not feasible, the next step is to see if it is possible to work to 'create effective horizontal checks.' If this strategy is also not immediately feasible, for instance because the incentives for corruption are too strong for most actors in that activity, the next step is to identify a 'mitigation and transformation' strategy. These three types of strategies address progressively more difficult corruption problems. They are explained further in the sections below.

Table 1. Examples of methods we have used to validate hypotheses on potential routes to reducing corruption

Method*	Definition	Example of Use
Discrete Choice Experiment	A survey-based experimental method used to reveal preferences over a range of policy options	Identify preferences of health workers and suggest feasible policies to address justifiable absenteeism and reduce unjustifiable (corrupt) absenteeism
Econometric Analysis	Using statistical methods to establish causal relationships between actor characteristics or policy variables and corruption outcomes	Test the hypothesis that better-off villagers are more likely to get involved in monitoring local climate adaptation projects, and that their involvement reduces corruption
Focus Groups	Bringing together small groups of individuals to provide feedback and discuss questions in a moderated discussion	Validate findings from a survey on alternate methods of electricity supply
Household Level Field Experiment	Study using experimental design, occurring outside a laboratory and in participants' real-life settings, with the sample taken at the household level	Understand if and how people's attitudes to paying bribes changes with different types of messaging in a specific context
Key Informant Interviews	Qualitative, in-depth interviews with insiders who have first-hand knowledge of processes of interest	Validate hypothesis that pharmaceutical company representatives incentivise (bribe) doctors to prescribe more expensive variants of medicines
Laboratory Tests	Using certified laboratories for testing efficacy of medicine formulations	Test hypothesis that there are no discernible differences in the quality of differently priced versions of the same medicine; claims of 'quality differences' supported by bribes can be contested by other companies if test results are public
Mahalanobis Distance Matching	Method of identifying the 'treatment effect' of a policy by comparing how firms or individuals who are subject to a policy respond relative to others who are otherwise as closely identical as possible	Test hypothesis that tenders for power plants with risk-reducing financing that attract politically unconnected bidders have lower collusion than tenders where risk is not reduced that only attract connected bidders

*In ACE's research, most of these methods were used in conjunction with others (for example, econometric analysis with key informant interviews).

ENHANCING EFFECTIVE HORIZONTAL CHECKS

The problem

Starting anti-corruption efforts in sectors and activities where there is already evidence of some effective checks on corruption can significantly raise the probability of success and reduce the likelihood that the powerful will successfully block anti-corruption efforts. This is because the evidence of effective checks imply that there are already actors with the power, capabilities and interests to limit corruption. These actors do not need to be corrupt to earn their income - they already have the technical and organisational capabilities to profit by following rules. When such 'productive' actors abide by the rules, their interests are hurt by rule breakers. In their own self-interest, they are likely to monitor the actors that they are in relationships with and make sure that relevant rules are being followed.

When otherwise identical actors, subject to the same formal rules and incentives, are behaving differently, with some operating with higher levels of corruption and others with lower levels of corruption, the most likely explanation is that the low corruption actors are in relationships with other actors who have the power and interest to curtail their corrupt behaviour. In other words, here there are effective horizontal checks that make the low corruption actors behave. In contrast, the actors that are engaging in higher corruption are not being similarly pressured to follow the rules, because they are not in relationships with actors who have the power and interest to constrain them.

Horizontal checks that support anti-corruption are most effective when they are not just based on normative preferences but also on the material interests of some actors to follow and ensure others are following rules, and when these actors can impose material costs on actors who break rules. Such effective checks are most likely to come from productive actors who are in repeated economic interactions with other actors that they are monitoring out of self-interest. The anti-corruption task is to enhance these effective horizontal checks and ensure that a larger number of actors begin following the rules.

When some individuals or organisations engage in lower corruption than otherwise identical actors, that signals that the low corruption actors are in relationships with individuals or organisations who have the power, capabilities and interests to curtail their corrupt behaviour. This means that horizontal checks are already limiting corruption. The task is to enhance these checks and ensure a larger number of actors become rule following.

Enhancing characteristics that generate horizontal checks

If some actors are already effectively checking the corruption of others, the task is to determine if policies can enhance checking activities of the type that are already at play. This is why it is important to know if there are differences in the characteristics of the actors or in the incentives that they face that can explain differences in horizontal checking. Once the differences are identified, we gather evidence for whether the characteristics that generate horizontal checking can be expanded. If so, there may be ways to use policies or incentives to change the characteristics of actors engaging in the activity to increase pressure on others to behave - that is, to increase the scale and scope of effective checking activities that we have already detected.

This policy package could also have components of strengthening formal transparency and accountability processes. But often, these are already good enough. After all, effective horizontal checking is already limiting corruption amongst some actors. Indeed, when more actors exert influence on corrupt actors and promote rule following, the existing formal transparency and accountability mechanisms may start working much better. This is because those formally charged with enforcing rules, such as police, anti-corruption commissions, judges, or regulatory bodies, are also subject to checks from other actors, who can impose costs on them if they do not correct the violations they detect or if they break the rules themselves. So, when more actors have it in their interest to ensure that others follow the rules, this impacts the behaviour of the formal rule enforcers as well. This can mean more pressure on enforcers to make use of transparency and accountability mechanisms or appeals to other enforcers to find out why these enforcers are failing. All of this happens normally in rule of law contexts, but in contexts where rule violations are widespread we have to design a policy package to ensure that this happens.

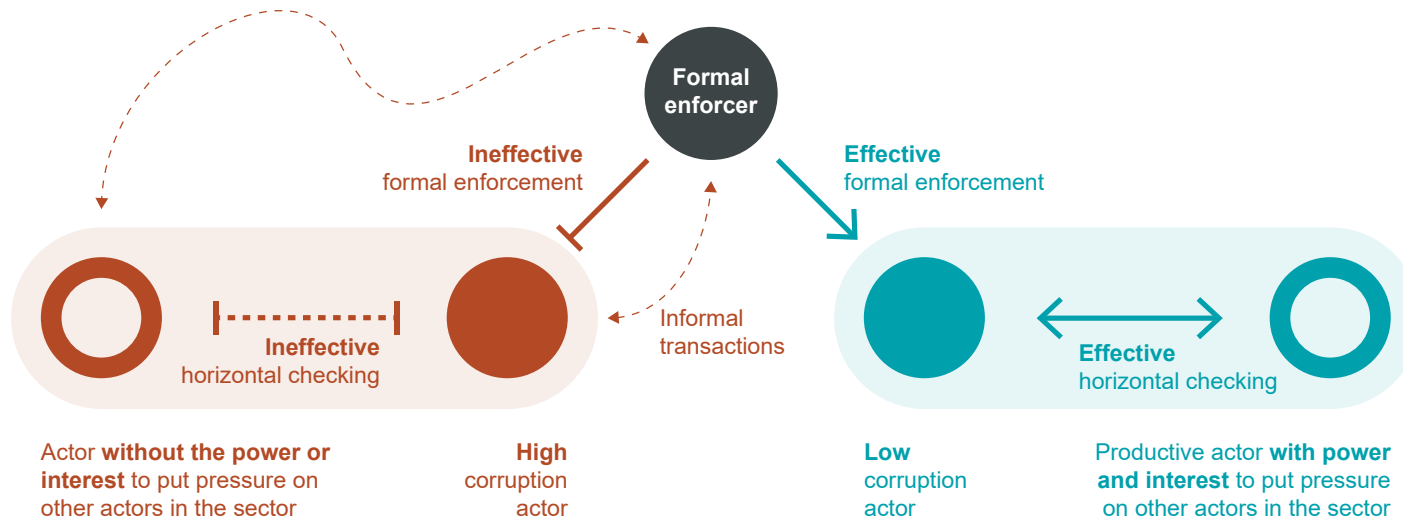


Figure 2. In this sector, similar actors are behaving differently, with some following the rules and others breaking them. This is because the low-corruption actors are being influenced by actors they are in relationships with to abide by the rules. This also impacts on how well the formal rule enforcers check the behaviour of the low-corruption actors.

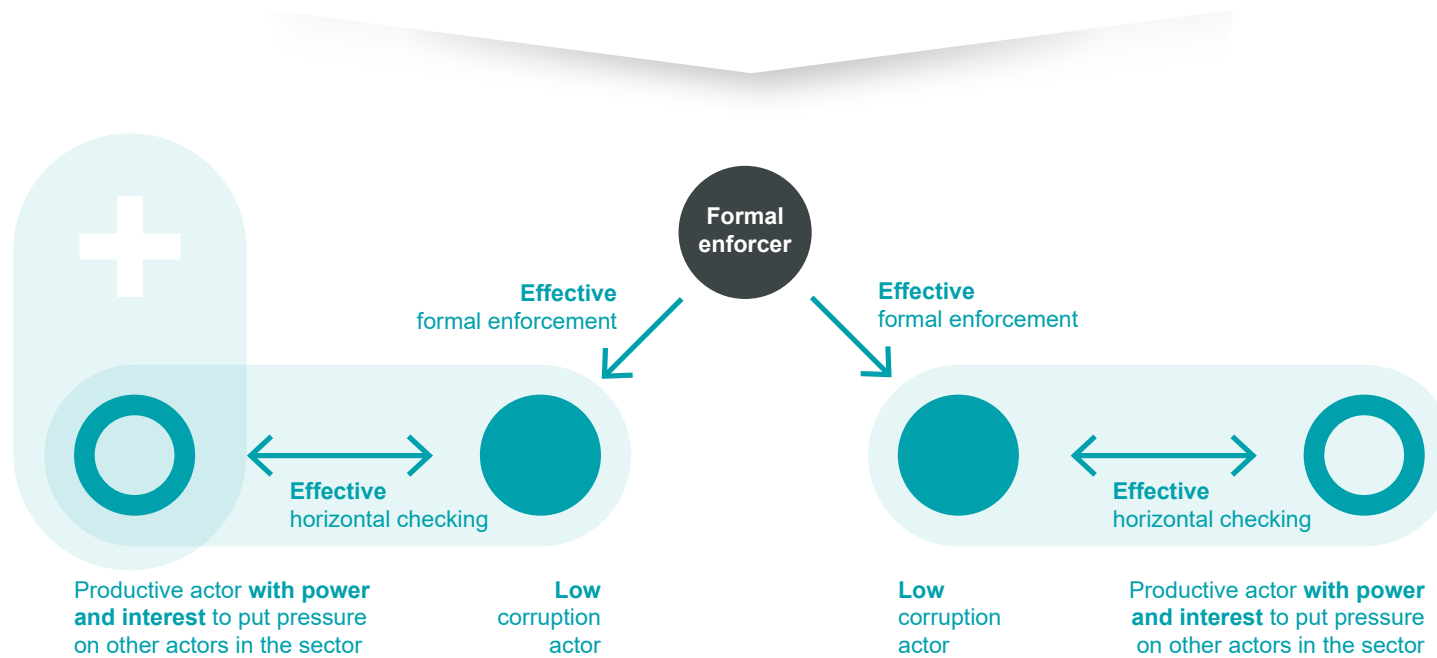


Figure 3. Here, a sectoral strategy has enhanced effective horizontal checks. As more actors exert influence on others in their sector and promote rule following, formal transparency and accountability mechanisms begin to work better as well, with formal enforcers more likely to do their job according to the rules.



Example from Our Research

Strategy to Reduce Fraud in Vocational Skills Training

Designing an ‘Enhancing Effective Horizontal Checks’ Strategy

Strategy to reduce fraud in vocational skills training

The problem

In Bangladesh, vocational skills trainers are incentivised to make training more effective by having a part of their incomes linked to evidence that their trainees have got jobs. While the incentive logic is sound, this practice has led to fraud, including in training of workers for the garments sector. Due to collusion between trainers, agencies that contract the trainers and the firms taking trainees on, trainee employment is often overreported in fraudulent invoices. (The collusion is not always deliberate – some actors, like the agencies, simply do not have the incentive to take action as they have to use funds they have received.)

Determining if otherwise identical actors are behaving differently

There are significant differences in fraud levels (ranging from nearly 0% to 60%) between skills training providers that operate in the garments industry, have similar training capabilities, are selected by the same implementing agency, and are subject to the same formal reporting and sanctioning mechanisms. The difference in behaviour is due to the type of monitoring and incentives created for the trainers as a result of their relationships with the garments manufacturing firms they provide workers to.

Enhancing characteristics that generate horizontal checks

High capability garments manufacturing firms have efficient internal working practices and immediately employ trained workers while also easily identifying poorly trained ones. This creates pressure for trainers providing training for workers intended to work at these high capability firms to keep training standards high. It also reduces the incentive for fraud because the trainers know that their trainees will get jobs at the high capability firms (and so they know they will get paid). In contrast, low capability firms cannot benefit fully from trained workers because their production lines do not move fast enough, and as a result they prefer cheaper unskilled staff. The trainers providing workers to these low capability firms have strong incentives to engage in fraud because their trainees will not get jobs; their training standards are therefore also much lower.

For the low-capability firms to see the value of hiring well trained workers, their capability needs to be raised. With higher organisational capabilities, the firms will benefit from better skill sets, and they will expect the trainers to raise their standards. A feasible policy to increase firms’ capability exists – it consists of commercial investments to improve capabilities, combined with a public investment in skills. This would raise firm productivity and reduce fraud by training providers to low levels.

Hypotheses

Private sector skills training providers that supply factories that are not very productive and therefore not very profitable are much more likely to fraudulently over-report employment figures to claim payments.

The factories often do not profit by employing skilled workers at a higher wage. This is because they cannot use the quality of training because their production lines move too slowly, and a few skilled workers do not make a difference to profitability.

Training providers supplying to factories of this type are not able to meet their targets and have strong incentives to over-report employment figures to release payments from supervising agencies.

Validation Methods

1. Key Informant Interviews to formulate hypothesis
2. Analysis of data from training providers to compare reported employment with follow-up checks to identify degree of overreporting
3. Design of indicators measuring how productive similar factories are and aggregation of these indicators into a composite index for firm productivity using Principal Component Analysis
4. Statistical Correlation Analysis to establish relationship between the capabilities of clusters of firms supplied by each training provider and their propensity to misreport the number of trainees gaining employment

Results

Statistical analysis validated hypothesis that fraud was much more likely when training providers supplied low-capability/low quality firm clusters.

CREATING EFFECTIVE HORIZONTAL CHECKS

The problem

Sometimes, effective horizontal checks may not exist or may be very weak. The approach outlined in the first strategy will not be viable if no one is interested in, or in a position to, pressure others to follow rules. In this high-corruption context, the incentive for most players is to violate rules. But violations can happen for many different reasons, and a distinction must be made between actors violating rules for 'reasonable' reasons and those violating for 'unreasonable' reasons.

The 'unreasonable' violators are those who are deliberately violating rules to extract material gains, or rents, emanating from the corrupt system and who are inflicting high costs on others. These actors are likely to be also involved in informal sharing of the rents and in other informal transactions with formal rule enforcers. The 'reasonable' violators, on the other hand, may not be inclined to be corrupt, but it may be impossible for them to follow the relevant rules because of the environment within which they operate. They may only be involved in low-level corruption as a survival strategy and may not be involved in the dense network of bigger economic and/or political transactions with enforcers entrenching these activities. Nevertheless, given the large number of violators in this context, even the horizontal checks these 'reasonable' violators exercise on others may be very weak. As a result, formal enforcement is likely to be weak as well.

Addressing concerns of 'reasonable' violators

Here, the task is to see if there is a policy change that can solve the problem of 'reasonable' violations. The aim is to address the needs and motivations of the 'reasonable' rule breakers, so that they are no longer forced to disobey the rules. We also want to ensure that any attempt to enforce the rules does not inadvertently harm those who are unable to follow rules that were made without considering their capabilities of compliance. If policies can change incentives so that a significant majority of actors in the sector or activity can follow rules and be productive, rule violations are likely to be directly reduced. But there is also another potentially highly desirable side-effect: the rule-following actors who are now present in much larger numbers are very likely to start creating horizontal pressures on the 'unreasonable' violators.

Again, the aim is to increase the number of actors with an interest in pressuring others to follow the rules. The difference from the first strategy is that here it is necessary to create new horizontal checks, as there are few or no existing checks to build on, and usually a good way to do this is to focus on removing the legitimate concerns of 'reasonable' violators'.

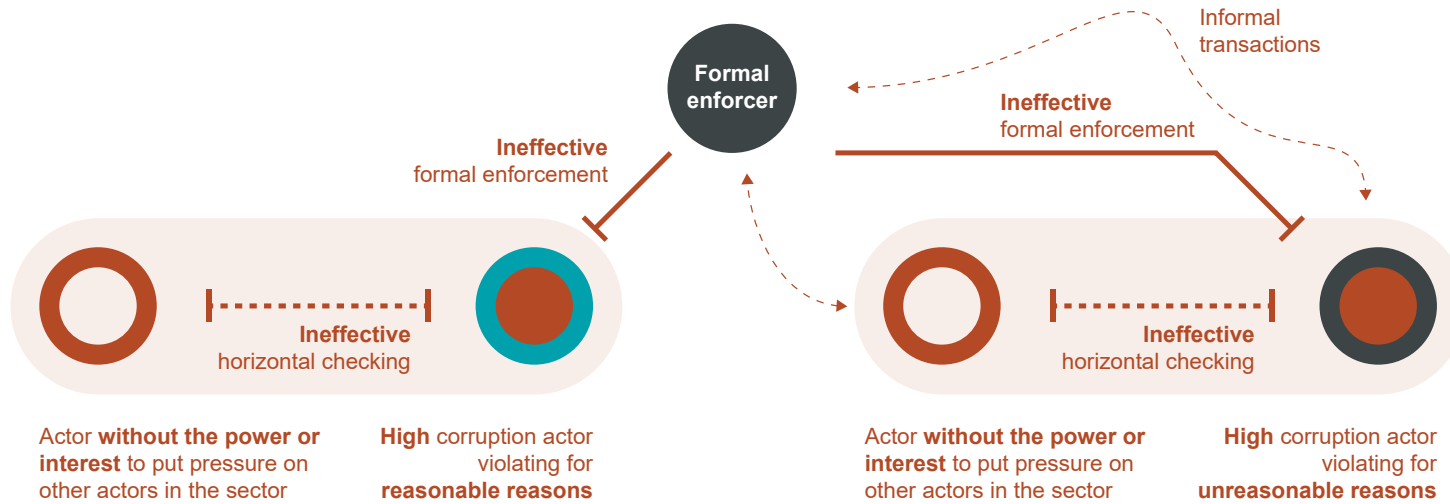


Figure 4. In this sector, corruption levels across similar actors are similar, which suggests that there are no effective horizontal checks.

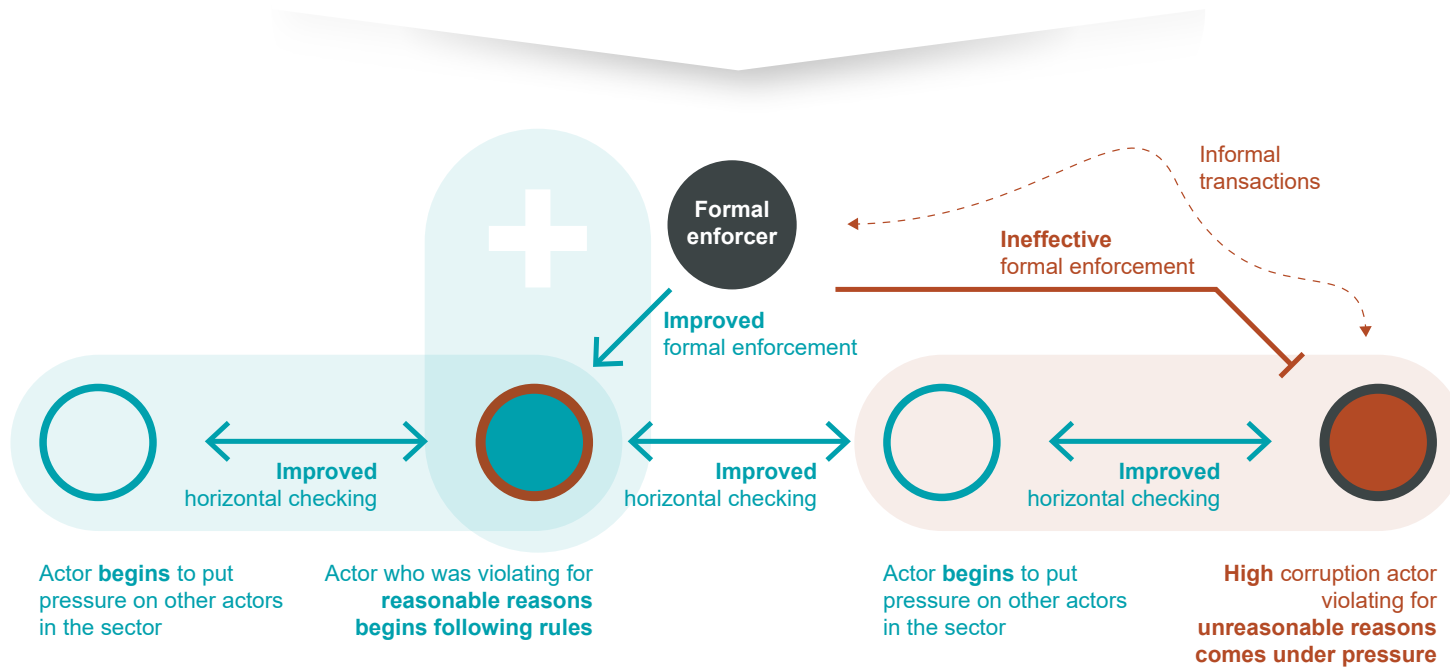


Figure 5. Here, a sectoral policy addressed the legitimate needs of 'reasonable' rule violators, reducing their need to engage in corrupt behaviours and making them interested in checking the behaviours of others in the sector. The greater number of actors following the rules has meant there is also greater pressure on the 'unreasonable' rule violators.



Example from Our Research

Strategy to Reduce Absenteeism in Bangladesh's Healthcare Sector

Example from Our Research

Designing a ‘Creating Effective Horizontal Checks’ Strategy

Strategy to reduce absenteeism in Bangladesh’s healthcare sector

The problem

In rural [Bangladesh](#), doctors are often absent from work – in fact, absenteeism rates of health professionals can be as high as 50%. Because so many doctors engage in the practice, there is not a sufficient number of powerful and interested individuals to effectively peer pressure their colleagues to come to work.

The reasons for absenteeism vary. There are those who are frequently absent but have legitimate reasons, such as lack of security and amenities for female doctors, and so would go to work if their concerns were addressed. But there are also those who are unlikely to attend under any circumstances (who are likely to be political appointees).

Addressing concerns of ‘reasonable’ violators

It is economically feasible to address the legitimate concerns of the first group of doctors. Addressing these concerns would create greater incentives for the doctors to come to work, significantly increasing the number of rule-following doctors. As a result, a large section of doctors would now be attending to their duties, and horizontal pressure could then be exerted on the minority who did not attend work.

Hypotheses

The extensive absenteeism (around 30-50% at any time) is due to overlapping factors motivating different types of violators

Identifying ‘reasonable’ violators and addressing their legitimate concerns where feasible can improve attendance

When absentees are a small minority, horizontal pressure on the ‘free riders’ who are still absent will be effective at improving attendance

Validation Methods

1. Nominal Group Technique for consensus building on the most significant corruption issues; these issues then used to design the Discrete Choice Experiment
2. Discrete Choice Experiment to identify the preferences of junior doctors and understand the attributes or features that would help them be present at post
3. Latent Class Analysis to identify sub-groups
4. Policy Simulation to predict how the sub-groups would respond to policy packages

Results

Almost half the cohort of doctors would attend work with suitable interventions. By targeting this group with feasible reforms identified by the Discrete Choice Experiment, attendance can be improved directly and additional pressures can be put on the remaining free riders.

MITIGATING & TRANSFORMING

The problem

Sectoral corruption problems can become intractable if the unreasonable corruption of the majority cannot be separated from the reasonable corruption of the minority. In extreme cases, the rents emanating from a corrupt sub-system may be shared widely, including by high level politicians, enforcement and security agencies, and even local communities. Some of the actors may be powerful players deliberately abusing their power. Others may be poor people dependent on these flows of rents to engage in businesses that meet their legitimate needs. While the latter may be deemed 'reasonable' violators, there is a difference from the previous case. Here, there is no immediate way of enabling these actors to engage in the same activities for the same income but

in a rule-following way. The financial gains from corruption are so large and so widely shared that there may be no feasible policy that would create any significant immediate support for an anti-corruption strategy. That is, it may not be possible to implement either of the two strategies based on horizontal checks.

But despite the seemingly intractable nature of corruption, in many such cases the social damage that results from corruption affects vulnerable communities disproportionately and cannot be ignored. Addressing the corruption here is a long-term process that requires the building of a critical mass of many self-interested productive actors who will demand rule enforcement. In the meantime, it is necessary to help the impacted communities, mitigating the harmful effects of corruption.

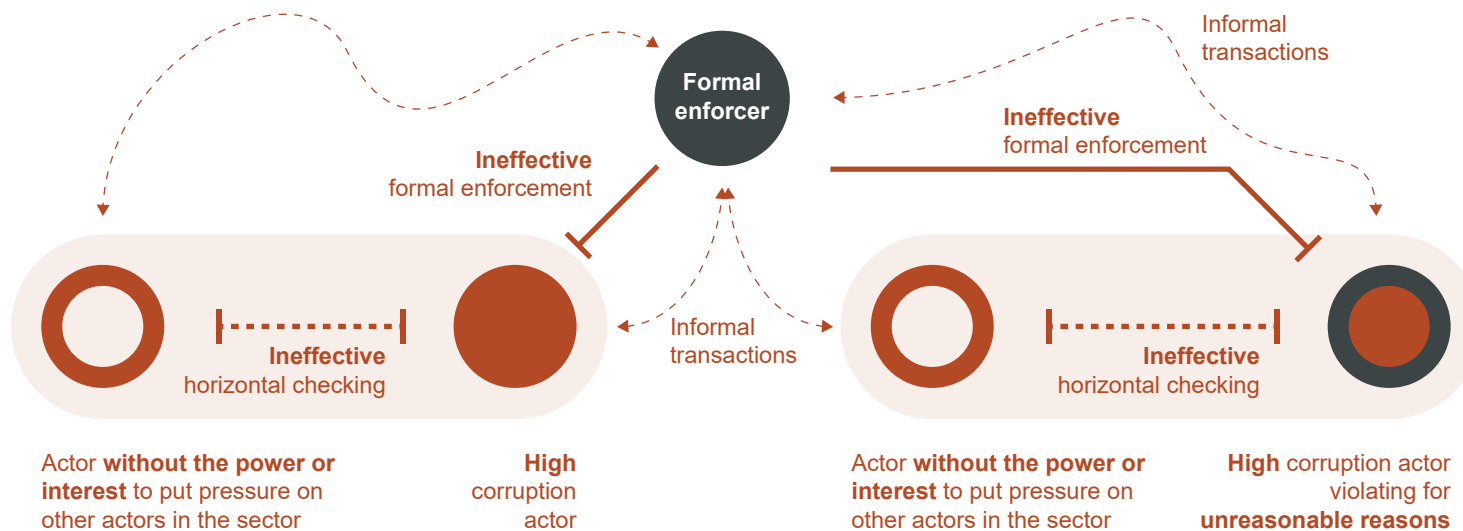


Figure 6. In this sector, the gains from corruption are so widespread that in the short-term it may be impossible to find actors interested in following the rules and enforcing rule adherence by others. The immediate goal should be to mitigate corruption's harmful impacts on communities. Then, in the long-term, transforming employment and income opportunities can lead to actors emerging who find it in their self-interest monitor others.

Mitigating the harmful effects of corruption in the short-term

If corruption is leading to or exacerbating negative consequences for communities, it is necessary to address these consequences directly. For example, if people are suffering from health conditions related to pollution created by a corrupt extractives industry, their health care needs should be provided for.

Transforming employment and income opportunities in the long-term

The longer-term solution here has to involve a transformation of local employment and income opportunities. If the good or service provided by the corrupt sector is an important one from a developmental perspective, such as health or electricity, it is important to think outside the box and see if it can be delivered in an alternative way, where the corruption problems can be by-passed. The ultimate aim is for safer and more sustainable livelihood opportunities to gradually emerge, reducing people's need to rely on corruption-linked gains. Only then can actors emerge who will follow rules out of self-interest and engage in horizontal checks.

In the meantime, it is useful to know that formal enforcement-based strategies are not likely to work in these contexts. This can help governments avoid doing inadvertent harm to the poorest and most vulnerable and exacerbating conflicts, not to mention wasting time, effort and money that can be better spent on an effective mitigation and transformation strategy.

Sometimes, the gains from corruption are so high for the majority of actors in a sector that it is not possible to encourage a sufficient number of them to engage in anti-corruption in the short to medium-term. Here, it is necessary to first reduce the harmful effects of corruption for communities, especially the most vulnerable. The more long-term solution is to transform local employment and income opportunities, and over time create an environment where actors see it in their interest to follow rules and monitor others.



Example from Our Research

Strategy to Address Oil Theft

Designing a ‘Mitigating and Transforming’ Strategy

Strategy to address oil theft

The problem

Artisanal oil refining in [Nigeria’s Delta region](#) is an illegal activity where stolen crude oil is refined in small operations and then sold on to black markets. Using basic technologies, the oil is refined into products such as diesel, kerosene and gasoline. This polluting industry causes damage to human health and the environment, while the financial losses from the oil theft are estimated to be some GBP 3 billion a year.

Despite this, all attempts to put an end to the practice have failed because there are no actors within that ecosystem with the power and interest to put an end to it. Security agencies, politicians and local communities collude in a crime-corruption nexus – a clear example of networked corruption. But motivations vary – there are those who are directly involved and earning money from the industry, such as refinery owners and workers. There are the members of the country’s security services who stand to gain, as well as local politicians – refinery proceeds are sometimes used to finance political campaigns. At the same time, local communities dealing with severe power supply constraints need the illegally refined fuel for their power generators. In addition, because employment is scarce, communities rely on the artisanal oil industry for the side jobs and businesses it makes possible – from selling meals and renting hotel rooms to refinery workers to providing private security for the refining sites. In addition, the grievances of local communities with regard to the inequitable distribution of oil wealth provide another incentive to break the law.

Mitigating the harmful effects of corruption in the short-term

Because reducing corruption here will take a long time, the first step is to mitigate the harmful effects of the artisanal oil industry, including providing health care and addressing pollution. This could be done by investing in health care services and solutions for cleaning up local water sources or soil, for example.

Transforming employment and income opportunities in the long-term

Next, it is necessary to provide for alternative livelihood opportunities for the communities - a way to directly compete with the ‘artisanal’ jobs supported by corruption by creating remunerative employment not linked to the refineries.

A completely different way of providing power could also be set up. For instance, communities’ electricity needs could be met through solar power. Giving communities alternatives to buying fuel from the artisanal refineries would not only ultimately shift power away from the refineries, but also ease impacts on the environment.

A NEW WAY FORWARD

Simply identifying the causes and effects of corruption and providing that information and analysis to politicians, enforcement agencies or even the public has not resulted in adequate action in contexts of high corruption and weak rule of law. Without ensuring that within a sector or activity there is sufficient pressure from different actors to limit corruption and to support formal accountability processes, anti-corruption efforts are likely to fail. In contrast, the strategies described in this guide can bring about anti-corruption successes, while also helping develop countries' productive capabilities and fostering economic diversification. This, in turn, is essential for the longer-run transition to rule of law.

FURTHER READING

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