Law, Ethics and Governance Series

measuring corruption

edited by

Charles Sampford, Arthur Shacklock, Carmel Connors and Fredrik Galtung

ROUTLEDGE

MEASURING CORRUPTION

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Measuring Corruption

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Preface

More than a decade of activism in the field of anti-corruption has made clear that the measurement of corruption is necessary to achieve progress towards greater integrity, transparency and accountability in governance. Only by understanding the baseline of corruption – how much corruption, in what areas, with what consequences – can we begin to formulate the necessary policy responses to it. Yet the 'need to measure', which is growing, has not always been met by the 'means to measure', whether due to lack of funding, or vision, or both.

In that sense, the contributors to this volume represent a small but burgeoning group of researchers who have taken on the corruption measurement challenge. We at Transparency International support this effort wholeheartedly. Our worldwide movement of anti-corruption activists, some of whom contribute to these pages, have themselves been at the forefront of corruption measurement research – finding new ways and means to identify the corruption threat and to evaluate the efforts to eradicate it.

One major challenge in the measurement of corruption that runs throughout the volume is how to define this phenomenon, in order to delimit its measurement. While there is no consensus on an ideal definition, Transparency International's use of the formulation 'the misuse of entrusted power for private gain' provides a broad framework for purposes of assessment – a framework that can be adapted to focus on a number of non-ethical behaviour and practices, from bribery to nepotism to conflict of interest. At the same time, other relevant phenomena, such as lack of trust, can be measured to help us understand corruption. As a number of authors argue, however, the norms embedded in many ready-made definitions of corruption force us to consider carefully not only what it is we are measuring, but where we are measuring it, as the two go hand in hand.

Methods to assess corruption vary, with survey work still providing the core tool for evaluation. Given the difficulties that remain in the measurement of corruption, however, from lack of data to the high cost of carrying out certain methodologies, there is a need for both pragmatism and proxies in this field. Perception indices are valuable and powerful, particularly as a global and comparative corruption measurement tool, but they are not sufficient for certain purposes, such as diagnostics. As many authors point out, it is necessary to triangulate measurements of corruption – instruments both top-down and bottom-up, reflecting subjective and objective data – to provide as holistic a view of the problem as is possible. At the same time, the ends must justify the means – all measurement tools need to take account of what they can achieve, and how they can contribute both to better understanding and to necessary reform.

In our own work, Transparency International has introduced the concept of the measurement chain to help us embed our corruption research tools in a policy and advocacy framework. Following the measurement chain means includes (i) identifying the right measurement tool for the right purpose, (ii) adapting it to the local conditions, (iii) implementing it, (iv) processing and communicating its results and, finally, (v) evaluating the tool's impact. This model of measurement tool development and implementation has enabled a wide variety of tools to emerge from the TI movement, enabling innovation and complementarity of tools. At the same time, it recognises the need to assess the impact of measurement, which can be substantial, as TI's own Corruption Perceptions Index has shown over the past decade.

There is no question that corruption measurement must continue, and must continue to make great strides, if we are to meet the challenges posed by this most 'hidden' phenomenon. This volume, which emerged from a project funded by Transparency International and the Key Centre at Griffith University, is a testament to the keen interest of scholars and activists alike in this pursuit. Clarity and accuracy are of the essence in refining our measurement tools, but much more is at stake than academic debate. For the sake of those suffering the effects of corruption around the world, we have an obligation to find the resources to do more, and to do better.

Robin Hodess
Director of Policy and Research
Transparency International

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This edited collection is the result of a partnership between Transparency International (TI) and the Key Centre for Ethics, Law, Justice and Governance (KCELJAG), Griffith University.

Transparency International (TI) has established a formidable reputation for the development of anti-corruption strategies. Transparency International, the only international non-governmental organisation devoted to combating corruption, brings civil society, business, and governments together in a powerful global coalition. Through its International Secretariat and more than 85 independent national chapters around the world, TI works, at the national and international level, to curb both the supply and demand of corruption. In the international arena, TI raises awareness about the damaging effects of corruption, advocates policy reform, works towards the implementation of multilateral conventions and subsequently monitors compliance by governments, corporations and banks. In an effort to make long-term gains against corruption, TI focuses on prevention and reforming systems.

The Key Centre for Ethics, Law, Justice and Governance aims to provide a distinctive and significant response to the challenges facing the values and institutions of liberal democracy, through the application of the insights of academics and practitioners in the fields of law, ethics, politics and criminology. It pursues these aims through a range of research programs, consultancies, teaching and support programs.

Funding for the project, Development and utilisation of indices to measure corruption: calculating and combating bribery, was provided through a grant from the Australian Research Council's Strategic Partnerships with Industry – Research and Training (SPIRT) and Transparency International.

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Chapter 1

Introduction

Arthur Shacklock, Charles Sampford and Carmel Connors

Why Measure Corruption?

Corruption undermines the fairness, stability and efficiency of a society and its ability to deliver sustainable development to its members. Levels of individual bribes and the incidence of corruption are merely symptoms of the deeper distortions introduced by corruption. Bribery that moves public resources into private pockets is serious enough. However, even more importantly, corrupt payments influence policy choices made by public officials.

Corruption distorts the procurement process and has resulted in the selection of uneconomic 'white elephant' projects which have saddled many developing countries with debts which they cannot repay. The viability of democratic institutions and of market economies is threatened if corruption cannot be brought under control. Moreover, a widespread expectation of corruption can breed a cycle in which its incidence increases inexorably. The unscrupulous are rewarded and the honest become demoralised. As a consequence, the legitimacy of the state in the eyes of ordinary people is compromised.

Corruption should be pursued, not merely because it is a moral issue (which it is), and not just because it is bad for business (which again, it is), but because people everywhere pay the cost of corruption one way or another, and none more so than the people of the developing world and countries in transition. This is not to say that developed countries can afford the luxury of corruption, as various scandals in the UK, the USA and Australia have indicated.

With the advance of an increasingly globalised market, the opportunities for, and scale of corruption, are growing. The size of corporations and their wealth, relative to nations, provides the resources for corrupt practices. The liberalisation of international financial markets make transferring and hiding the proceeds of corruption easier. Moves towards privatisation in the East and West are providing once-only incentives for corruption on an unprecedented scale, as officials not only deal with the income of the state but with its assets as well.

This edited collection arises out of a collaborative project involving the Key Centre for Ethics, Law, Justice and Governance (KCELJAG) and Transparency International (TI). TI was the industry partner and was funded for this project by the Macarthur Foundation and the Open Society Institute (OSI). The generous support provided by the ARC, Macarthur, OSI and TI is gratefully acknowledged. This project allowed TI to develop its measures of corruption – refining its famous corruption perception index (CPI) and supplementing the CPI with two new measures, the bribery perception index (BPI, from 2000) and Global Corruption Index (from 2003).

Overview

This book will examine various attempts to measure corruption and consider the extent to which these various studies are reliable measures of corruption. The latter chapters present case studies from nations that have made particular efforts to measure corruption.

Petter Langseth, in Chapter 2, sets-up the framework for the book by asking the fundamental question – why measure? He argues that corruption represents a ‘leakage’ of resources from institutions that are supposed to be using them for social objectives. Whether it is large-scale leakage, such as contract rigging, or small-scale grease payments, leakage creates a fertile breeding ground for grand corruption and diverts already scarce public service resources. Another reason to measure corruption is that resources may not be maximised and public service users have a right to know what services their money should be buying. Langseth discusses data requirements, data gathering methods and appropriate assessment instruments that he then applies to a case study of Nigeria.

One of the difficulties of studying corruption lies in determining a precise definition. While it may appear to be a semantic issue, how corruption is defined actually ends up determining what gets modelled and measured. Mark Philp, in Chapter 3, offers a brief discussion of the conceptual issues associated with arriving at a definition of corruption and the difficulties of developing appropriate measurements for assessing the incidence and seriousness of political corruption.

In Chapter 4, A.J. Brown discusses various definitional approaches and typologies covered in the literature. In the first part of the chapter, he highlights the commonalities and differences in current corruption concepts and traces existing shifts in definitional approaches. He suggests a new primary and secondary taxonomy based on a relational/behavioural approach. Brown argues that, while the basic fundamentals of this approach are not new, it seeks to capture an evolution already underway to reformulate basic principles from which to work.

Difficulties are encountered once a definition had been determined. These include: how to measure the phenomenon? and, more importantly, can corruption be measured? Johann Lambsdorff, in Chapter 5, discusses Transparency International’s Corruption Perception Index (CPI) and provides an in-depth explanation of the methodology behind the 2002 index. The CPI is an annual index that has been complied since 1995. Its global impact has been considerable and publication of the index by mainstream media has given prominence to corruption issues.

In Chapter 6, Frederick Galtung presents an alternative view. He outlines what he considers to be the failings of the Corruption Perception Index (CPI). He concludes by arguing that ‘the seven failings of the CPI call for a complete reassessment and an overhaul of this influential social indicator' and that '… it should no longer be published in its present form as it actually undermines the efforts of reformers'.

Nick Duncan, in Chapter 7, points out the extensive use of perception-based measures and discusses the consequent problems associated with their use. Duncan suggests a 'transactions network structure' as a benchmark against which to interpret both the suitability of certain techniques and the comprehensiveness of the meaning of measures that result.

In Chapter 8, William Miller concludes that 'a debate over "*the*" definition of corruption is best avoided'. He suggests a focus on less all-embracing and more concrete and specific concepts than 'corruption' itself. Further, he argues the value of 'separating the empirical research from the moral condemnation' (p. 000). He concludes that images or perceptions of corruption, while interesting, are not an accurate measure of corrupt behaviour. Accurate survey-based measures, however, require a clear and specific definition of the behaviour as well as clear and explicit questions and a sceptical approach to responses. He exhorts that, whatever the shortcomings, we should not abandon attempts to measure corrupt behaviour.

Within the field of corruption research, much attention has been paid to variations of corruption across localities. The following chapters discuss aspects of research and methods adopted across a range of countries and regions. Elena Panifilova, in Chapter 9, discusses the results of a public opinion survey conducted by the Center for Anti-corruption Research and Initiative (Transparency International). The main objective of this survey was to create a multi-dimensional picture of corruption in the Russian Federation and its regions. This survey was a pilot study but surveys on a regular basis are planned to monitor changes in the scope and structure of corruption.

In Chapter 10, Angela Gorta provides an example of an empirical approach taken by the New South Wales Independent Commission Against Corruption. The purpose of the study was to identify corruption risks in order to measure 'corruption resistance'.

In Chapter 11, Ambrose Lee outlines the work of Independent Commission Against Corruption (Hong Kong ICAC). The Commission reinforces the importance of community engagement in fighting corruption and specifically highlights the importance of a vigilant press in spreading Hong Kong ICAC's anti-corruption message.

Gopakumar Thampi and Sita Sekhar, in Chapter 12, discuss the development and use of 'citizen report cards' in Bangalore. They argue that the 'citizen report cards' methodology offers a simple, and widely replicable, tool for improving transparency and public accountability. The technique presents a simple but highly flexible approach for organising public feedback and, in more practical terms, permits benchmarking public service delivery as well as providing other strategic uses.

In Chapter 13, Anne Waiguru examines '*Harambee*' in Kenya and its tendency to encourage political corruption. Waiguru reports on the pilot study that was undertaken to compile definitive data on *harambee* activity and effects.

Finally, Leo Huberts, Karin Lasthuizen and Carel Peeters present information about corruption research in the Netherlands. The first part of the chapter outlines conceptual and methodological aspects of their research. This is followed by a discussion of a number of research projects on corruption. The final section offers a summary of results and a reflection on the usefulness of the methods adopted. The authors conclude that ‘corruption research should involve the collection and comparison of information from different sources and methods, at different levels and in different sectors as well as at different points in time’ (p. 316).

PART I
THE PROBLEM AND ITS IDENTIFICATION

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Chapter 2

Measuring Corruption

Petter Langseth[1]

Why Measure?

From the perspective of public service users, inefficiencies and inequities in public services are a misuse of public power. They 'leak' resources from the system that should serve the public. Petty corruption and system leakage may not be as newsworthy as grand corruption but they do create a favourable environment for it.

If, on the other hand, managers and/or project staff in the development agencies such as the World Bank had been asked to identify the levels of leakage due to corruption across their projects and/or client countries, you would probably have a newsworthy story. The problem is that accountable managers in international aid institutions have not been asked to identify the levels of leakage due to corruption across their projects, and if they had been asked to do so, they probably would not have any idea how to specify such leakages.

Corruption represents a 'leakage' of resources from institutions that are supposed to be using them for social objectives. It is not only the large-scale larceny of contract rigging, kickbacks and misuse or simply misappropriation of public funds that represent leakage. Leakage can be in the form of unofficial user fees, grease payments or even free time from services not performed. Under-the-table user charge, absenteeism, the sale of drugs or fertilisers that should be dispensed free of charge, or the sale of examination papers all represent the misuse of public funds for private profit.

Leakage results in the creation of a fertile breeding ground for grand corruption, diverting already scarce public service resources. Moreover, it 'double taxes' the public. Validation that corruption reduces service effectiveness is shown by corruption surveys carried out in Uganda and Tanzania. In Uganda, farmers who are subjected to corrupt agricultural extension agents had to pay more for fertilisers and pesticides than those in other areas. In addition, they also experienced lower levels of production. In Tanzania, households who had to pay bribes for police assistance and for land transfers often found their problems were not resolved by such payment; and, to make matters worse, the police and land officials frequently accepted bribes from people on the other side of the conflict – often leaving the issue inappropriately unresolved (or resolved in favour of whoever paid the most money). Such facts are frequently uncovered by surveys.

Another reason to measure corruption is that resources may not be maximised because of information asymmetries and constraints. A major reason for asymmetry is the introspective nature of institutional information system. Public service requires that virtually all countries have recourse to data generated by routine information systems. Even in the best of environments, however, the data tends to be introspective, concerned with the viewpoint of the institution (school, clinic or police station) rather than the users of the services (the public). Many ‘users’ are not in contact with the services and their opinions cannot be registered in a service-based information system. Furthermore, conventional planning of public services, since it begins with institutions rather than the public, often does not consider key concerns such as coverage or impact of services, let alone the question of system leakage.

The second asymmetry concerns the lack of information on which people base their expectations. Frequently, public service users have little idea of precisely what services their money should be buying and are consequently subjected to local market dynamics. In any case, as they cannot tell whether a particular shortfall in services is due to the service workers, under-investment in public services, or any number of reasons linked to system leakage, the formation of expectation becomes rather difficult.

Reform can further aggravate the information constraints that they attempt to correct. It is true that managers often have an accurate ‘big picture’ of the reforms necessary to improve equity, effectiveness, efficiency and deal with system leakage. Streamlining, downsizing and refocusing service objectives are some examples of such reforms. Yet, the promise of increased responsiveness and improvement in quality often does not materialise because the streamlining often reduces the institutional ability to measure the coverage and impact of services (as well as system leakage).

In public service provision, there are a number of questions to which managers of public services need the answers if they are to overcome information constraints.

The first set of questions addresses the issue of what requires reform. What can be changed? What should be changed first? How much is gained from each of the actions taken? How is progress measured? What is the confidence level of the answers?

The second set of questions focuses on the actions. Some of the questions include the following. Should we focus on particular service providers? Are there any special groups of service users (ethnic, generational and gender divisions are typical stratifications) especially harmed by system leakage? Are there any multiplier effects or combinations of actions that produce more than the sum of their individual effects?

A third set of questions concerns the financial and political costs of reducing system leakage. How much will the stakeholder information system cost to implement? How long do we have to wait for the returns? What evidence exists of community or constituency acceptance or a public mandate for change? What is the level of institutional acceptance from the service delivery agencies?

The solution that such information asymmetries and constraints require is a measurement interface between services and users: a process whereby the community voice can be developed into planning. Service delivery surveys have been designed and implemented in a number of countries with the goal of providing such a measurement interface.

Defining Corruption[2]

There is no single, comprehensive, universally accepted definition of corruption. Attempts to develop such a definition invariably encounter legal, criminological and, in many countries, political problems.

When the negotiations of the United Nations Convention against Corruption began in early 2002, one option under consideration was not to define corruption at all but to list specific types or acts of corruption. Moreover, proposals to require countries to criminalise corruption mainly covered specific offences or groups of offences that depended on what type of conduct was involved, whether those implicated were public officials, whether cross-border conduct or foreign officials were involved and if the cases related to unlawful or improper enrichment.[3]

Many specific forms of corruption are clearly defined and understood, and are the subject of numerous legal or academic definitions. Many are also criminal offences, although in some cases Governments consider that specific forms of corruption are better dealt with by regulatory or civil law controls. Some of the more commonly encountered forms of corruption are considered below.

'Grand' and 'Petty' Corruption

Grand corruption is corruption that pervades the highest levels of a national government, leading to a broad erosion of confidence in good governance, the rule of law and economic stability (Rose-Ackerman, 2000, pp. 321–36). Petty corruption can involve the exchange of very small amounts of money, the granting of minor favours by those seeking preferential treatment or the employment of friends and relatives in minor positions.

The most critical difference between grand corruption and petty corruption is that the former involves the distortion or corruption of the central functions of government, while the latter develops and exists within the context of established governance and social frameworks.

'Active' and 'Passive' Corruption

In discussions of transactional offences such as bribery, 'active bribery' usually refers to the offering or paying of the bribe, while 'passive bribery' refers to the receiving of the bribe.[4] In criminal law terminology, the terms may be used to distinguish between a particular corrupt action and an attempted or incomplete offence. For example, 'active' corruption would include all cases where payment and/or acceptance of a bribe had taken place. It would not include cases where a bribe was offered but not accepted, or solicited but not paid. In the formulation of comprehensive national anti-corruption strategies that combine criminal justice with other elements, such distinctions are less critical. Nevertheless, care should be taken to avoid confusion between the two concepts.

Bribery

Bribery is the bestowing of a benefit in order to unduly influence an action or decision. It can be initiated by a person who seeks or solicits bribes or by a person who offers and then pays bribes. Bribery is probably the most common form of corruption known. Definitions or descriptions appear in several international instruments, in the domestic laws of most countries and in academic publications.[5]

The 'benefit' in bribery can be virtually any inducement – money and valuables, company shares, inside information, sexual or other favours, entertainment, employment or, indeed, the mere promise of incentives. The benefit may be passed directly or indirectly to the person bribed, or to a third party, such as a friend, relative, associate, favourite charity, private business, political party or election campaign. The conduct for which the bribe is paid can be active: the exertion of administrative or political influence, or it can be passive: the overlooking of some offence or obligation. Bribes can be paid individually on a case-by-case basis or as part of a continuing relationship in which officials receive regular benefits in exchange for regular favours.

Once bribery has occurred, it can lead to other forms of corruption. By accepting a bribe, an official becomes much more susceptible to blackmail. Most international and national legal definitions seek to criminalise bribery. Some definitions seek to limit criminalisation to situations where the recipient is a public official or where the public interest is affected, leaving other cases of bribery to be resolved by non-criminal or non-judicial means.

In jurisdictions where criminal bribery necessarily involves a public official, the offence is often defined broadly to extend to private individuals offered bribes to influence their conduct in a public function, such as exercising electoral functions or carrying out jury duty. Public sector bribery can target any individual who has the power to make a decision or take an action affecting others and is willing to resort to bribery to influence the outcome. Politicians, regulators, law enforcement officials, judges, prosecutors and inspectors are all potential targets for public sector bribery. Specific types of bribery include:

1. *Influence-peddling*: public officials or political or government insiders peddle privileges acquired exclusively through their public status that are usually unavailable to outsiders, for example access to or influence on government decision-making. Influence-peddling is distinct from legitimate political advocacy or lobbying.
2. *Offering or receiving improper gifts, gratuities, favours or commissions*: in some countries, public officials commonly accept tips or gratuities in exchange for their services. As links always develop between payments and results, such payments become difficult to distinguish from bribery or extortion.
3. *Bribery to avoid liability for taxes or other costs*: officials of revenue collecting agencies, such as tax authorities or customs, are susceptible to bribery. They may be asked to reduce or eliminate amounts of tax or other revenues due; to conceal

or overlook evidence of wrongdoing, including tax infractions or other crimes. They may be called upon to ignore illegal imports or exports or to conceal, ignore or facilitate illicit transactions for purposes such as money laundering.
4. *Bribery in support of fraud*: payroll officials may be bribed to participate in abuses such as listing and paying non-existent employees ('ghost workers').
5. *Bribery to avoid criminal liability*: law enforcement officers, prosecutors, judges or other officials may be bribed to ensure that criminal activities are not investigated or prosecuted or, if they are prosecuted, to ensure a favourable outcome.
6. *Bribery in support of unfair competition for benefits or resources*: public or private sector employees responsible for making contracts for goods or services may be bribed to ensure that contracts are made with the party that is paying the bribe and on favourable terms. In some cases, where the bribe is paid out of the contract proceeds themselves, this may also be described as a 'kickback' or secret commission.
7. *Private sector bribery*: corrupt banking and finance officials are bribed to approve loans that do not meet basic security criteria and cannot later be collected, causing widespread economic damage to individuals, institutions and economies.
8. *Bribery to obtain confidential or 'inside' information*: employees in the public and private sectors are often bribed to disclose valuable confidential information, undermining national security and disclosing industrial secrets. Inside information is used to trade unfairly in stocks or securities, in trade secrets and other commercially valuable information.

Embezzlement, Theft and Fraud

In the context of corruption, embezzlement, theft and fraud all involve the taking or conversion of money, property or valuable items by an individual who is not entitled to them but, by virtue of his or her position or employment, has access to them.[6] In the case of embezzlement and theft, someone to whom it was entrusted takes the property. Fraud, however, consists of the use of false or misleading information to induce the owner of the property to relinquish it voluntarily. For example, an official who takes and sells part of a relief donation or a shipment of food or medical supplies would be committing theft or embezzlement; an official who induces an aid agency to oversupply aid by misrepresenting the number of people in need of it is committing fraud.

As with bribery and other forms of corruption, many domestic and international legal definitions are intended to form the basis of criminal offences. Thus, they include only those situations involving a public official or where the public interest is crucially affected. 'Theft', *per se*, goes far beyond the scope of corruption, including the taking of any property by a person with no right to it. Using the same example of the relief donation, an ordinary bystander who steals aid packages from a truck is committing theft but not corruption. That is why the term 'embezzlement', which is essentially the theft of property by someone to whom it was entrusted, is commonly used in corruption cases. In some legal definitions, 'theft' is limited to the taking of tangible items, such as property or cash, but non-legal definitions tend to include the taking of anything of value, including intangibles such as valuable information.

Examples of corrupt theft, fraud and embezzlement abound. Virtually anyone responsible for storing or handling cash, valuables or other tangible property is in a position to steal it or to assist others in stealing it, particularly if auditing or monitoring safeguards are inadequate or non-existent. Employees or officials with access to company or government operating accounts can make unauthorised withdrawals or pass to others the information required to do so. Elements of fraud are more complex. Officials may create artificial expenses; 'ghost workers' may be added to payrolls or false bills submitted for goods, services, or travel expenses. The purchase or improvement of private real estate may be billed against public funds. Employment-related equipment, such as motor vehicles, may be used for private purposes. In one case, World Bank-funded vehicles were used for taking the children of officials to school, consuming about 25 per cent of their total use.

Extortion

Whereas bribery involves the use of payments or other positive incentives, extortion relies on coercion, such as the use or threat of violence or the exposure of damaging information, to induce cooperation. As with other forms of corruption, the 'victim' can be the public interest or individuals adversely affected by a corrupt act or decision. In extortion cases, however, a further 'victim' is created, namely the person who is coerced into cooperation.

While government officials or insiders can commit extortion, such officials can also be victims of it. For example, an official can extort corrupt payments in exchange for a favour or a person seeking a favour can extort it from the official by making threats.

In some cases, extortion may differ from bribery only in the degree of coercion involved. A doctor may solicit a bribe for seeing a patient quickly but if an appointment is a matter of medical necessity, the 'bribe' is more properly characterised as 'extortion'. In extreme cases, poor patients can suffer illness or even death if medical services are allocated through extortionate methods rather than legitimate medical prioritising.

Officials in a position to initiate or conduct criminal prosecution or punishment often use the threat of prosecution or punishment as a basis for extortion. In many countries, people involved in minor incidents, such as traffic accidents, may be threatened with more serious charges unless they 'pay up'. Alternatively, officials who have committed acts of corruption or other wrongdoings may be threatened with exposure unless they themselves pay up. Low-level extortion, such as the payment of 'speed money' to ensure timely consideration and decision-making of minor matters by officials, is widespread in many countries.

Abuse of Discretion

In some cases, corruption can involve the abuse of discretion, vested in an individual, for personal gain. For example, an official responsible for government contracting may exercise the discretion to purchase goods or services from a company in which he or she holds a personal interest or propose real estate developments that will increase the value of personal property. Such abuse is often associated with bureaucracies where there is broad individual discretion and few oversight or accountability structures, or where the decision-making rules are so complex that they neutralise the effectiveness of any accountability structures that do exist.

Favouritism and Nepotism

Generally, favouritism and nepotism involves abuse of discretion. Such abuses, however, are governed not by the self-interest of an official but the interests of someone linked to him or her through membership of a family, political party, tribe, religious or other group. If an individual bribes an official to hire him or her, the official acts in self-interest. If a corrupt official hires a relative, he or she acts in exchange for the less tangible benefit of advancing the interests of family or the specific relative involved (nepotism). The favouring of, or discriminating against, individuals can be based on a wide range of group characteristics: race, religion, geographical factors, political or other affiliation, as well as personal or organisational relationships, such as friendship or membership of clubs or associations.

Conduct Creating or Exploiting Conflicting Interests

As noted in the *United Nations Manual on Anti-corruption Policy*, most forms of corruption involve the creation or exploitation of some conflict between the professional responsibilities of a corrupt individual and his or her private interests. The acceptance of a bribe creates such a conflict of interest. Most cases of embezzlement, theft or fraud involve an individual yielding to temptation and taking undue advantage of a conflict of interest that already exists. In both the public and private sector, employees and officials are routinely confronted with circumstances in which their personal interests conflict with those of their responsibility to act in the best interests of the State or their employer.

Improper Political Contributions

One of the most difficult challenges in developing anti-corruption measures is to make the distinction between legitimate contributions to political organisations and payments made in an attempt to unduly influence present or future activities by a party or its members once they are in power. A donation made because the donor supports the party and wishes to increase its chances of being elected is not corrupt; it may be an important part of the political system and, in some countries, is a basic right of expression or political activity protected by the constitution. A donation made with the intention or expectation that the party will, once in office, favour the interests of the donor over the interests of the public is tantamount to the payment of a bribe.

Regulating political contributions has proved difficult in practice. Donations may take the form of direct cash payments, low-interest loans, the giving of goods or services or intangible contributions that favour the interests of the political party involved. One common approach to combating the problem is to introduce measures that seek to ensure transparency by requiring disclosure of contributions, thus ensuring that both the donor and recipient are politically accountable. Another is to limit the size of contributions to prevent any one donor from having too much influence.

Assessment of the Nature and Extent of Corruption

Introduction

Assessment of the nature and extent of corruption is used to provide quantitative measurements of the extent of corruption in a country or within specific sectors of a country. It also provides qualitative assessments of the types of corruption that are prevalent, how corruption occurs and what may be causing or contributing to it.

Such assessments will generally be used prior to the development of the national anti-corruption strategy:

1. *In the preliminary phase*, to assist with the development of the national anti-corruption strategy, to help set priorities, to make a preliminary estimate of how long the strategy will last and to determine the resources required implementing it. The preliminary assessment should cover all sectors of the public administration and, if necessary, the private sector, to ensure no detail is overlooked. The data gathered at this stage will be the baseline against which future progress will be assessed.
2. *In the follow-up phase*, to help assess progress against the baseline data gathered at the preliminary stage, to provide periodic information about the implementation of strategic elements and their effects on corruption, and to help decide how strategic elements/priorities can be adapted in the face of strategic successes and failures.
3. *To help in setting clear and reasonable objectives for the strategy* and each of its elements, and set measurable performance indicators for those objectives.
4. *To raise the awareness of key stakeholders and the public* of the true nature, extent and impact of corruption. Awareness raising will help foster understanding of the anti-corruption strategy, mobilise support for anti-corruption measures and encourage and empower populations to expect and insist on high standards of public service integrity and performance.
5. *To provide the basis of assistance to other countries* in their efforts against corruption.

Types of Data Sought

Occurrence of corruption Such information may include the identification of particular public or private sector activities, institutions or relationships. Data are often gathered about particular government agencies, for example, or about relationships or processes, such as public service employment or the making of contracts for goods or services.

Types of corruption While an overall assessment of what types of corruption are prevalent may be undertaken, a more detailed focus will be usually involved on what types of corruption tend to occur in each specific agency, relationship or process for which corruption has been identified as a problem. Research may show that bribery is a major problem in government contracting, for example, while public service appointments may be more affected by nepotism.

Costs and effects of corruption Understanding the relative effects of corruption is critical to setting priorities and mobilising support for anti-corruption efforts. Where possible, information should include the direct, economic costs plus an assessment of indirect and intangible human consequences.

Factors that contribute to or are associated with corruption There is seldom a single, identifiable cause of a particular occurrence of corruption but a number of contributing factors will usually be identifiable. They often include factors such as poverty or the low social and economic status of public officials that makes them more susceptible to bribery; the presence of specific corrupting influences, such as organised crime; or structural factors, such as overly broad discretionary powers and a general lack of monitoring and accountability. Information about such factors is critical to understanding the nature of the corruption itself and to formulating countermeasures. The presence of known contributing factors may also lead researchers or investigators to identify previously unknown or unsuspected occurrences of corruption.

The perception of corruption by those involved or affected by it All assessments of corruption should include objective measurements (of what is actually occurring) and subjective assessments (of how those involved perceive or understand what is occurring). The information is needed because the reactions of people to anti-corruption efforts will be governed by their own perceptions. The following specific areas should be researched:

1. Impressions of those involved (offenders, victims and others) about the types of corruption occurring.
2. Impressions of those involved about relevant rules and standards of conduct, and whether corruption is in breach of those standards.
3. Impressions of those involved about the actual impact or effects of the corruption.