



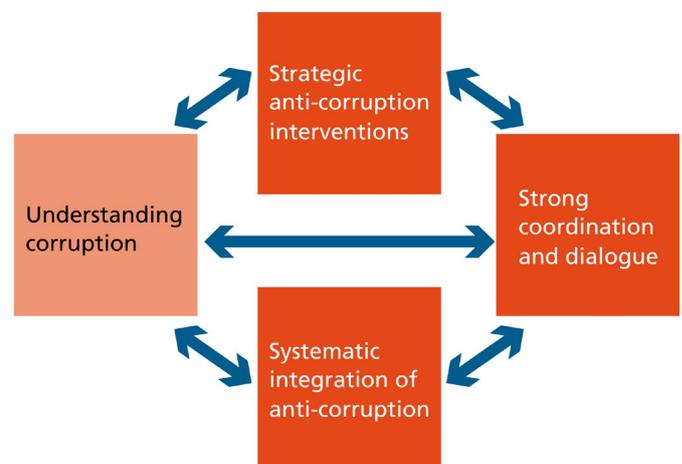
## Pillar 1: Understanding Corruption

A world totally devoid of corruption, while a noble aspirational goal, is hardly one that is realisable. However, it is clear that corruption compromises development, poverty alleviation and the respect and fulfilment of human rights. The question is therefore not **if** it is essential to fight corruption, but rather **how** can it be done so that development goals can be advanced. Concretely, it is important to ascertain which are the prevailing types and modalities of corruption that generate significant hindrances for addressing the priorities of the SDC and for the attainment of the sustainable development and poverty alleviation goals in the SDC partner countries.

SDC's Four Pillar approach to anti-corruption is problem-driven and goal-oriented and it therefore starts with a solid diagnosis. The goal of the diagnosis is to be able to answer the following questions:

- What is (are) the problem(s) we want to address? (Identifying the issues)
- What is causing the problem(s)? (Identifying the nature of the drivers at play)

Figure 1. The Four Pillar approach: Pillar 1



Source: Author's own.

One of a series of eight, this Issue Paper is a companion document to The SDC's Anti-Corruption Guidance. The series provides recommendations on how to apply the Four Pillar approach described in the Guidance for the purpose of anti-corruption programming with a thematic focus or as a transversal theme. The Issue Papers follow the structure of the Guidance and they clarify the concepts, topics and approaches it presents, and also provide links to resources that go deeper into selected topics.

**Table 1. When, who and how: A basic typology of corruption**

Corruption type	Area typically affected	Who are the actors involved	Manifestation	Examples
Petty	<ul style="list-style-type: none"> <li>Public services – Point of service provision</li> </ul>	<ul style="list-style-type: none"> <li>Low–mid-level public officials</li> <li>Users of public services – Citizens – SMEs</li> </ul>	<ul style="list-style-type: none"> <li>Bribery</li> <li>Favouritism</li> <li>Gift giving</li> <li>Extortion</li> </ul>	<ul style="list-style-type: none"> <li>Bribing a traffic official to avoid fine</li> <li>Doctor treating friends first in a crowded health facility</li> <li>Giving a gift to obtain a service one is not entitled to</li> <li>Demanding/offering a sexual favour in exchange for access to a service</li> </ul>
Grand	<ul style="list-style-type: none"> <li>Public procurements</li> <li>Public finance management</li> </ul>	<ul style="list-style-type: none"> <li>High-level politicians</li> <li>High-level public servants</li> <li>High-level business people</li> </ul>	<ul style="list-style-type: none"> <li>Fraud</li> <li>Embezzlement</li> <li>Kickbacks</li> <li>Bribery</li> </ul>	<ul style="list-style-type: none"> <li>Rigging systems to award high-value contracts to own or accomplices' firms</li> <li>Executing payments from public coffers for inexistent or substandard goods or services</li> </ul>
Political	<ul style="list-style-type: none"> <li>Public policies</li> <li>Elections</li> <li>Rules of procedure</li> <li>Rule of law</li> </ul>	<ul style="list-style-type: none"> <li>High-level political figures</li> <li>Powerful non-state actors</li> </ul>	<ul style="list-style-type: none"> <li>Patronage</li> <li>Election rigging</li> <li>State capture</li> </ul>	<ul style="list-style-type: none"> <li>Vote buying</li> <li>Use of state resources to demobilise political opposition</li> <li>Bribery by organised crime to ensure impunity</li> <li>Illicit campaign funding to influence policy</li> </ul>

Source: Author's own.

## Step 1: Identifying prevailing types and modalities of corruption (problems, manifestations)

The Issue Papers 'Defining Corruption' and 'Drivers of Corruption' explain the importance of understanding corruption dynamics in a given context. Corruption is a concept that encompasses many different phenomena and has many different manifestations. It has been defined in numerous ways, but one of the most widely used and accepted definitions is that from Transparency International, i.e. corruption is **'the abuse of entrusted power for private gain'**.

The problem with the term 'corruption' is that it refers to a very broad array of actions and can manifest itself in many different forms across contexts. A useful typology classifies corruption into **petty corruption, grand corruption and political corruption** according to (a) the types of actors involved; (b) the amounts of money involved or lost due to it; and (c) the context in which it occurs. Table 1 illustrates this basic typology with indicative examples of the areas typically affected, the actors involved and concrete instances of how corruption can happen across these three categories.

Being as precise as possible about the types and modalities of corruption that are relevant to SDC's work is important. In any given context, there will normally be a significant number of corruption problems affecting

the diverse development indicators. The diagnosis need not be a complicated process. As a departing point, many international organisations, such as the World Bank, Transparency International, U4 and Global Integrity (to name a few), regularly publish statistics and reports providing overviews on the state of corruption in countries around the world. These types of reports and assessments can help identify in the first instance major corruption risk areas, prevalence, recent scandals and the stakeholders involved, among other useful details.

The key in working on this first pillar is to identify the type of corruption and the modalities, prevalence and magnitude of the problems of corruption experienced in one's relevant context. The results will vary depending on the level of analysis (e.g. international, national, local, sectoral). For instance, sectoral experts working on corruption as a transversal theme will focus the analysis on that particular sector, whereas governance advisors will require a national-level analysis. A targeted analysis is important. A notable example is the work of the Water Integrity Network.

## Step 2: Uncovering underlying drivers of corruption

After uncovering the underlying factors that are contributing to the observed corruption patterns, the next step is to understand the causes and drivers of the

corruption issues and problems identified in step 1. Are the causes and drivers of these manifested corruption problems linked to:

- Problems related to formal rules and incentives?
- Collective action problems?
- Behavioural drivers?
- Functionality of corruption?

This exercise can also harness and build on other analyses conducted by SDC as applied to the broader governance thematic area. See, for example, the *Governance Analysis and Political Economy Analysis (PEA) guidance* in the *Governance Toolbox*. By applying these lenses with their focus on structures, actors and processes, it is possible to obtain insights into the underlying causes or drivers of the corruption problems identified. By assessing structures, insights into the adequateness of the legal framework will arise; whereas adding the analysis of processes and actors' motivations, interests and behaviours will uncover potential issues of trust, coordination, peer pressure and sociality as well as the instrumental use of corruption.

In addition to the *Governance Analysis and PEA guidance*, other resources have been developed for anti-corruption practitioners to aid in the diagnosis process. Moreover, where possible, consulting national think tanks or resource centres such as country chapters of Transparency International can be useful entry points to local sources of information.

## Annex 1 Resources to understanding the prevalence of corruption

### Further reading: Understanding corruption at the sectoral level

- **U4:** Climate change; Health; Education; Gender; Justice sector; Migration; Illicit financial flows; Public service delivery; and Private sector (see also the World Economic Forum on its Global Competitiveness Report Executive Opinion Survey)
- **Transparency International on corruption in defence:** Defence Companies Anti-Corruption Index and Government Defence Anti-Corruption Index
- **Natural Resource Governance Institute on natural resource governance:** Resource Governance Index
- **Multi-partner work on public financial management and tax administration:** Public Expenditure and Financial Accountability Framework and Tax Administration Diagnostic Assessment Tool

### Further reading: Understanding the prevalence of corruption through indices

- Corruption Perceptions Index (Transparency International)
- Worldwide Governance Indicators (World Bank)
- Index of Public Integrity (Hertie School of Governance)
- Country Policy and Institutional Assessment (World Bank)
- Transformation Index (Bertelsmann Foundation)
- Financial Secrecy Index (Tax Justice Network)
- Open Budget Survey and Index (International Budget Partnership)
- Open Government Index (World Justice Project)
- Rule of Law Index (World Justice Project)
- Global Right to Information Rating (Access Info and Centre for Law and Democracy)
- Global Open Data Index (Open Knowledge Foundation)

### With a focus on Africa

- Africa Integrity Indicators (Global Integrity)
- Ibrahim Index of African Governance (Mo Ibrahim Foundation)

### With a focus on Europe/OECD

- Sustainable Governance Indicators (Bertelsmann Foundation)

### Further reading: Understanding the prevalence of corruption through surveys (perception based)

- Global Corruption Barometer (Transparency International)
- World Values Survey
- Regional barometer surveys: Afrobarometer, Latinobarómetro and Eurobarometer

### Further reading: Assessment methodologies to understand the factors that enable and sustain corruption

- National Integrity System Assessments (Transparency International)
- UNCAC Implementation Review Mechanism Country Reports
- GRECO Evaluations Council of Europe Group of States Against Corruption
- Reports of the State Parties to the OAS Anticorruption Mechanism (MESICIC)
- Istanbul Anti-Corruption Action Plan country reports