Informality, social networks and corruption. What are the lessons for practitioners?
Background and why does this matter?

- **Why study informality?**
- Goods laws and bad outcomes: the implementation gap

- **Why focus on networks?**
- Corruption more often than not is not the result of a few bad apples in otherwise well functioning systems.
- In our previous researched we have found corruption is very much a “networked” phenomenon

- **What happens if we shift the anti-corruption focus from individuals to networks?**
- This is exactly what we want to find out!
01

Research in Tanzania and Uganda

Key highlights
Ten case studies of informal networks

Further explanation to follow
Goals of the Networks

1. Ease access to public services
   (drivers licenses, land registration, business permits, connection to the electrical grid)
2. Obtain business opportunities with the public sector (aimed at derailing procurement processes and committing other types of fraud)
Goals of the Networks

- **Allow business to run smoothly**

(bribery networks)
Motivations to build or join networks

**Accessing public services is difficult**
- Red tape
- Spaces for discretionary action

**Obtaining business opportunities with the public sector is impossible unless one has contacts**
- Formal prequalification is not enough
- "non-cooperative" firms get informally blacklisted
Network dynamics and division of labour

**Network dynamics:**
- Extortive
- Collusive
- Hybrid

**Different roles in networks:**
- Seekers: Citizens and Businesspeople
- Brokers: Connect the seekers with the doers. Depend on their connections.
- Doers: Public officials
- Facilitators
- Intermediaries
- Instigators
02

So what???

Implications for anti-corruption practitioners
Paradoxically, where informality prevails more controls breed more corruption. More controls mean more people need to be coopted and bribed. More controls add another layer of complexity over the red tape.
Tackling the supply and demand of corruption

- **Focus on problem solving by tackling:**
  - Red tape
  - Ease of doing business

- **Complement formal controls with:**
  - Emphasis on outputs (contract implementation)
  - Public services scorecards
Identify and exploit the allies and the tensions

- **A value-based approach is not necessarily enough**
- SMEs are doubly punished by a purely normative approach
- Intertemporal dilemmas

- **Multi-stakeholder initiatives**
- Some networks are decisively extortive
- Work with those who feel they have no choice
- Example: Ukraine Business Ombudsman

- **Better detection mechanisms**
- Other networks are collusive
- Need to invest in credible whistleblowing mechanisms
- Example: High level reporting mechanism
The team

- Tanzania
  - Dr Danstan Mukono, UDSM
  - Dr Richard Sambaiga, UDSM

- Uganda
  - Mr Robert Lugolobi, Independent Consultant
  - Prof Paul Bukuluki, Makerere University

- Basel
  - Dr Jacopo Costa, Basel Institute on Governance
  - Dr Lucy Koechlin, University of Basel
Thank you