

Informality, social networks and corruption. What are the lessons for practitioners?



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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!



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01

Research in Tanzania and Uganda

Key highlights

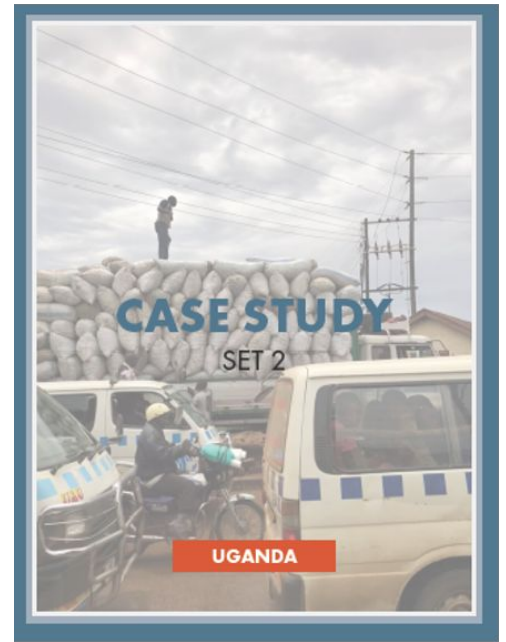
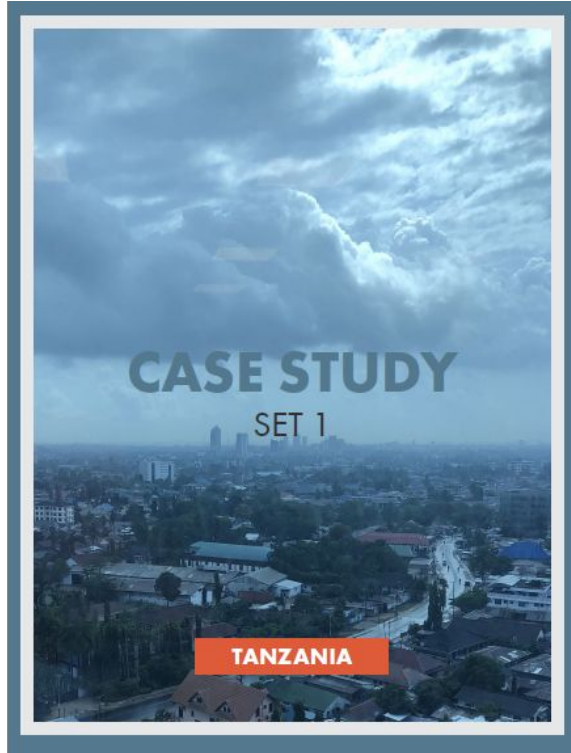


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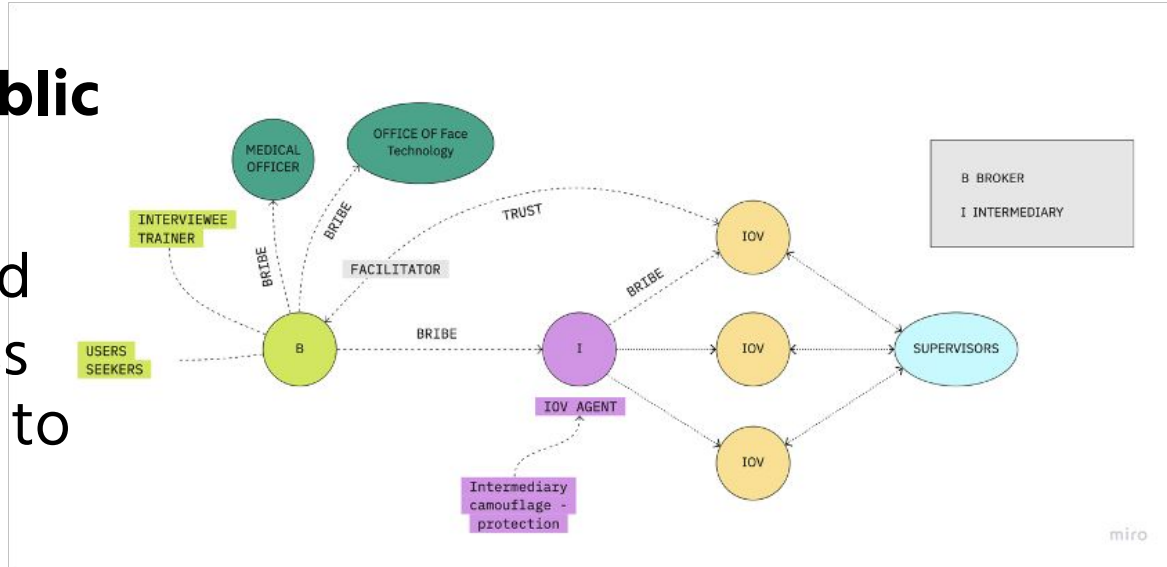
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Ten case studies of informal networks

Further explanation to follow

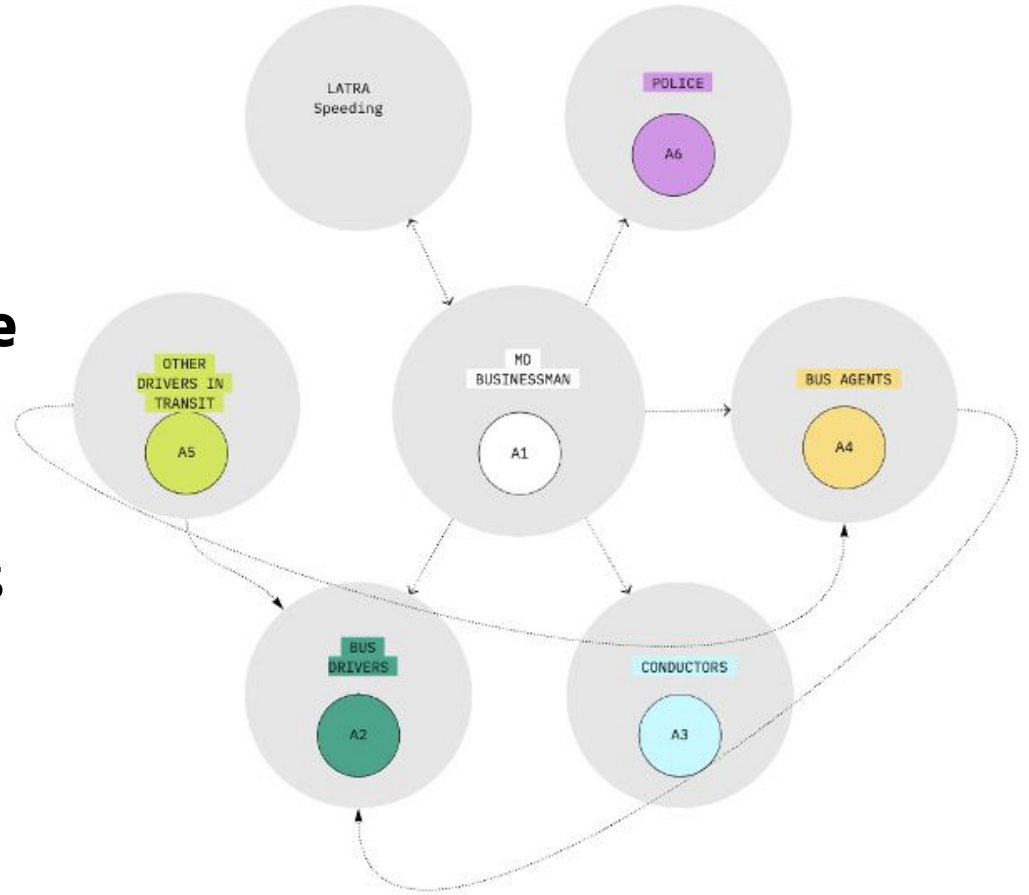


- **1. Ease access to public services**
- (drivers licenses, land registration, business permits, connection to the electrical grid)



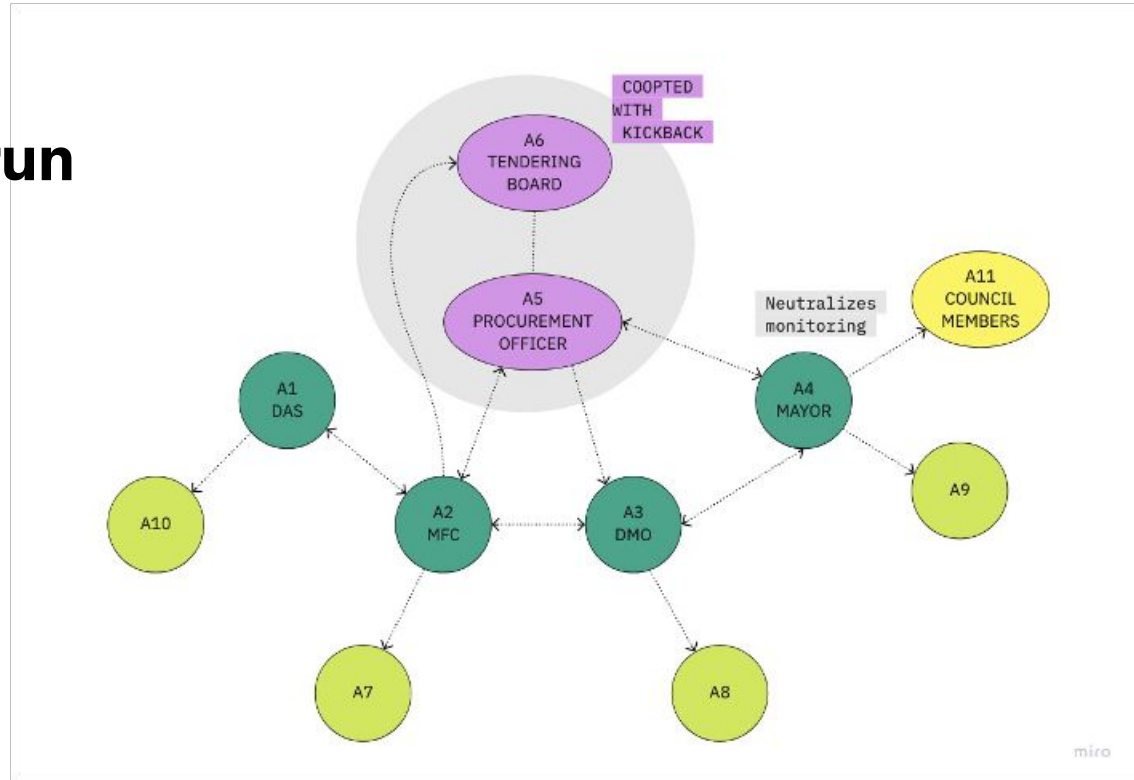
Goals of the Networks

- **2. Obtain business opportunities with the public sector**
- (aimed at derailing procurement processes and committing other types of fraud)



Goals of the Networks

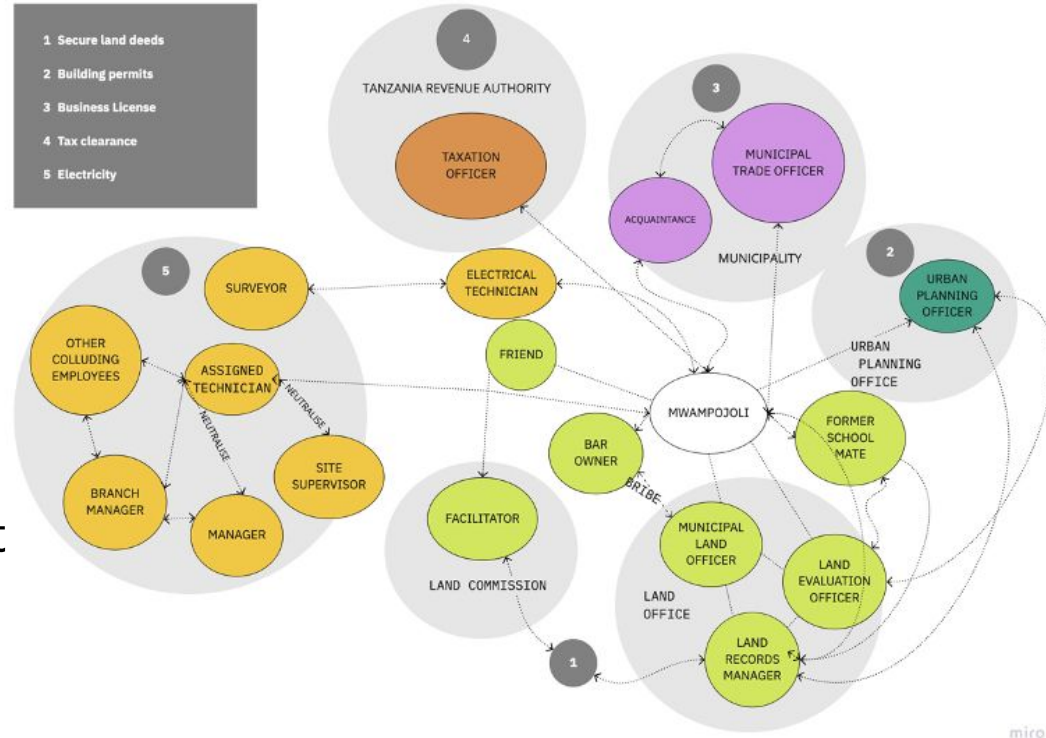
- **Allow business to run smoothly**
(bribery networks)



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



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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



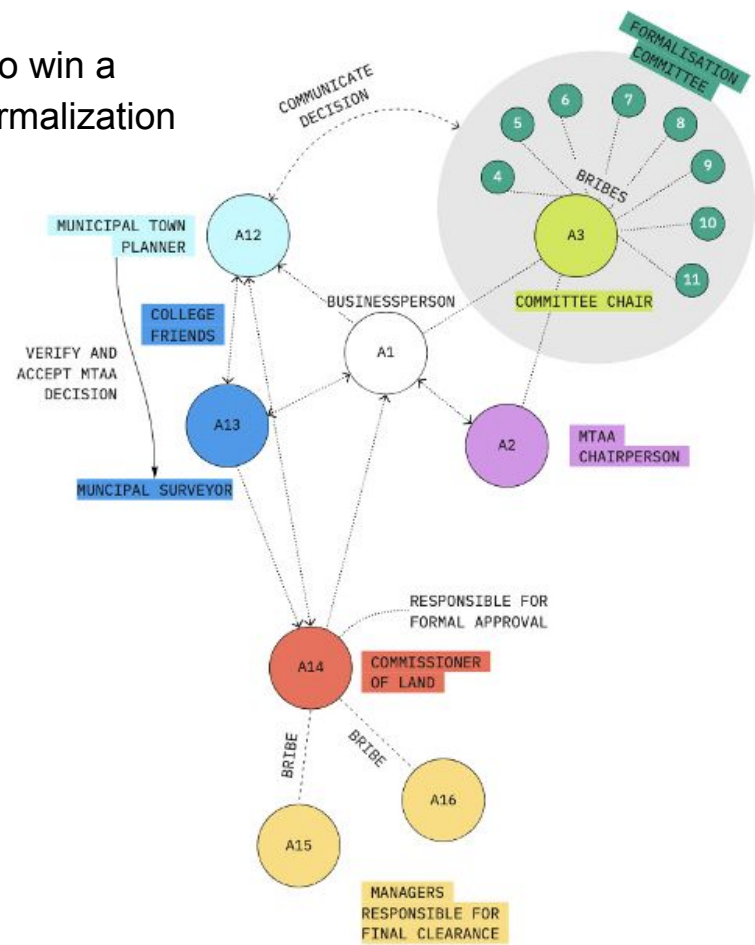
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The problem with formal controls

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.

Collusive network to win a competitive land formalization process



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



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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

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- **Uganda**
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 - Prof Paul Bukuluki, Makerere University
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Thank you