

Bila watu hufiki popote:
“without people or connections you
won’t reach anywhere”
– Tanzanian research participant

INFORMAL NETWORKS AS INVESTMENT IN EAST AFRICA

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PREFACE

This report presents findings from a research project entitled “Harnessing informality: Designing anti-corruption network interventions and strategic use of legal instruments” funded by UK Aid as part of the Global Integrity Anti- Corruption Evidence Programme (GI-ACE). The project follows from a previous research project where the Basel Institute on Governance, in partnership with University College London and SOAS, researched informality and its relationship with corruption and governance in seven countries in East Africa and Central Asia.

The findings from that research project, which can be explored at length [here](#), suggested that corruption often takes place according to informal, unwritten rules. The findings from the seven countries supported the following observation:

“Corruption is most often not the result from the actions of a few, individual rotten apples operating in otherwise healthy governance systems; rather corruption is orchestrated by informal social networks that connect actors in the public and private realms and enable the pursuit of a variety of intransparent, often illicit, goals.”

In our current research project, we have aimed to understand how informal networks that are associated with different types of corruption are exactly articulated, operationalised and managed, with a view to distill lessons of value to anti-corruption practitioners.

The present report sheds light on the functioning of informal networks in East Africa, based on evidence collected in Tanzania and Uganda. The report presents evidence, consisting of ten mini-case studies (six from Tanzania and four from Uganda) that describe informal networks associated with bribery and procurement fraud. The ten cases are also analysed and implications for anti-corruption practice discussed.

BACKGROUND AND METHODOLOGY

The research analyses the role that informal networks play in enabling corruption and illegal exchange in two countries in East Africa: Uganda and Tanzania. Evidence emerging from previous research projects in this region (Baez-Camargo et al., 2017; Baez Camargo & Koechlin, 2018) shows that informal networks are key in enabling and perpetuating corruption in public service delivery; and, conversely, that the instrumental use of bribes is the key medium through which such networks are both created and maintained. Building networks is often utilised as a strategic tool by citizens and business people to “get things done” in the face of constrained economic opportunities and shortcomings in public service delivery.

The present research analyses the individual and personal experiences of individuals, citizens and small business owners alike, who built and used informal networks as a problem-solving mechanism. This can be done to gain access to services, contracts and, more broadly, to promote business activities, while in the process resorting to corruption.

The research is based on fieldwork in Kampala, Uganda and Dar es Salaam, Tanzania. It consists of ten mini case studies. In a first round, local researchers engaged in informal conversations with citizens in their role as service users, business people and low-level public officials. In a second round of conversations, researchers further explored the role, shape and characteristics of the informal networks they had encountered. What emerged were short stories and narratives that describe various real-life examples of the manner in which individuals resort to building informal social networks to solve problems, extract economic benefit and how corruption plays a role in the process.

The research design is a multiple case study approach analysing the role of informal networks in Uganda and Tanzania. In both countries public services are constrained and the use of informal networks in managing these challenges is widespread. Based on our previous research (Baez Camargo 2017, Baez Camargo et al 2017a, Baez Camargo et al 2017b) we know the similarities in social norms and understandings that both countries share. We are thus building upon the evidence showing prevalent practices instrumentalising informal social networks to achieve particular ends, as well as their linkages to entrenched patterns of corruption. With these ten case studies we have sought to take a deep dive into detailed narratives to explore:

- Whether there are distinct types of informal networks associated with particular types of corruption;
- How, why and by whom these networks are built;
- Whether there are particular roles and functions played by different individuals in the networks;
- The unwritten expectations, understandings and norms that govern such networks;
- Implications for anti-corruption practice.

We are purposefully aiming to shed light on the themes outlined above with the goal of distilling practical lessons for anti-corruption programming. In particular, we wish to understand how anti-corruption practice might be strengthened by adding a new analytical angle, namely shifting the unit of analysis and intervention focus from *individuals to networks* (Heywood, 2018; Mungiu-Pippidi, 2017; Persson et al., 2013; Jancsics, 2019).

We believe this approach is promising given the evidence about the networked nature of corruption that has emerged from our previous research findings. We are also well aware that this is a rather unexplored approach. While there are indeed examples of research that have focused on networks of corruption, these are still few and far between (for some analyses of the corrupt networks, see Cartier-Bresson, 1997; Costa, 2017; Jancsics & Jávora, 2012; Lauchs et al., 2012). More empirical evidence is needed in order to underpin the design of targeted anti-corruption interventions in order to effectively address network corruption, i.e. corruption resulting from the use and instrumentalisation of networks to both solve problems and create personal gains.

With the goal of contributing a foundation to developing a more thorough understanding of the networked nature of corruption in many contexts, we have undertaken the analysis in this research through an inductive approach following grounded theory principles. The findings of the study are proposed as working hypotheses about relevant variables, patterns and themes that emerge from the bottom-up analysis of the data, and which can be explored and probed for in other contexts for further development and validation.

MOTIVATION: WHY INFORMAL NETWORKS MATTER IN INTERACTIONS WITH THE STATE

Public sector processes are often complicated and time consuming, and harnessing informal networks can be an effective strategy to circumvent the inefficiencies of the public spaces and obtain a public service or good. The problems are often due to red tape and delays that characterise the public sector, induced by cumbersome and frequently outdated rules and regulations, but also by the low capacity of the public administration. In addition, prebendal practices often pervade public office in developing countries (Bayart, 2009; Svein-Erik Helle & Rakner, 2014) as well as in middle income and developed countries (see for example Leenders, (2012) for Lebanon, Costa (2017) for the case of Italy, Koechlin (2021) for the case of Switzerland). The narratives point to instances where public officials exercise control over specific portions of public administrative spaces, tasks and functions as if they were personal territories rather than institutions of public service. The result is the creation of strong monopolies and pockets of discretion within the administrative space in an institutional context already characterised by weak controls and accountability mechanisms (Klitgaard, 1991).

This situation, together with limited monitoring and enforcement capabilities of the state, allow public officials to create obstacles and orchestrate rent-seeking strategies (Krueger, 1974; Khan and Sundaram, 2020). Public processes are therefore sometimes manipulated by public officials to generate an environment where users will be pressured into resorting to bribery.

For example, a public official can punish a service user by slowing down the authorisation or issuing of documents or permits, to the point of rejecting their approval unless a bribe is given. As considered in one of the stories in Tanzania *“for those who don’t have ‘jamaa’ or connection and sometimes ability to provide money, it takes time to get a business license (TZ CS#6)”*. One common theme expressed by business people in the research was the conviction that it is not possible to conduct business with the state unless one is prepared to pay bribes, has a personal connection to the relevant decision makers or both. Public officials can also hide information on formal procedures or calls for tenders in order to share them with those individuals with whom they have a network or who have money to pay bribes or kickbacks.

In all of the examples above, dealing with the public sector involves difficulties, delays, even losses. While the details vary depending on the process or transaction at hand, the overall picture is one where people are expected *kukata pochi*, a metaphorical expression used in Tanzania to indicate the need to reach into one's wallet, to open doors. Furthermore, the expected difficulties in dealing with the state incentivise citizens and businesspeople to invest in building and using informal networks to navigate between these different islands of administrative power and the local 'caciques' who control them.

The structural factors mentioned above are also reinforced through mental models. Public service users and businesspeople are already predisposed when they approach public institutions to believing that without some informal help it is not possible to obtain good quality, timely services or to compete on a level playing field for public contracts. The use of local terms to label specific behaviours, which emerges from the analysis of the Tanzanian narratives, show us how these practices are strongly rooted into the social fabric of these societies. Some of these labels – such as *jamaa* for connection, *hela ya maji* for kickbacks, *kitu kidogo* for small share, *mzigo wake* for a parcel, *kumshika mkono* for shaking hand with money, and *bahasha nono* for huge envelope – define in different ways the act to give a bribe or activate a monetary transaction. Similar expressions are *familiar* in Uganda such as *genda e kasawo*, meaning get something from your pocket, or *teeka enjinja kulupapula*, literally meaning put a stone on your papers to ensure they are not blown away by the wind, meaning one has to pay something to ensure one's case is handled. These euphemisms are widespread and well understood by everyone in the local contexts and reflect the degree to which the practices they allude to are normalised.

A key motive emerging throughout the research is, quite simply, making money. A respondent in Uganda stated that the “*most important driving force or facilitator of these networks is money. The rest comes after*” (UG CS#2). Indeed, we find this to be the case across the case studies, whether directly through bribe-taking and gift-giving, or indirectly through business opportunities or “guaranteed” tenders. As will be discussed further down, money flows throughout the network like a lifeblood that links together different actors and spaces with important roles and ensures the functionality of the network. In this sense, it is not just a question of looking at the financial aspect merely from a demand or supply side. Money fuels, creates and strengthens the different nodal points and critical junctures of the networks. It creates incentives to fulfil each actor's instrumental role within the network, and it creates predictability by stabilising expectations and reciprocal relationships. Not least, money contributes to establishing and consolidating the trust cementing the relations and connections that form and shape a successful network.

While money plays an undoubtedly central role, there is also an important social component that entails that these networks are not only established through the giving and taking of bribes. The case studies suggest that offering a bribe is in most cases not enough. Rather, network building also frequently requires “informal” connections established through friends or acquaintances who open the door to the corresponding public official. In other words, without a social connection it may not even be possible to engage public officials, regardless whether one is prepared to pay a bribe or not.

Only once the connection has been secured, can the informal “services” from officials be accessed. The payment of bribes is then a given. Activating informal networks together with monetary resources reduces the cost and time of coping with the different duty bearers. It also means that the involvement of some form of social connection, and the associated attributes of trust and expectations of reciprocity that are linked to sociality in the East African context (Baez Camargo, 2017), represents a facilitating factor to the illicit exchange by framing it in broader social terms rather than as a brute monetary transaction. The social connection also entails an unwritten understanding of mutual protection, ensuring illicit transactions are kept secret and locking in the active network members into a peer-enforced collusive scheme that brings an element of discipline to the interactions (Baez Camargo and Ledeneva, 2017).

From the analysis, it emerges that inefficiencies, red tape and bottlenecks in public sector processes become anchors for:

- Public officials to demand bribes and simultaneously hide those demands for bribes, framing them in terms of necessity;
- Citizens to justify, legitimise and normalise bribe-giving in order to facilitate services;
- A reinforcing mechanism that generates demand and supply for corruption;
- Articulating informal social networks by which the demand and supply are matched.

GOALS OF THE NETWORKS

The narratives underline that building or harnessing existing informal networks is an effective strategy to achieve several different goals, such as neutralising or bypassing controls, obtaining permits, authorisations or licences, jumping a queue and speeding up procedures, capturing or influencing a monopolistic and discretionary power. The case studies offer examples of networks used to: 1. ease access to public services, 2. secure business opportunities, 3. ensure the smooth running of business.

1. NETWORKS TO EASE ACCESS TO SERVICES

Connections and informal networks are often instrumentally built by citizens and businesspeople in order to obtain access to different types of public services. The interest to make use of informal networks can be driven by two kinds of sub goals: obtaining a service one is entitled to in an expedited manner; and obtaining a service one is not entitled to or otherwise manipulating a formal process to one's advantage.

In the first instance, service users wish to be connected to informal networks in order to save time and effort when seeking to obtain or access a service they are entitled to. In such cases, the interest to be connected to such a network will be positively correlated with the degree of complexity and complication involved in the bureaucratic process. Stronger and more difficult-to-overcome red tape will greatly incentivise the use of these informal networks by the service seekers. A good example are land transactions, which in many countries are characterised by a high degree of legal and institutional complexity, such that it is nearly impossible to navigate by following the formal processes (e.g., see Boone, 2014).

Citizens seeking to deal with land transactions are routinely compelled to resort to corruption to save time and effort. As mentioned above, red tape both generates incentives to resort to informal tactics to expedite and speed up processes and creates opportunities for public officials to purposefully further complicate things for users who do not give bribes. For instance, in Tanzania, it is usually heard in everyday narratives of *urasimu mwingi*, implying that there is systemic complication of bureaucratic procedures.

Second, there are users who wish to obtain or access a service that they are either not entitled to, or try to manipulate official processes or outcomes to their advantage. Examples include obtaining a driver's license in spite of not possessing all the required documents, or influencing land valuations in order to minimise the tax owed. As in the previous situation, service users frequently invest a lot of time and money to access or create a network with the right people, ensuring the relationships are fully functional for the desired outcome (Case Studies UG #2, #3 TZ #1, #4, #6).

In both cases, to get things done, the case studies indicate that the networks facilitate access to services by linking up several different spaces, clusters and sub-networks.

In a first instance, citizens need to gain access to networks operating within the relevant public institution(s). Often, they harness their own social networks to find help in establishing a connection with the right person who can open doors and/or take care of the tasks required. In some examples, service seekers instrumentally cultivate new social contacts with the same goal. They try to find a way to connect with the right people who can help with the problem at hand.

Sometimes the people whose connections are widely sought are brokers who have already built and nourished the trust with public officials and civil servants, and can consequently open doors to the networks operating in the public institutions. In fact, our findings show how some individuals acting as brokers are dedicated to enabling access to such networks, and how problems can be easily solved once access to such networks is established. As will be seen below, brokers and intermediaries are a critical category of actors who play an essential role in making and nourishing these connections and bridging the relations between clusters and groups (Gould & Fernandez, 1989; Morselli & Roy, 2008; Stovel & Shaw, 2012). In other words, an overarching network that enables the desired transactions can be composed by the social networks of the service users, which are in turn connected to the social networks of the colluding public officials within their respective institutions.

2. NETWORKS TO SECURE BUSINESS OPPORTUNITIES WITH GOVERNMENT

The case studies suggest that accessing business opportunities with the public sector is often understood as being contingent on having a well-functioning informal network. As the narratives confirm, informal networks do play a role in facilitating fraud and illicit exchanges in the procurement of public contracts. Businesspeople who have good informal networks and insider contacts within public offices may only need to pay the "fee" (bribes and/or kickbacks) their contacts ask for in order to be awarded public works and contracts (UG CS#2). Informal networks can also facilitate access to information about tenders before it becomes public. Business people will go out of their way to establish a good connection with the right decision makers, for example procurement officers who can help them win profitable deals. Because of their ability to manipulate processes, officials who are in charge of managing public procurements are widely sought after as their actions are essential to executing procurement fraud. Those who wish to be part of an informal network may secretly collect information on the habits, tastes, or customs of public officials or bureaucrats to elaborate tailored strategies to cultivate social links with them (UG CS#2; UG CS#3, TZ CS#4).

The case studies demonstrate how informal networks can straightforwardly subvert seemingly robust accountability mechanisms. Even where there is a convincing scrutinisation process, including both official monitoring mechanisms and well-organised community-based decision-making, the instrumental creation of networks can ensure success in winning lucrative tenders for less than qualified bidders. In a case study (TZ CS#5), the subversion of formal controls and accountability mechanisms in a competitive land formalisation process was made possible by drawing on existing relational structures – including so-called “old boys networks”, which is the term used to refer to acquaintances made during school years. In plotting to subvert official control mechanisms to defeat competitors, social connections are harvested and cemented through bribes. In similar ways to other cases (e.g. TZ CS#2), this company has been able to supply to all the members of the formalisation committee that approved the tender a so-called *bahasha* (i.e., translatable as an envelope and meaning a bribe) to secure their support.

Other models look more like a cartel, where all the firms that operate in a particular sector act in a coordinated fashion, colluding with politicians and government officials. For instance, a narrative from Uganda (UG CS#4) describes a situation where several companies in the chemical sector collaborate and collude with each other to orchestrate a fake competition aimed at distributing contracts and sharing profits. A closely related scenario in Tanzania (TZ CS#2) was noted for the alliance of politicians and local government officials colluding in tendering processes to win construction deals in favour of their personal companies.

Through to these connective and relational strategies, inefficient and underqualified business operators can stay in the market at the expense of qualified but honest ones. Underqualified companies can in fact be owned by the same politicians and bureaucrats – through their relatives, friends or members of their inner circles – who are at the forefront of building informal networks to rig public procurement processes. These informal relations are absolutely essential for their business activities to survive and flourish despite the lack of adequate qualifications.

3. NETWORKS TO HELP BUSINESSES RUN SMOOTHLY

In Tanzania and Uganda, doing business – from the starting of an enterprise to the daily business practice made of regular interactions with public officials – can be complicated. Both countries perform quite badly in the 2020 ranking of the Ease of Doing Business indicator (World Bank, 2020)¹. The bureaucratic procedures are complex and simultaneously vulnerable to abuses of power on the part of the duty bearers. This fact forces users to resort to informal, often illegal, actions during the processing of the administrative procedures necessary to run a business (TZ CS#4). Relying on informal networks can be a winning strategy to do business in such a challenging environment.

Building a network and having connections and agreements with key public officials works to ensure business runs smoothly and grants advantages in terms of efficiency or obtaining valuable information in comparison to competitors who lack such networks. The case study of a transport company owner in Tanzania illustrates how operating the business involves being confronted with constant irregularities and infringements at road posts and controls risking fines and penalties. The strategy to keep the business running smoothly involves resorting to building a “bribery network” with drivers, conductors, traffic police, bus agents and the transportation regulatory authority, which ensures that the company’s vehicles can provide a faster and more reliable service vis-à-vis competitors by avoiding roadblocks and fines from speeding captured by radar equipment (TZ CS#3).

Other intricate networks allow for the smooth processing of different permits and services across different agencies, authorities and positions, easing the operation of a business. For instance, one of the case studies (TZ CS#4) in Tanzania documents all the hurdles which an entrepreneur is confronted with to start a business. In particular, the manifold informal connections that need to be established across various public agencies to get the business off the ground can be presumed to be durable, i.e. co-opting useful public officials and brokers into a network, thus paving the way for eased transactions in the future. This case study can be seen as one where the business person builds the network by necessity in a first instance but is simultaneously building the foundations for a network that will allow the business to run smoothly going forward.

¹ In fact, Uganda is ranked 116th and Tanzania 141st on a list of 190 countries.

FUNCTIONAL ROLES OF THE NODES IN THE NETWORKS

One important insight that the case studies illustrate is that the networks are functional: informal networks are articulated in pursuit of certain goals. Achieving those goals requires a division of labour or that different actors play distinctive roles and contribute particular tasks or functions essential to the effective accomplishment of the intended goals. The narratives allow us to identify six functional roles played by different members of these informal networks. These roles are those of the seekers, brokers, facilitators, intermediaries, doers, and instigators.

- **Seekers**

The seekers are those citizens and businesspeople who look to be connected to particular individuals – namely, the public officials often already organised in schemes – to access or obtain a service, business opportunity or favour. For instance, a case study in Tanzania (TZ CS#1) documents a person who needed to obtain a tax clearance from the Tanzania Revenue Authority (TRA). This person is the seeker, who receives help from family and friends to get connected to a network of insiders at the TRA and in this way expediting the processing of his file. Similarly, seekers in UG CS#1 are those individuals who require assistance to obtain a drivers' license in an expedited manner.

In some cases, the seekers proactively build the networks. A case study in Uganda (UG CS#3) describes how business owners seek out and make acquaintance with key individuals in public institutions to gain contracts. Being a pre-qualified firm, as per government regulations, is not enough. In fact, many prequalified firms never obtain contracts, only those who have personal connections. Thus, business owners seek to connect with and befriend people who can help them penetrate the networks in order to open new business opportunities. Similarly, a case in Tanzania (TZ CS#5) shows that the company owner seeking to win a contract co-opted a key government official who could in turn help directly rig the contract award decision by bribing members of the relevant committee.

- **Brokers**

Brokers are actors who leverage social capital and relational resources to bridge relations between different individuals and clusters of the networks (Burt, 1992; Morselli & Roy, 2008; Stovel & Shaw, 2012). In this research, the brokers connect citizens and businesspeople, that is the seekers on one side, with public officials and bureaucrats on the other side. In other words, the brokers are the individuals whose actions are critical in matching the demand and supply of the corrupt exchange. Some of the cases are narrated from the perspective of such brokers; one who makes a living helping seekers of drivers licenses (UG CS#1), the other one helping seekers to secure favourable access to relevant public officials across a complex web of public offices around land transactions (UG CS#2).

Brokers can be hugely powerful and influential mainly because of their set of relations. Money and prestige follow according to their capacity to efficiently connect clusters and networks. Defined as *kayungirizi* in Uganda, these actors can be defined as entrepreneurs of relations, meaning that their core business is focused – more than on any business activity – on the acquisition of relations and contacts with public officials, bureaucrats, decision-makers and other relevant businesspeople. Far from being specific to East Africa, examples of this particular category also emerge from other contexts, such as Italy (Costa, 2017).

Some examples from the case studies include individuals who become wealthy just on the basis of their ability to perform this brokerage function. For example, one of the cases describes how public contracts can be awarded to the brokers, even when they in reality possess no skills, inputs or even an actual business. In these situations, the brokers will look for possible suppliers after they have been awarded the contracts (UG CS#3).

Another type of brokers are individuals who act as street operators, often located in the proximity of public offices and institutions. They may be operating a small business (e.g. selling airtime or working as street vendors) but informally negotiate the access of citizens and service users to public officials and offices. To do that, they rely on stable and fruitful relationships with public officials who represent their entry points to the public administration. Although they are often in “lowly” socio-economic positions, they are critical junctures of the informal economy. One example includes the broker operating in the vicinity of the Tanzania Revenue Authority and who serves to make the link between the seekers and the network of TRA insiders (TZ CS#1).

The activities of brokers swing between opportunism and organisation. In fact, they operate through routinised schemes, but often without hierarchical structures, which gives them the ability to adapt to changes in the wider context. Their informal mediation generates both money (due to the fees the brokers can collect from citizens and entrepreneurs) and status (through the recognition of the value they create).

- **Facilitators**

Facilitators are individuals within public offices and institutions who lead seekers and brokers through the complexities of the public space. These actors will take a lump sum to ensure the bribe-paying individual’s case, file, or application is followed up, acted upon and processed within the different offices and stages that compose the administrative process until a timely and positive resolution is achieved. These actors might be intra-office messengers – taking documents and files from one office to the other – or simply act as ones. They are critical because they can ensure that things move swiftly across an otherwise complex and inefficient bureaucracy, i.e. files get processed, documents stamped, permits issued, etc. In fact, they know the informal patterns that connect the different offices and bureaucratic spaces and that conform the administrative environment of a specific process. As considered in a case study:

“The process is quite long and many people get involved, close to ten people. Therefore, sometimes to make things move faster, they get one person from the land office who gets paid a lump-sum amount of money to navigate through that long process and he waits for the title at the end of the tunnel” (TZ CS#3).

We found individuals playing this role as facilitators also in the networks related to rigging procurement processes. In a case from Tanzania, the procurement and supplier officer (a mid-level administrative position) was recruited by his superior, the Municipal Executive Director, to take care of the formal papers and to coordinate, oversee and arrange the negotiations over kickbacks and bribes. These had to be disbursed to ensure all necessary individuals who had a role to play in the formal procurement process were on board and the fraud could proceed without challenges (TZ CS#2).

Similarly, in a case from Uganda, a land surveyor broker narrates how, in his dealings with the Land Office, he has engaged with one facilitator who receives a lump sum and thereafter ensures the transactions of interest move rapidly and smoothly across the many different stages involved in the process (UG CS#2).

- **Intermediaries**

Intermediaries are individuals who represent the networks of insiders in public institutions vis-à-vis seekers and brokers. For instance, in Tanzania, intermediaries are metaphorically referred to as *(vi)kiungo* for conduit(s) that connect actors who are dispersely located. They negotiate, set terms for the transactions and coordinate communication and exchanges between the inside and the outside of the public institutions. They have an important role in protecting and coordinating the illicit mechanisms, which distinguishes them from the facilitators. They have their own functional space, for intermediaries constitute the nodes through which seekers, brokers and facilitators link to move the illegal exchange to the higher decisional levels of the networks. The intermediaries protect the informal networks by keeping the corrupt exchanges and illicit transactions at least one step removed from the actors (doers and instigators - see below) that these intermediaries represent. Intermediaries often do not play a role in simple and relatively small networks, but they become crucial when the complexity, and thus vulnerability, of corrupt networks increases and key nodes need to be secured and protected.

Intermediaries may be public officials who represent the entry points to their organisations. A Ugandan case (UG CS#1) describes how the broker who helps seekers obtain their driving licenses deals with a designated vehicle inspection agent who receives the agreed upon bribes and then communicates with other inspection agents down the line who are in a position to trigger the paperwork to produce a falsified driving test certificate.

Intermediaries may also be people conveniently located to facilitate exchanges and transactions outside of the public offices. One of the case studies from Tanzania (TZ CS#6) suggests how these might be street vendors or informal service providers who receive parcels from seekers, brokers and public officials and facilitate the exchanges in question. Intermediaries are different from brokers because they do not simply organise exchanges between seekers and doers, but rather they are closer to doers, representing them, negotiating on their behalf and also providing a protective function by keeping the doers at a distance from the seekers and the brokers.

- **Doers**

Doers are those who have the ability to “make things happen”. They are indispensable individuals needing to be incorporated in the networks by virtue of their power, authority or skills. They are in a position to ensure certain critical aspects in the scheme are taken care of.

Since different networks serve different purposes, the range of actors who might be considered as “doers” is quite broad. These might be members of a procurement evaluation committee who are in charge of issuing decisions on winning tenders. Procurement officials, who can manipulate the procurement procedures of public entities, also come up in the case studies belonging to this category, as do land registration clerks, land surveyors, tax authority staff tasked to issue certificates. Doers are generally speaking bureaucrats who can either approve or prevent the release of permits, authorisations and licences.

As the case UG CS#4 suggests procurement officers tend to be very powerful doers. They are in a position to falsify paperwork, which enables different forms of fraud to take place involving their network of trusted “business partners”. Individuals tasked with monitoring public procurement processes, such as the members of the tendering board in the case TZ CS#2 are also considered “doers” by virtue of the fact that they must actively engage in a fraudulent scheme, by endorsing rigged decisions, for it to succeed.

Managers and heads of public offices are among the most valuable contacts, given the almost unbalanced and discretionary powers they handle. Some act as caciques in a prebendal fashion, controlling spaces of public power and authority. These actors are critical in the implementation (or not) of the regulatory frameworks governing the offices they are responsible for establishing the regular practices and interactions with their subordinates, as well as controlling the assignment of contracts and public works.

Similarly, finance and accounting teams are important, because they can block payments associated to public works contracts awarded to business people and companies (UG CS#2). As some of the case studies also reveal, controllers and evaluators are frequently involved in mechanisms of corruption aimed at keeping low the value of the goods (income, land, building, machinery) and consequently reducing taxes and fees (TZ CS#4; UG CS#3).

- **Instigators**

The case studies reveal that some networks are orchestrated by particular individuals who organise illicit schemes taking advantage of the red tape, weaknesses and bottlenecks prevailing in the public administrations in the two countries. The narratives tell us that well designed, repeated and routinised schemes lead by high level public officials– often gathered in clusters – seem to have at the core one or more individuals -the instigators- who organise and manage them. The insights highlight these instigators might be doers who have expanded the projection of an illicit deal, ultimately creating routinised and repeated schemes of corruption that become embedded in the public space.

The instigators play a key role in managing the networks. As such, they take an active role in co-opting necessary individuals, enforcing discipline, taking measures to prevent detection, and coordinating activities and tasks.

Examples of instigators stemming from the case studies include a senior official who coordinated the procurement fraud with subordinates, co-opted the required people to make sure the process was rigged in the favour of the colluding co-offenders, and neutralised monitoring mechanisms (TZ CS#2). In another case in Uganda (UG CS#1), a senior official in the inspectorate of vehicles exercised discretionary power to extract rents by withholding required test report books to those inspectors showing resistance to joining into the bribery scheme. Both showcase in exemplary ways how senior officials use their position to collude as well as coerce in more or less subtle ways to extract rents from the various positions in the hierarchy. Participating in informal schemes means adopting several roles vis-à-vis the formal rules and procedures and the tasks and agreements of the informal networks. This underpins the power of the instigators, based on their capacity to exercise control both on the formal (the services and goods) and the informal (the relationships and illicit transactions).

ROLES IN THE NETWORKS CAN BE OVERLAPPING AND FLUID

The above typology of functions performed by different actors in the informal networks clarifies how these mechanisms operate in practice, requiring multiple tasks to be carried out and coordinated. Of course, in practice, multiple functions might be simultaneously performed by particular individuals. For example, brokers might also be intermediaries when they enjoy the trust of the networks of insiders in the public institutions. Facilitators might also be doers who take on an additional role to oversee the progress of the illicit transaction in addition to performing his or her own task relating to their formal decision-making powers. Another meaningful example of multiple functional roles are instigators, who often are also doers. As reflected in (UG CS#3) where the organisers of the procurement fraud (instigators) are procurement officers, themselves “doers” in virtue of their decision-making power to authorise the allocation of contracts.

NETWORK DYNAMICS: COERCIVE VS COLLABORATIVE

There are certain elements that are shared across all the informal networks described in the case studies. First, the informal networks are exclusive and closed for outsiders. Much like other networks they privilege their members, thus re-structuring lines of inclusion to and exclusion from certain public services and tenders. These networks are not completely closed, entry to them is enabled in a controlled way, usually by means of connections and financial incentives. All informal networks aim to obtain a particularistic redistribution of public resources (Jancsics & Jávora, 2012). Thus, to a greater or lesser extent, all these structures are extractive networks. However, there are differences in how these informal networks operationalise this extraction. Factors include the degree of collusion, rapacity, benefit sharing, and the degree of asymmetry in the relative influence and authority in the reciprocal contractual power of the actors. Some types of networks are characterised by more extortive behaviours (TZ CS#6, UG CS#3), while others show more collusive dynamics and mechanisms (UG CS#2, UG CS#4, TZ CS#1, TZ CS#2, TZ CS#3, TZ CS #5) and some display hybrid characteristics (TZ CS #4, UG CS#1).

Extortive or parasitic networks operate through exploitative practices by public officials or the orchestrators of the organized scheme. The nature of their actions aims not only at accessing public resources, but also at extorting resources or coercing specific behaviours from other participants in the illicit agreements, be them citizens, business people but also other public officials. These networks are characterised by marked differences in the relative contractual power between the different participants to the illegal exchange (Verma et al., 2018).

² In fact, as will be discussed below, in all the networks participants play precise roles and know what to do; there is a division of labour.

Given the bottlenecks and pockets of discretion in the public sector mentioned above, many public officials can exploit their positions and have more extractive power than citizens and business people. In this regard, even relatively low-ranking public officials such as security guards, providers of services and administrative staff can play an active role in operationalising an extortive network. They are positioned to open doors, ease access to closed offices, as well as executing particular tasks which might be substantive but also low level clerical ones such as taking documents or messages to a key decision-maker. As recalled by a respondent in Uganda, these are “*persons whom you have to pay some little money to be able to access the office*” (UG CS#3).

Creating a difficult environment for users of public services and for businesses wishing to win government contracts is a well-documented and effective strategy to extract bribes. A case in Uganda (UG CS#3) describes a situation where public officials set costly, even unreasonable, demands to enterprises who wish to do business with the public sector. An example is the demand to significantly inflate prices for services and inputs provided– thus increasing the “cut” of the public official – but also making companies appear expensive and damaging their reputation vis-à-vis other clients. Another example involves public officials hiding information on formal procedures or calls for tenders in order to extract resources from those individuals who have money to pay bribes or kickbacks (TZ CS#6). And yet entrepreneurs and businesspeople feel compelled to acquiesce because otherwise they know that they will be excluded from benefiting from regular business opportunities with the public institution in question. Businesses participate in such networks because they feel they do not have another alternative and, in this situation, are vulnerable to abuse.

Other case studies show the existence of networks of a more collusive nature involving public and private actors in particular industries. These groups also exploit bottlenecks and red tape in public sector processes to create pockets of discretion where routinised schemes to extract resources are established. In this type of network the benefits and the profits extracted from the informal transactions are shared more equitably among the individuals involved. In comparison to the previous extortive type of networks, the collusive type of networks operate more on the basis of cooperation (as opposed to coercion) aimed at for example – as stated by one respondent in Tanzania – *kufanya fitina*, i.e., conspiring to defeat competitors (TZ CS#5). They are characterised by the proximity between public officials and the other actors who participate in the rent seeking schemes.

A good example of a collusive network is revealed by a story from Uganda (UG CS#4). Public officials consult a closed circle of business people and enterprises to define the technical details of the calls for tenders and contracts. In this example, which takes place in the context of a closed market characterised by few competitors, those that are not meant to win the tender are nonetheless asked to participate in order to maintain a veil of legality and semblance of respect for the procurement rules. As in a cartel, all the competitors are then called to share the cake, supplying items or services, or to participate as sub-contractors to the public works. Another case from Tanzania (TZ CS#2) describes how powerful public officials can also manipulate rules, distribute bribes and coordinate actions in order to allocate public work contracts to enterprises and companies that belong to themselves and to members of their inner circles.

THE SOCIAL DIMENSIONS OF THE NETWORKS

The process of establishing a network is a time- and capital-intensive activity. When possible, seekers harness their existing social networks to find relatives, friends or acquaintances who might help them connect with the right person or network to address a problem or solve an issue. As the case studies indicate, even when a contact can be established by virtue of existing social relationships, building and nurturing connections more often than not involves the payment of bribes. When the pathway to making the desired connection involves instrumentally seeking new relationships, the costs will naturally be higher. Indeed, whether existing networks are harnessed or new networks are built, the key ingredient is the payment of a bribe. The bribe serves both as an initial incentive to get things in motion, to actually link up the necessary agents and actions, and to cement relations and actions. The bribes thus both incentivise, establish and stabilise connections and networks.

The process of building a network is therefore certainly not cost-free, but it is considered a prudent investment to integrate into the planning that goes together with engaging with state institutions to obtain services, profitable opportunities or illicit favours. At the same time, individuals profit from their investments in building an informal network. Immediately, the informal network is instrumental in reducing the cost and time required to interact with the public administration. Later on, the informal network can be used as a tradable immaterial resource that can, in and of itself, be exchanged for favours and money, or further activated on behalf of others – e.g., a relative, friend or fellow – with the corresponding understanding that this is part of the unwritten but ritualised exchanges that take part in a reciprocal relation.

The profitability of investing in networks is clearly exemplified by the brokers, who make a living by negotiating access to their networks of public officials and “doers” and getting paid by seekers to thereby getting help with their cumbersome processes. The case studies also illustrate how investing in networks is often not a one-time cost but rather necessitates constant payment of bribes.³ The central role of money and monetary resources as a key element and critical motivation of the process of network building can be generalised across the case studies. Although in the case of seekers, especially those who wish to access services, the motivation might be to save time or make the process simpler, invariably the currency to do so is by means of a monetary transaction, that is, giving a bribe or a valuable gift. In this framework, bribes lubricate the social links and help establish and nourish relationships. But bribes are not always enough, seekers and brokers may feel compelled to further cultivate the social aspects of the relationship by investing in gifts, attending social events and further investing in other acts of hospitality to secure the trust from key actors (especially doers and instigators).

This aspect is key: the informal and illicit nature of the activities of the networks entail that trust is essential. The case studies show that trust within the networks is of a transactional nature and therefore can be lost, and must be cultivated. Several of the case studies clearly show that trust is built when the individuals partaking in the informal exchanges abide by the stipulated rules. Trust is thus built by paying correctly and punctually the amounts negotiated for bribes and kickbacks. Trust is also built by delivering the services or goods promised in exchange for the bribe, honouring debts and alerting fellow network members of changes in the regulations or monitoring activities that may threaten the

³ Only in a few special cases is the bribe spared; for instance when there is a connection to very powerful individuals, public officials are willing to dispense favours without demanding a bribe (as exemplified in UG CS#3). Highly connected individuals can exploit their powerful contacts to achieve their goals faster only by virtue of the status and the prestige of the names they are associated with.

informal activities. Generally speaking, trust is built on the basis of a tit for tat logic, where repeated and punctual exchanges along an indefinite time horizon works to cement relationships (Binmore, 2010, 2011). Breaking rules (not acceding to demands or complying with terms of the informal agreement) not only destroys trust and relationships but can have other long-lasting costs, such as being excluded from both licit as well as illicit opportunities.

This power to exclude from beneficial deals and favours means that the networks of “doers” have somehow an upper hand. Because there is demand for their services, if the relationship with a broker ends presumably there are other people who can step up in the broker role.

This has implications for embedding and perpetuating bribery since brokers and other individuals who profit from particularistic relationships must constantly cultivate them. In a few words, they have to continuously ensure that the links with the key actors (intermediaries, facilitators, doers, instigators) remain strong and do everything they can to ensure that this continues to be true. These mechanisms normalise and routinise bribe giving and the corrupt exchange.

Another reason that explains why the corruption fuelled by the actions of informal networks is so persistent and resilient is that, as the case studies illustrate, once these informal networks are joined or built by the seekers, they do not disappear after the original goal for which they were created has been achieved. Even if this set of connections is not used anymore for a specific objective, the information and contacts can still be shared and exchanged with other individuals who may need them. Basically, they become dormant, but can always be activated when someone needs them, e.g., a former public official can always use the relations with former colleagues or even superiors on the basis of the trust and reciprocity that they have previously built, putting them at the service of the needs of a relative, friend or fellow. The same can be said of seekers who may share the contact of a useful broker among his or her networks as part of the economy of favours that takes place through the harnessing of social networks in Uganda and Tanzania (Baez Camargo 2017).

Social capital, previous experience and operative know-how become immaterial resources that can be traded along the relational web of contacts that structure access to the public sector. Indeed, the case studies suggest that informal social networks function well to define and shape behaviours and they do so on the basis of expectations about trust and loyalty. In practice, the behaviours that shape the networks’ practices are based on social norms of reciprocity and obligations to help and protect one’s network. Mutual protection is one of the central tenets that are expected to be abided by for members of the networks.

IMPLICATIONS FOR ANTI-CORRUPTION PRACTICE

To be as effective as the informal networks described in this paper, anti-corruption initiatives should be focused more on problem solving rather than simply on imposing a normative standard. Practitioners should consider how to save the positive externalities that come from these informal networks whilst eliminating their negative effects, for clearly these relational structures are efficient and effective systems of mutual support that work well in challenging environments. More broadly, given that informal networks represent an investment, how can this be translated into concrete anti-corruption measures, especially considering that these relational structures are attractive because they yield profits, confer status, and make life easier?

TACKLING THE DEMAND AND SUPPLY OF CORRUPTION

Since the cases show how the informal networks are mechanisms articulated in response to matching demand and supply for informal deals, a first step is to discuss how demand and supply might be addressed.

On the demand side, one must not lose sight that the networks described in the case studies are all aimed at pursuing specific goals: accessing services and business opportunities or helping run a business smoothly. The people who pursue these goals and encounter challenges to achieve them, the seekers, drive the demand for informal solutions. Corruption, most frequently bribery, is the currency that enables and triggers the actions that are needed in pursuit of those goals. Addressing the functionality of the informal networks is therefore an important element in formulating anti-corruption approaches that target the motivations of the actors who engage in bribery and other illicit practices.

There are examples that show how improving and simplifying the access to public services drastically reduces the incentives to connect to or develop a network. The case of Rwanda is a good example of how when systems are reformed and invested in to ensure that service seekers can enjoy quality public services without long queues, informal networks lose relevance (Baez Camargo et al 2017 b).

Emphasising initiatives and programmes aimed at improving the ease of doing business would be an important element in addressing the incentives motivating private sector actors to seek informal connections. Simplifying procedures to open a business, obtain construction and other types of permits, access electricity, register property and pay taxes would be relevant elements in tackling some of the key challenges that private sector actors are often confronted with. Steps have been taken in Tanzania to offer “one stop shop” public service solutions and to digitalise payments and other transactions which hold promise to reduce the administrative burden for users.

On the supply side, reducing the ability of public officials to execute informal deals has of course been a primary concern of anti-corruption advocates and practitioners for decades. Squarely along the lines of these considerations, the research findings point to red tape as a conspicuous enabler of abusive officials’ ability to create difficult “environments” that incentivise seekers to decide for an informal solution. A plethora of public sector reforms aimed at decreasing discretionary decision making have been proposed, including more regulated decision-making processes and detailed SOPs, e-government solutions, increased transparency and voice as well as more controls and monitoring mechanisms. Often what is missing are not formal rules to regulate public sector processes but rather the decisive and effective enforcement of those formal rules. This is neither new nor encouraging for practitioners working in contexts where political will to tackle corruption appears to be lacking. But the insights from the case studies do illustrate why increasing formal controls to prevent corruption in the public sector might actually prove counterproductive because, other things being equal, the result might simply be that the number of individuals who must be bribed in order to be co-opted into the informal network goes up, which may actually fuel more corruption and further increase the costs for seekers.

In this regard, thinking strategically on how to align anti-corruption goals with the political agendas of key decision makers might be a particularly important aspect to consider. Several studies document how “islands of integrity” (understood as public institutions that reduce corruption despite being surrounded by endemic corruption) can arise in even the most complicated contexts (Marquette and Peiffer, 2018). As Roll (2014) concluded, a key political mechanism for the emergence of pockets of effectiveness is the interaction of political interest and function. The idea is to strategically promote anti-corruption action centring on high level political priorities because those can hardly be achieved when the concerned public institutions are plagued with corruption. When concrete priorities generate demand for better performance of public institutions it is more likely that the political will to undertake key reforms will be there.⁴

EXPLORING ALTERNATIVE APPROACHES

The case studies of informal networks and network corruption analysed here point to alternative approaches to think about anti-corruption programming.

a. HARNESSING SOCIAL NORMS

The involvement of some form of social connection – and the associated attributes of trust and expectations of reciprocity that are linked to sociality in the East African context (Baez Camargo, 2017) – represents a facilitating factor to the illicit exchange. This does not need to be the case once the aspects that motivate demand are addressed as the Rwanda example mentioned above shows. Clearly, when structural problems (such as deficient and insufficient public services or an uneven business playing field) are at play, a social norms approach can be expected to have little to no impact. At best targeting social norms might help complement or bolster other initiatives that tackle the underlying factors fuelling corruption.

The case studies do shed light on how social norms of reciprocity in both countries appear to be at play in the tit for tat mechanisms that are at the core of building and cultivating trust amongst the participants in the informal networks. Reciprocity can therefore be a principle to be explored to operationalise multi-stakeholder initiatives aimed at fighting corruption, such as for example integrity pacts involving the private sector and government which typically have trouble getting off the ground for lack of trust. A similar remark can be made about cultivating constructive engagement between anti-corruption authorities and non-governmental organisations where finger pointing and mistrust often precludes effective collaboration. Finding areas where small but meaningful exchanges between state and non-state actors and also among non-state actors themselves can be conducive to build trust. In convening multi-stakeholder initiatives, building trust amongst potential allies may be an element as important as awareness raising or capacity building when articulating anti-corruption actions. The brokerage function that has a central role in the articulation of informal networks could be taken up and adapted to facilitate tit for tat, trust building processes in support of anti-corruption initiatives.

⁴ A lot has been written about the Uganda Revenue Authority as an example of an island of integrity. See for example World Bank 2017 (World Development Report) World Bank 2018 (<https://www.worldbank.org/en/country/uganda/publication/increasing-tax-flow-key-to-financing-ugandas-growth-development>), Mette Kjaer et al 2021 <https://www.sciencedirect.com/science/article/abs/pii/S2214790X20303270#!>

b. IDENTIFYING AND EXPLOITING THE TENSIONS

As has been discussed in this paper, the process of building informal networks that makes possible the matching between the forces of supply and demand for corrupt services is costly, especially for seekers. The reason why they are so sought after is that, while networks require significant resources to be built and to maintain, the alternative - confronting the red tape, delays or the prospect of never getting a chance to do business with the government - is much costlier. This means that, *ceteris paribus*, seekers would rather not have to depend on informal networks to get what they need.

The above is especially true of the networks that the research has identified as being of an extortive nature. Users of public services who are confronted with delays and extortive demands to access services are likely to be motivated to reject and denounce corruption if they are given the opportunity and the right tools and channels. The same could be expected of businesses that transact with corrupt officials because they are forced into it and because they feel they have no choice. Interestingly, certain public officials may be the victims of extortion schemes operationalised by collusive colleagues or individuals higher up in the administrative hierarchy.

What this suggests is that standard stakeholder mapping activities that are usually undertaken as part of the background research to design anti-corruption interventions could fruitfully take these considerations into account in order to identify relevant and motivated stakeholders.

An example of a successful initiative that has greatly helped reduce demand for corruption on the part of business players is the Business Ombudsman Council (BOC) of Ukraine. This is an effective dispute resolution mechanism where businesses who encounter abuse or other types of difficulties when dealing with public institutions can channel their complaints. The BOC performs a dual function of broker and facilitator, engaging with the responsible agencies on behalf of the affected business actors and seeing that their cases are satisfactorily resolved. The implementation of BOC recommendations by authorities is close to 90%. It represents a solution to deal with corrupt officials, giving businesses a choice. This stands in contrast with several of the case studies discussed here, where businesspeople resort to informal solutions involving corruption because they feel they have no other choice.

c. FORMALISING THE INFORMAL?

The idea to work with the grain and find ways to formalise informal practices that are deeply rooted in local societies in a manner that promotes development outcomes is by no means new. This has even been proven successful with reference to anti-corruption reforms.

A relevant example is given by the Georgian case, where one of the public sector reform approaches undertaken by the Saakashvili administration to tackle petty corruption in the aftermath of the Rose Revolution was to institutionalise the additional costs users were willing to pay to expedite their transactions by allowing for more expensive fast-tracking in certain bureaucratic processes. The goal should be institutionalising the logic and principles of illicit exchange into the formal processes of the public administration. Instead of paying a bribe, the service users can pay a fee that gives them the opportunity to access preferential services. This means creating a valuable and credible formal alternative of investment with respect to corruption and informal networks.

Alternatively, anti-corruption practitioners can consider working with existing social networks that are effective and valued by citizens and promoted the adoption of concrete anti-corruption activities to benefit their communities. For example, during recent research in Dar es Salaam we studied grassroot level organisations called Village Community Banking (Vicoba) (Baez Camargo and Sambaiga, forthcoming). The Vicobas are micro-finance programs that aim to provide credit to low-income people who need capital to start their own businesses. The programs bring together groups of 25 to 50 people, mostly women, and allows them to combine their savings to create a community-based bank. They are beloved because they provide needed financial assistance. They rely in small but regular transactions where members know that, if they give, they will receive a benefit (tit for tat) and trust amongst participants is effectively cultivated. Almost without exception, in addition to the micro financing function, Vicobas undertake charitable activities and volunteer work to improve the living conditions in the wider community. These community-enrooted networks generate invaluable social capital that could plausibly be harnessed to empower communities to stand up against corruption.

CONCLUSIONS

This paper has provided a worm's eye view at networked corruption: how, why it takes place and by whom.

Resorting to social networks to address challenges is a common practice of citizens and business people in response to the institutional context, administrative quality, and political realities. The complexity of the formal legal framework, the fragmentation of powers and tasks, and the weak internal monitoring and enforcement capabilities of the state enable the creation of monopolies, of dynamics of collusion and corruption, and the development of successful informal strategies to undercut formal systems to offer informal favours and, in the process, make money. This environment, in turn, generates opportunities to develop informal systems, often articulated by social networks that help to navigate the complexity of the administrative field to ease access to services or to business opportunities offered by public sector contracts. Using informal networks and money, citizens and businesses are able to find an informal path through which to achieve their goals.

The functionality of the networks is a central element that cuts across all ten case studies. Anti-corruption practitioners can build on those insights by supporting the development of solutions to the problems that drive seekers to build or

join an informal network. Networks characterised by extortive exchanges provide opportunities for developing non-corrupt, formal alternatives to problem solving.

Collusive networks are trickier because most (if not all) of the parties involved are benefitting from the illicit transactions. In such cases, sharpening detection mechanisms and skills is important of course, and a challenge for anti-corruption practitioners is to devise whistleblowing mechanisms that take into account social pressures and expectations. A sobering lesson stemming from the case studies is that where high informality and reliance on social contacts to “get things done” are prevalent, formal control and monitoring mechanisms might have the unintended result of generating even higher levels of corruption. An output and results based approach, where the manner in which public contractors deliver on their projects and where metrics on delivery of public services can be monitored, might be a better proxy to detect corruption and to bring duty bearers to account.

Furthermore, the case studies clearly shed light on why corruption that is enabled by social networks is so difficult to address: social connections are lasting and they are sustained and governed by deeply entrenched social norms of reciprocity and loyalty. Social connections may remain dormant for long periods of time until they are needed again. Exploring how the social capital that works so well to articulate informal transactions can be put to the service of inclusive and collective goals where corruption is minimised should be a common goal of anticorruption scholars and practitioners and inform continued research and piloting of innovative approaches to combat corruption.



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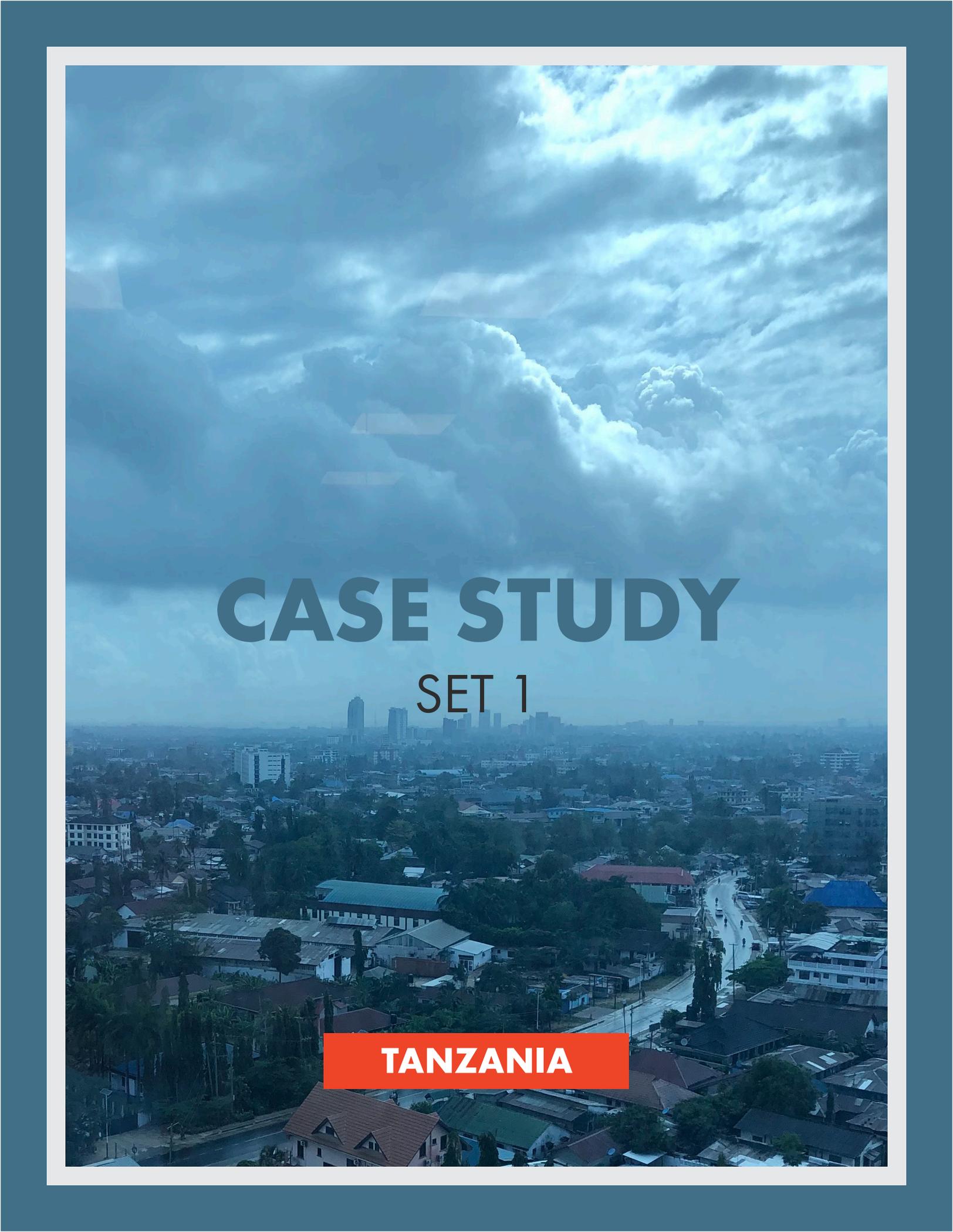
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An aerial photograph of a city in Tanzania, showing a mix of residential buildings, trees, and a road. The sky is filled with large, dramatic clouds, and the overall color palette is dominated by blues and greys, with a red banner at the bottom.

CASE STUDY

SET 1

TANZANIA

TANZANIA CASE STUDY #1

Seeking tax clearance through informal networks in Dar es Salaam

Dr. Danstan Mukono, University of Dar es Salaam

On 10th February, 2020 an interesting case scenario emerged in the course of a conversation related to our research. Someone pointed out that one of his relatives was in the process of applying for tax clearance from the Tanzania Revenue Authority (TRA) for the renewal of his business license. The narrative that follows provides a picture of what it takes for one to use informal networks to fast track a process that would otherwise be cumbersome and cost significant amounts of time and money to be done.

Three days before our meetings, our interlocutor, whom we will call the narrator, was approached by his relative for help, whom we will call the seeker. The relative needed to obtain a tax clearance certificate to renew his business license as quickly as possible. He worried about delays because he was still missing some of the official documents required for the clearance. The narrator assured his relative, the seeker, that he had a number of network friends [*mtandao*] who were willing to speed up the process in exchange for a little something: '*kitu kidogo*.' On the second day, the narrator approached a work colleague at the office asking him for help. That colleague knew someone who once helped him to build direct contacts with people at the Tanzania Revenue Authority (TRA) in order to solve similar issues related to obtaining tax clearances and licences. The work colleague agreed to put the narrator in contact with his TRA friend (friend of colleague) who in turn was experienced in maneuvering and brokering through informal channels.

On the same day, the work colleague got in touch with his friend, who had once helped him connect with people who are responsible for such clearance processes. Immediately, the friend of the colleague liaised with a broker operating in the proximity of the TRA office.

The broker depends on this everyday to support her family. For her, operating in the informal by helping people in exchange for money is to engage in a 'mission town' (meaning engaging in everyday deal making and tricks), which consolidates her recognition among fellow peers [*'kujenga heshima mjini'*]. The informal brokerage service is normally transacted for a fee between 100,000 and 150,000 Tanzanian shilling (approximately 45 and 65 USD), which is usually shared among a group of facilitators within the TRA office.

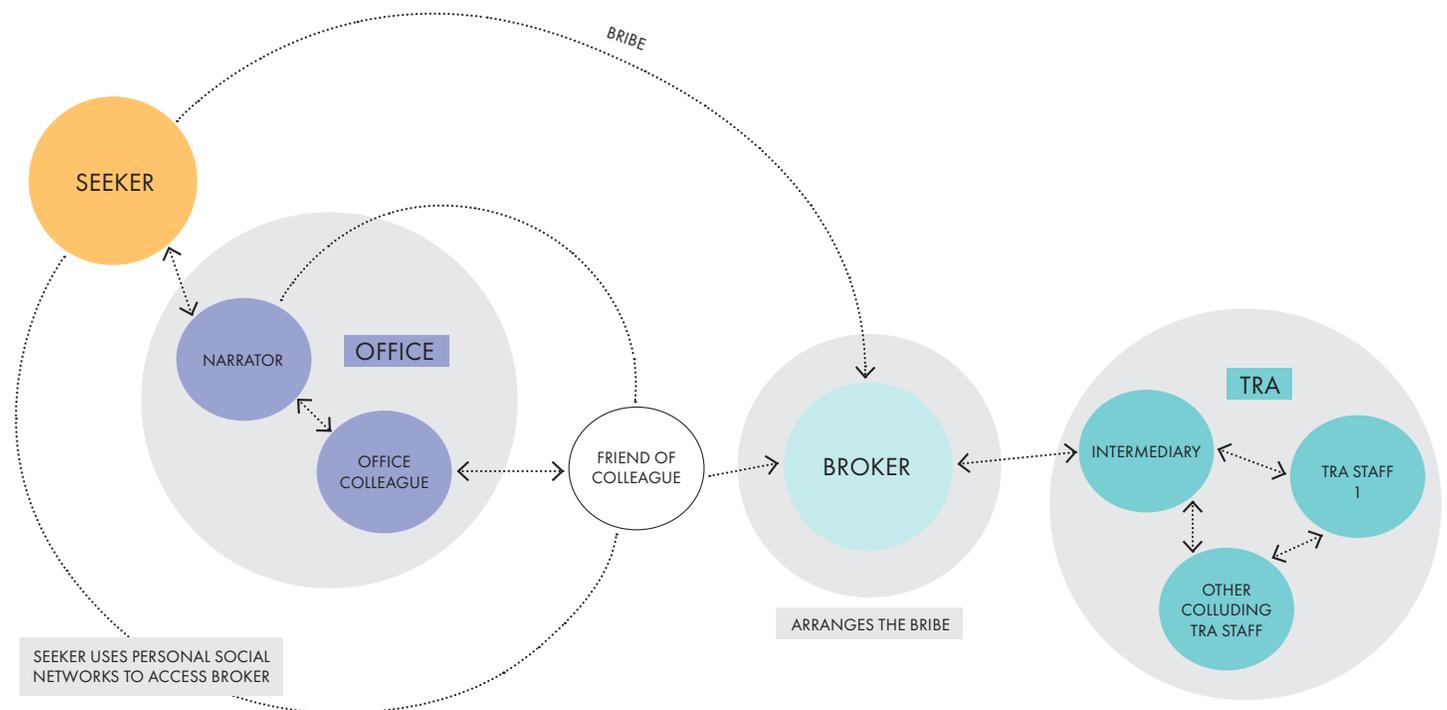
The following day, the broker instructed her TRA contact (the friend of a colleague), that money had to be transferred through an electronic money transfer (via mobile phone) in exchange for the service. The friend of the colleague reported back to his friend, who in turn passed the information to the narrator helping his relative. On day four, the narrator asked his relative, the seeker, to pay 150,000 Tanzanian shilling to the broker as instructed. After sending the money, the narrator asked his work colleague to check through his friend whether the broker had received the money. Through this communication chain it was communicated that the broker had received the money.

Subsequently, the friend of colleague provided the phone number of the broker to the work colleague who in turn shared it with the narrator so that either he or his relative (the seeker) could now communicate directly with the broker. Thereafter, the seeker agreed to meet the broker near the TRA offices. The broker provided instructions on

how to proceed and connected the seeker with an intermediary from the tax office, who is responsible for issuing the Tax Identification Number (TIN). The intermediary works closely with the broker and also mediates the negotiations with the seeker on behalf of TRA staff 1, whose responsibility is the preparation of the tax clearance and license and is therefore a crucial person in connecting with other TRA personnel, here collectively referred to as other colluding TRA staff, who are those dealing with document verification and the issuance of the clearance.

All of these actors working within the TRA office are connected and everyone expects to receive compensation after facilitating the process. Finally, all processes were completed within a span of four days avoiding long delays, and the broker brought the licence to the seeker.

This case study illustrates a number of nodes that facilitate corrupt transactions through informal means to bypass formal, inefficient bureaucratic channels. It is undeniably true to say that for one to succeed and avoid bureaucratic hurdles that would take weeks if not months to go through, service seekers are constantly tempted to venture into such malpractices for the sake of personal interests and to pragmatically secure a service. These processes and procedures are facilitated through interpersonal connections that are informally produced and legitimised.



TANZANIA CASE STUDY #2

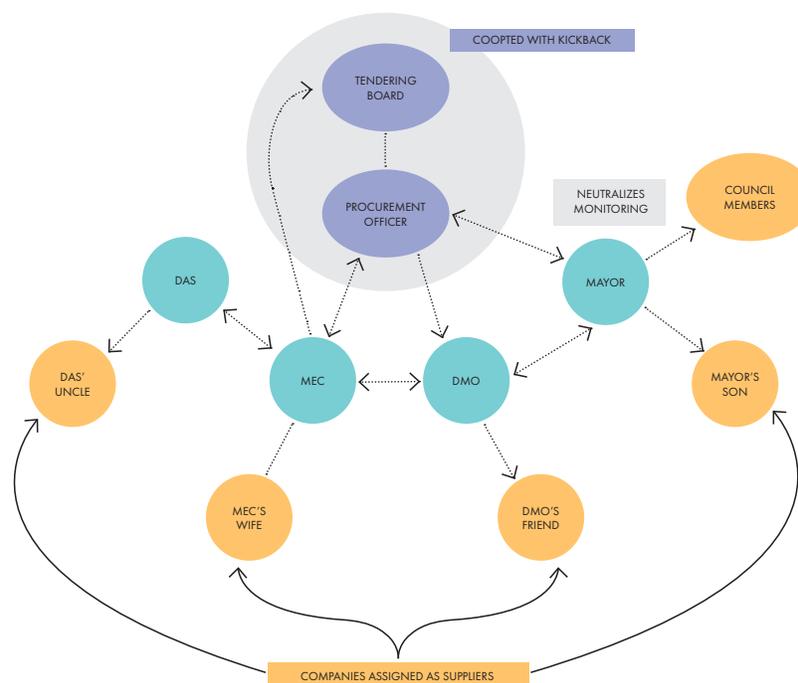
Informal networking and tendering practices in local government

Dr. Danstan Mukono, University of Dar es Salaam

The 2011 Public Procurement Act stipulates for tender boards to follow formal rules when awarding contracts to a winning service provider in an accountable and transparent manner. It also stipulates procedures for declaring any conflict of interest among public officials. The present case study emerged out of curiosity to understand why public officials continue to compromise existing regulations in order to advance their personal interests in spite of these conflict of interest laws. We talked with various individuals - both formally and informally - to understand the nature of existing relationships among different actors who overturn formal procurement rules, procedures and processes. During the discussion with one of our informants, we came across an interesting case which allowed us to study and document a complex web of public officials, who together with their close relatives and allies make up a web of informal networks. The information contained in this case study was provided by a retired senior intelligence officer.

From the research interview we noted that three years back, one of the district councils in Dar es Salaam convened a tender board meeting to select key contractors who were to supply different construction materials for the completion of a health center. Among these were suppliers of corrugated iron sheets, bricks, cement and timber. Formally, we were told that all normal procedures guiding public procurement processes were followed at the time. However, the tender board agreed, on the condition of anonymity, that the supplying tasks were given to companies owned by top officials of the district council and their allies. Our informant noted that, to rectify the situation, this tender was later revoked.

For the purpose of exploring informality, we illustrate nodes of actors and their relationships that were implicated below:



In connection to different construction service supplies mentioned earlier, members of the tender board agreed that corrugated iron sheets would be supplied by the District Administrative Secretary (DAS), who was at the time the second highest public official in the District Commissioner's office. He used his uncle's company to secure the contract. The cement contract was assigned to the Municipal Executive Director (MEC), a top local government official of the Municipal Council, although the name of the supplier company was registered in his wife's name. The District Medical Officer (DMO), the top public official managing health matters at the district level, was given a contract to supply building bricks. The DMO collaborated with his close friend whose company received the contract. Finally, the tender for supplying timber was given to the Councilor and Municipal Mayor, who used a company registered under his son's name. In this relationship, we had at the centre of the process, the Procurement Officer who acted as the facilitator, orchestrating all activities in terms of preparing key documents and executing directives from top officials.

The Procurement Officer informed that paying bribes would "smooth [*ilisawazisha*] the way" and help communicate with the five members of the tendering board, so as to make sure that the preferred contractors were selected with a promise of getting kickbacks. To camouflage these malpractices and avoid being under the councilors' scrutiny; the Councilor and Municipal Mayor co-opted key council members by bribing them so that they would not disclose the fraud during financial committee meetings.



This cartoon shows a committee member of the tendering board. The chairman explains to members that an iron sheet will be bought from the District Administrative Secretary's company while bricks will be brought from the District Medical Officer's company, cement from the District Executive Director, and timber from him/the chairman.

Cartoon drawn by Masoud Kipanya a critical political cartoonist illustrating this case.

Source: Masoud Kipanya (@masoudkipanya). Twitter

Interesting to note in this case study is the existence of a web of relationships across two government administrative tiers. First, the DAS from the central government, held a key office representing the President and was responsible for spearheading development projects taking place at the local government level. Second, the MEC, the chief accounting officer at local government, colluded with the DMO, the procurement officer and the tendering board, who were his subordinates, to defraud the procurement process and split up the ill-gained contracts. We note that another key actor responsible for looking after people's interest, that is, the mayor and other members of the district council, collaborated in such networks for the advancement of their personal interests. The existing checks and balances mechanisms from the central government administration were thus subverted by the collusive actions of local government actors, who were all informally connected to profit at the expense of a project meant to advance the public interest, namely constructing a new health centre.

TANZANIA CASE STUDY #3

Informal networks and transactional exchange in the transportation sector

Dr. Danstan Mukono, University of Dar es Salaam

Travelling upcountry brings to one's attention a lot of issues that shape the everyday routine of transportation enterprises offering services along high transit routes. These companies must compete with each other to attract travellers. This case study describes what we learned while conducting research on how entrepreneurs strive to keep their business profitable in this sector. "Mbabe wa barabara", there are roadblocks to becoming a powerful player in the business of transporting people, : it is not an easy job and demands a lot of calculations. For some, the solution to be competitive is to develop bribery networks encompassing transport agents, drivers, conductors, bus owners, traffic police officers and relevant authorities who are relevant to different tasks and challenges encountered along the transit routes. The phrase which captures this approach, which we heard while conducting this research, is "kukata pochi" meaning that giving money allows you to survive.

The case narrated here gives a glimpse of one powerful transporter, who dominates one of the most important upcountry routes in Tanzania. It should be noted that this business person is also an influential politician, a member of Parliament, and someone who is known to be a regular financial supporter of the ruling party in one of its strong hold regions. He is referred to here as an MP businessman.

This case therefore illustrates what is not an unusual phenomenon in Tanzania, namely the nexus between political and business interests whereby powerful politicians also are running their own businesses. We gathered this information for this case study from transport agents, drivers and conductors at the Ubungu Bus Terminal in Dar es Salaam. The case study reveals a network of actors contributing to clear obstacles encountered by the transport enterprise related to delays, exceeding speed limits, road blockages and infringement of traffic regulations.

At the centre is the MP businessman. Then, there are the drivers who work for him, who are not only responsible for driving but also for maintaining constant communication among themselves as they meet along the roads to share valuable information on issues such as roadblocks and traffic controls. There are also bus conductors, who are in charge of undertaking negotiations with traffic officers in case of their vehicle being stopped. Conductors use motor vehicle registration cards to hide money that is given to traffic officers. This is always a calculated act prior to reaching envisaged difficulties located in different check points. As succinctly expressed, this inherent practice is known as "bila kushikisha mkono hautoboi," which means: without giving hand (bribe) to traffic police, you will not reach your destination. Two other important actors on the road are bus agents in different regional/district bus stands and other drivers in transit: bus drivers, trucks, private and public cars, who are all potential informants about dangers and barriers occurring on the road. Our informants explained that agents are responsible for communicating with fellow district or regional drivers who frequently transit the same routes as the vehicles of the MP businessman's company and have awareness of what is happening on the road. In exchange for bribes, the agents are able to share such information in advance with drivers and conductors, which allows them to take precautions to evade traffic jams, roadblocks or checkpoints.

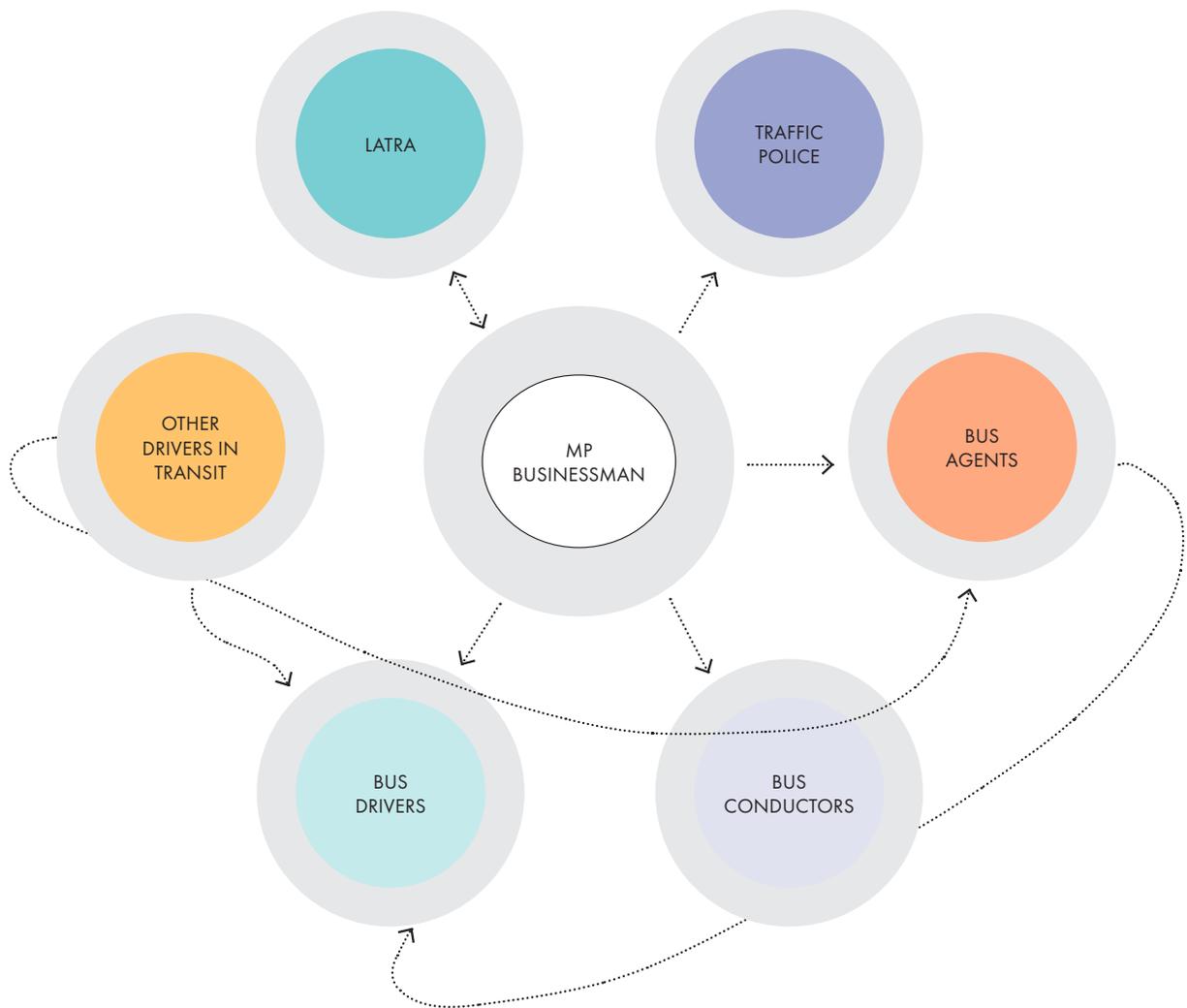
In addition to these webs of connections, there are two other actors: institutionalised representatives from the Traffic Police Unit and the Land Transport Regulatory Authority (LATRA).

We were told that there are two scenarios that are usually practiced:

In the first one, the MP Businessman enters into agreements with some of top officials from the Traffic Police to provide a specific amount of money regularly (either on a weekly or monthly basis). They refer to this act as “*kupeleka hesabu*” which literally means providing monetary transactions. These top level officials direct those officers under them to let the buses pass freely without any obstacles.

In the second one, bribery also facilitates the evasion of fines, for example by enabling the omission of evidence of speeding vehicles captured through traffic monitoring cameras. In Tanzania, currently there are institutionalised speed limits of 80 kilometers per hour for all buses. LATRA, the authority responsible for regulating this transport sector, has installed car speed tracking systems on several high-transit roads. Powerful transporters, such as the MP businessman have colluded with some LATRA officials administering the system, bribing them to ensure that their vehicles can drive beyond the speed limits without being fined. Respondents even noted that, “while travelling you experience that drivers are speeding, speed alarms are alerting them but they do not slow down”.

In sum, informal relationships with several different actors who help facilitate the journey of passenger vehicles in one way or the other are helpful to succeed in the highly competitive business of public transportation. Like in other cases we have documented, corruption related practices are considered to be normal and actors in these sectors are not ashamed to engage in such practices. It was emphasised that “it is our life and no way out to survive without it.”



TANZANIA CASE STUDY #4

Informal Networking for Business Startup

Dr. Danstan Mukono, University of Dar es Salaam

This case study is an excellent illustration of the nexus among corruption, informality and networks. It represents a narrative around informal networking that is all too common and prevalent in Tanzania's business sector by showcasing the widespread use of networks and associated core practices by members of the Dar es Salaam business community. The interview took place in December 2020 and tells the story of a Tanzania startup during the process of registering their business with respective government agencies, a yearlong registration process completed roughly two years earlier. The informant calmly summarises the whole experience in one concise and telling sentence: *"bila watu ufiki popote"*: without [the right] people or connections you won't get anywhere. The business in question is a mid-sized production firm operating flour milling machines for various clients. Getting the business up and running at the time required a lot of paperwork and several clearances from different government counterparts. A crippling bureaucracy in general and overly complex procedures to register a business in particular opens many possibilities for administrative bottlenecks, according to the informant. This drives people to look for pragmatic solutions by means *"kukata pochi"* (literally search one's wallet for available means), an allegory somewhat similar to the English metaphor of "digging deep into one's purse or pocket".

We anonymously refer to our informant as "Mwampojoli" and we present different actors - from the Tanzania Electricity Supply Company (TANESCO), the Tanzania Revenue Authority (TRA), and the Municipal Authority - with whom Mwampojoli had to engage informally to expedite the service. Mwampojoli started the conversation by noting:

"Wherever you go, it is impossible to move forward without having someone who knows you or connecting with a person who has established relationships working in these agencies."

Although calm and collected throughout, he insisted that "the entire process drains you of money, time and energy". Below, we reenact the tedious and lengthy process he had to go through to fulfil his dreams and set up a business producing, repackaging and supplying flour in Dar es Salaam.

STEP 1: SECURING A LAND AND FORMALISING THE PROPERTY FOR BUSINESS PURPOSES

Mwampojoli's first encounter was with a member of Dar Es Salaam's Municipal Council, to secure access to a plot of land where he wanted to set up the physical business and install a milling machine. From the Municipal Council he was sent to the Land Office and referred to a Municipal Land officer. The land officer had to run a due diligence check to assess whether the plot was available for such an investment, which had then to be formally legalised. This was a prerequisite for the land to be appraised, and for the land title and deed to be issued and transferred.

He said that the process was anything but straightforward. Aside from the Municipal Land officer, he had to go to a Land Evaluation Officer who was to conduct a site visit for surveying, verifications and demarcations. He also met with a Records Management official offering to accompany him along the process in an unofficial capacity and in the role of facilitator. During each encounter, a relationship was built out of need and necessity, with each official making every effort to create barriers with the purpose of eliciting a bribe. Without giving bribes, the dossier would

probably have gotten lost or hidden by staff at the land registry office at the direction of the land records manager, or else be put at the bottom of the pile in the municipal land officer's desk, or be delayed with endless excuses by the Evaluation Officer.

To engage with this municipal staff in a first instance, Mwampojoli sought help from his close friends who used to have connections in the land office. However, because he lacked the right connection that could link him to the Municipal Land Officer, he took matters into his own hands. He inconspicuously stalked the officer to find out where the latter would go in his free time and outside office hours, the type of close friends he would meet, and in which neighbourhood he spent his leisure time. He learnt which was the favourite bar of the Municipal Land Officer and then proceeded to befriend the bar owner, to whom he expressed his need to be connected with the Municipal Land Officer.

The bar owner promised to take care of things and introduced him to the municipal land officer, who in turn agreed to fast-track his application. To avoid any doubts and rule out any disputes among them, all parties specified and informally agreed to terms and amounts owed for the various transactions, with payments made to the bar owner (now acting as an intermediary) who then paid the money to the land officer. In the meantime, a former school mate of Mwampojoli, who is currently working in that Municipality, introduced him to the Land Evaluation Officer. This former school friend promised to ask that officer to reduce the bribe and to speed up the process, insisting that Mwampojoli be fairly considered under the premise that *"Mwampojoli ni ndugu yangu kama wewe"*/he is [as much] my relative as you [are]. It was the same former school friend who also introduced Mwampojoli to the Land Records Manager, who was paid a bribe in exchange for taking up the role of facilitator. As such, he would track the application and put the file on top of the pile for quick signing and immediately send it off to the next stage. If it was not for money and the right connections, Mwampojoli emphasised, they would have made the process notoriously difficult for him, like for all others deciding to *"mkono wa birika"* (lit. to put their hand on the cistern, i.e. to be miser) - similar to the English idiom "to tighten one's purse string". Quickly reaching into one's pocket instead and handing out envelopes with money will make life much easier, not only to sort clearance issues during the formalisation process of land titles.

In the next stage, the documents go to the Land Commission at the Ministry level, where one is met with further barriers and hurdles. Mwampojoli said he had to find yet another facilitator at the Land commission, who would forward his application for final approval of the land deed. In a similar way, that person was identified by another close friend and fellow business associate. This friend made things much easier for Mwampojoli and helped him clear all procedures at the Ministry by getting all the "official" help necessary.

STEP 2: OBTAINING A BUSINESS LICENCE TO MEET URBAN PLANNING AND INFRASTRUCTURE DESIGN REQUIREMENTS

After securing the title deeds, Mwampojoli ventured into building infrastructure for his machinery. In the process he was required to get various building permits. He had to go back to the Municipality, but this time needed to interact with a different office, that of Urban Planning. This is where his building design had to be approved by the Dar Es Salaam Urban Planning Officer, who first called a meeting for verification purposes.

Based on past experiences, Mwampojoli had to immediately give some money to facilitate the verification process. Through his previous encounter he was already connected with the land evaluation officer, who now acted as broker, linking him up with the right people, thus ensuring his architectural designs were quickly approved and cleared without any major stipulations. Mwampojoli asserted vehemently that *"mjini unahitaji watu"* - you must follow up with people in town- in order to succeed, no matter what one wants to accomplish and regardless of whether one meets the official

requirements. He observed that, “as long as you have money and as long as you know somebody, things will be easier and your requests will [more likely] be cleared by government officials.”

Once the building’s construction was completed and all machinery set up, Mwampojoli had to get a business license from the Municipal Trade Officer. For official clearance and final issuance, he had to follow certain procedures and file the required paperwork. The network he had previously built was useful to tease out the proper channels and most convenient way. In other words, the various individuals he had previously bribed to begin with stayed on as “useful helpers” and “convenient contacts”. In this case, Mwampojoli had already established a tie with one of the employees from this municipal office (henceforth referred to as the “acquaintance”) during a training he had conducted with other business people. This acquaintance made it easier for him to get all procedures cleared out in a more timely fashion. For a process that would usually take more two to three months, his application took two days to clear after he had filled the necessary forms and paid the licence fees. Once the licence was issued, the Municipal Trade Officer arranged a meeting to hand over the licence. For those without such connections, Mwampojoli said, the process would be delayed significantly, but not so much because of long queues, but because of hurdles across the process deliberately set up to elicit the payment of bribes. The connections made along the way (and each time a bribe was paid), tend to stay on and may provide opportunities for brokerage for future operations, transactions and processes. It is ultimately bribery that gets things done.

STEP 3: ACQUIRING A BUSINESS TAX ESTIMATION AND CLEARANCE FROM THE TANZANIA REVENUE AUTHORITY (TRA)

The next step was to engage with the TRA in order to obtain a corporate tax estimation and be issued with a tax clearance certificate. During this process, Mwampojoli had to meet with the Taxation Officer who was responsible for making calculations and estimations based on the documentation presented to him. Because there was no clear documentation of actual working capital, the estimation was very much contingent upon the taxation officer’s personal discretion. As such, he had the power to make higher or lower estimates depending on “*mazungumzo*”, the extent of formal bargaining. To improve his chances Mwampojoli agreed to provide “*hela ya maji*” - a kickback - in exchange for the lowest possible tax estimate. He would otherwise not have been able to afford a higher tax rate. Manipulating formal procedures becomes an alternative means to keep down tax expenses. He went on to say that without doing so, some businesses are forced to close because of over-taxation based on contradictory and ludicrous tax calculations. He thought that “lessening the burden through “*kitu kidogo*” - small tips - is the right thing to do and a prerequisite for building a profitable business.

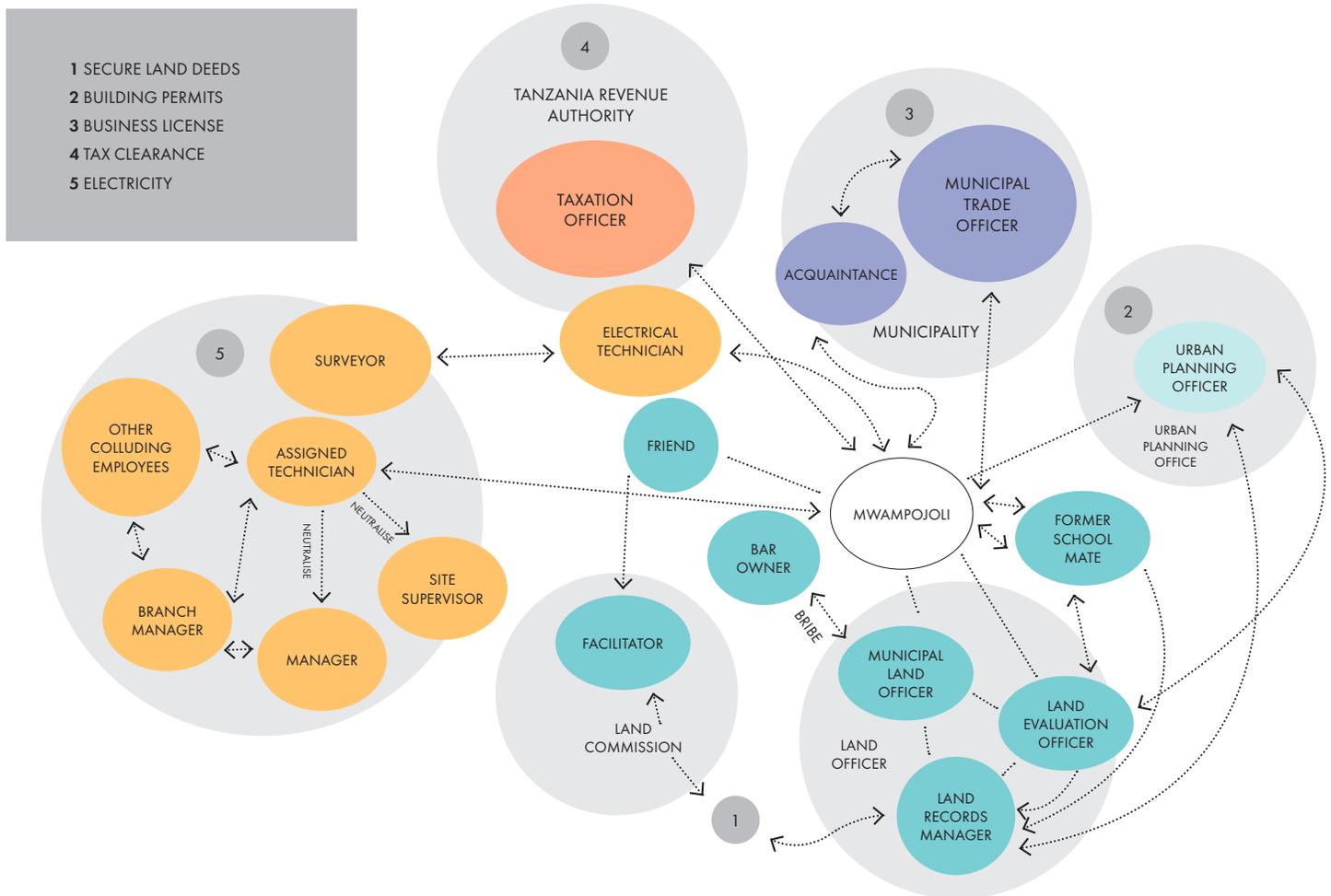
STEP 4: SECURING ELECTRICITY AND WATER SUPPLY

Mwampojoli shared yet another experience from when he sought to have his business connected to the electricity grid and water supply. This process is also far from straightforward.

He said that priority is given to those who provide “*kitu kidogo*” and those with an internal networks. A first step consists of completing and filing forms to be handed to a Surveyor, who is tasked with evaluating whether the applicant meets the requirements. Because of the high number of clients, his readiness to make timely evaluations depends on personal communication and proximity. To get to know a suitable surveyor, Mwampojoli talked to his electrical technician who pointed him to an approachable surveyor. This is what followed: The forms were authorized by Branch Manager, who had internal connections with other colluding employees with whom he shared all applications of those looking to be supplied with electricity quickly and more urgently.

Having an electricity pole installed and be connected to the grid is not an easy undertaking, according to Mwampojoli. First, he had to talk with an assigned electrical technician who agreed to “*kuwapoza*”, deceive or neutralise, his immediate supervisors, in order to enable the informal transactions to take place. This involved the manager, the site supervisor and fellow technicians who would be on duty on the day scheduled for setting up the electricity connection. In addition, there were another five technicians and a driver (other colluding employees) who would help to expedite the installation and who would also be entitled to a share of the “*cake*”. Mwampojoli had no choice but to hand them a “*bahasha nono*” - a huge envelope - with enough money to satisfy all parties involved. For those opting for the formal channels, the process takes more or less three months. Mwampojoli had his business supplied with energy in seven working days. He was of the view that all of this was only possible because of personal connections and “*kitu kidogo*” (small tips).

Mwampojoli firmly believes that without informal networks and money nothing works. He also asserts that for most people this is simply how things are handled and rightfully so.



Informal Networking and the formalization of unplanned urban land

Dr. Danstan Mukono, University of Dar es Salaam

The government through the Ministry of Lands, Housing and Human Settlement Development is calling to formalize, upgrade and transform unplanned land to private companies. This case study narrates how connections helped secure one local government tender associated with this process. The experiences shared in this case draw from conversations with some of the members of an established land formalization committee.

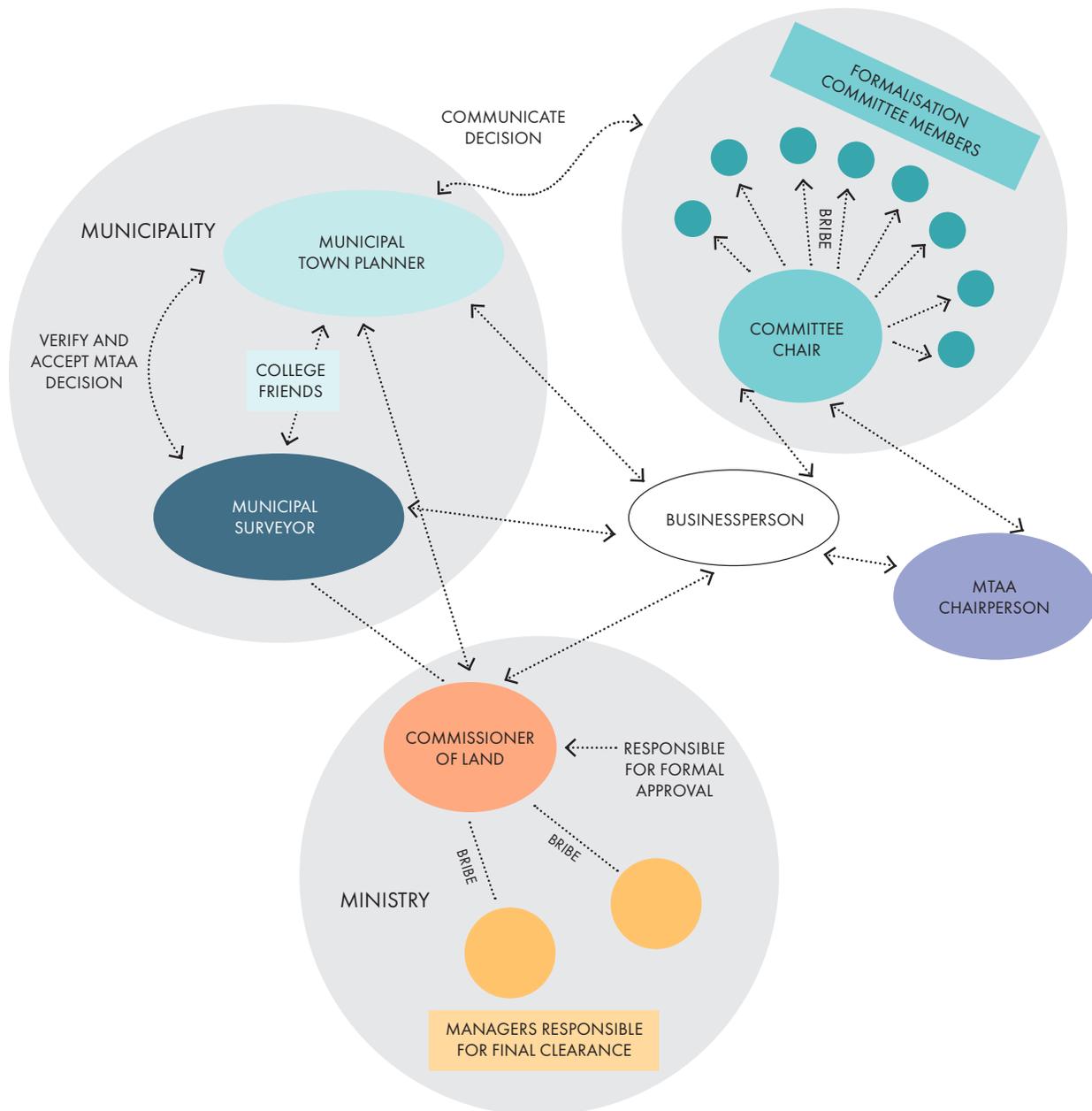
When reallocating land use through this initiative, the districts, town or municipal councils are not directly involved in surveying land, but rather oversee the entire process. The Mtaa/street Assembly (the most decentralised government level in Tanzanian urban areas) is responsible for inviting competitive bidders to apply for land. Various companies were invited to attend and compete in this public expression of interest during an extraordinary Mtaa/street assembly convened in 2019. There is a competitive process in which each interested bidder is scrutinized during an Mtaa extraordinary meeting. At face value, it appears that the entire process of identifying a winner is transparent, but a closer exploration suggests that one needs to network with different individuals to secure the tender.

According to one of the key actors in this case study - a business person (henceforth "businessperson") whose company succeeded in acquiring public lands - there is what he referred to as "kufanya fitina": conspiring so as to defeat competitors. This businessperson's company won the contract not only because it was deemed to be good as per people's assessment during the Mtaa assembly, but crucially because the businessperson had the right connections. One informant said that they deliberately built strategic networks with different people, ranging from Mtaa leaders and government officials from the Municipal offices to selected members of the formalisation committee who represents each zone that makes Mtaa. These zones resemble the formal idea of nyumba kumi/ ten cells and currently each zone constitutes at least 40 households. The Mtaa in question had eight zones that appointed two representatives to constitute that committee. Before that, Businessperson came into close contact with the Mtaa Chairperson, and together they strategized to make sure that they could co-opt the zone representatives who were most likely to be elected as chairperson of the committee. The targeted person who was thereafter appointed as committee chairman, influenced other members to accept Businessperson's company. Working closely with Businessperson, the formalization committee chairman prepared "bahasha"/envelope(denoting bribes) to be provided to eight committee members whom they thought were still undecided in reaching an anonymous decision to select Businessperson's company.

At the municipal level, the Businessperson had to establish a connection with the Municipal Town Planner and Municipal Surveyor. These are college colleagues and friends from the Businessperson's university. These were crucial people because after the first process of Mtaa selecting their preferred bidder, suggestions were forwarded to the Municipal Town Planning Offices for official approval. Such friendship helped to outsmart the company against other competitors which, according to one of the informants who contributed to this case study, were highly experienced and have done a lot of similar activities in other areas. But, other companies that failed to play "fitina" and establish strong connections ended up being outperformed by inexperienced companies. Connections with these friends from Municipal offices helped to provide extra details and linked the company with other networks at the Ministry where land plans are authorized.

One of the experienced actors in this exercise noted that this relationship with the surveyor and town planner made the task of engaging with the Commissioner at the Land Office, who is the person responsible for approval of the land transaction, very easy. The Municipal Surveyor knew the Commissioner through official meetings and they had built a strong friendship. The Municipal Surveyor therefore informed the Commissioner that his relative (“ndugu/ jamaa”) has won the tender, asking him to formalise the land use plans pending the formal approval of documents. He added that the Businessperson would be ready to provide “maji” for him to fast track all procedures. The Commissioner subsequently informed the Businessperson that for things to go smoothly, they would have to prepare a small share “kitu kidogo” for his other two immediate bosses who are responsible to formally clear the land transaction documents.

One of the informants who contributed to this case study pointed out that after this experience, the Businessperson could expect to get more assignments from other Mitaa/Streets. The expectation is that, after cementing this network, there will be more “to eat” with everyone “tutakula nao sana”. The different actors involved in this scheme have kept in contact so as to identify any opportunities to get money “mchongo”.



TANZANIA CASE STUDY #6

Informal Connections and Favoritism in Service Levies and Business Licences

Dr. Danstan Mukono, University of Dar es Salaam

This case study illustrates the experiences of people applying for business licences or payment of annual local government service levy. Over two weeks we interacted with different individuals who came to one of the Municipal councils in Dar es Salaam. Their experience points to informal practices shaping these processes. Their encounters provide a complex picture of how informal connections either facilitate the quick provision of licences or help negotiate downward the amount of the service levy required. A business person recounted the various mechanism(s) that people resort to in order to obtain a license in the face of bureaucratic hurdles and delays.

We met a business woman who came to the municipal office to both renew her expired business license and pay the annual service levy of TSH106,000. Having to pay some late payment fines she came to the council with the expectation that something had to be done to avoid paying the late fees and negotiate the amount for the service levy. It was interesting to note that the formal regulations provide for instances where the service levy amounts can be significantly reduced for those who struggle and dispose of minimal operating capital. This information is not well publicised and deliberately kept secret by department of commerce employees, unless someone is ready to provide “majji” or can activate close allies from their respective networks.

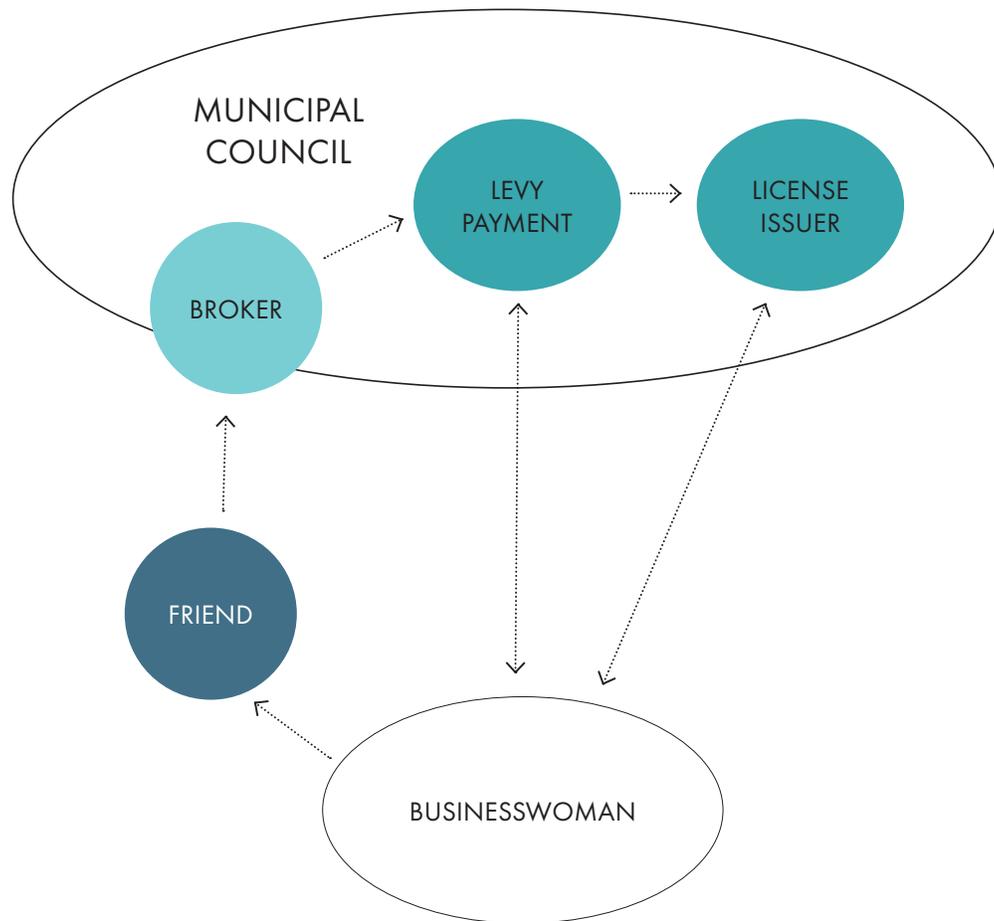
The businesswoman in question had a friend she used to work with in one of the Town Councils in the Southern Highlands. In order to make life easy she contacted that friend, who had been transferred to this Municipal council as an accountant. Her friend had already been transferred to yet another regional district, but promised to contact a former office member (broker) who could connect her with the person responsible for issuing licences and determining the exact service levy due.

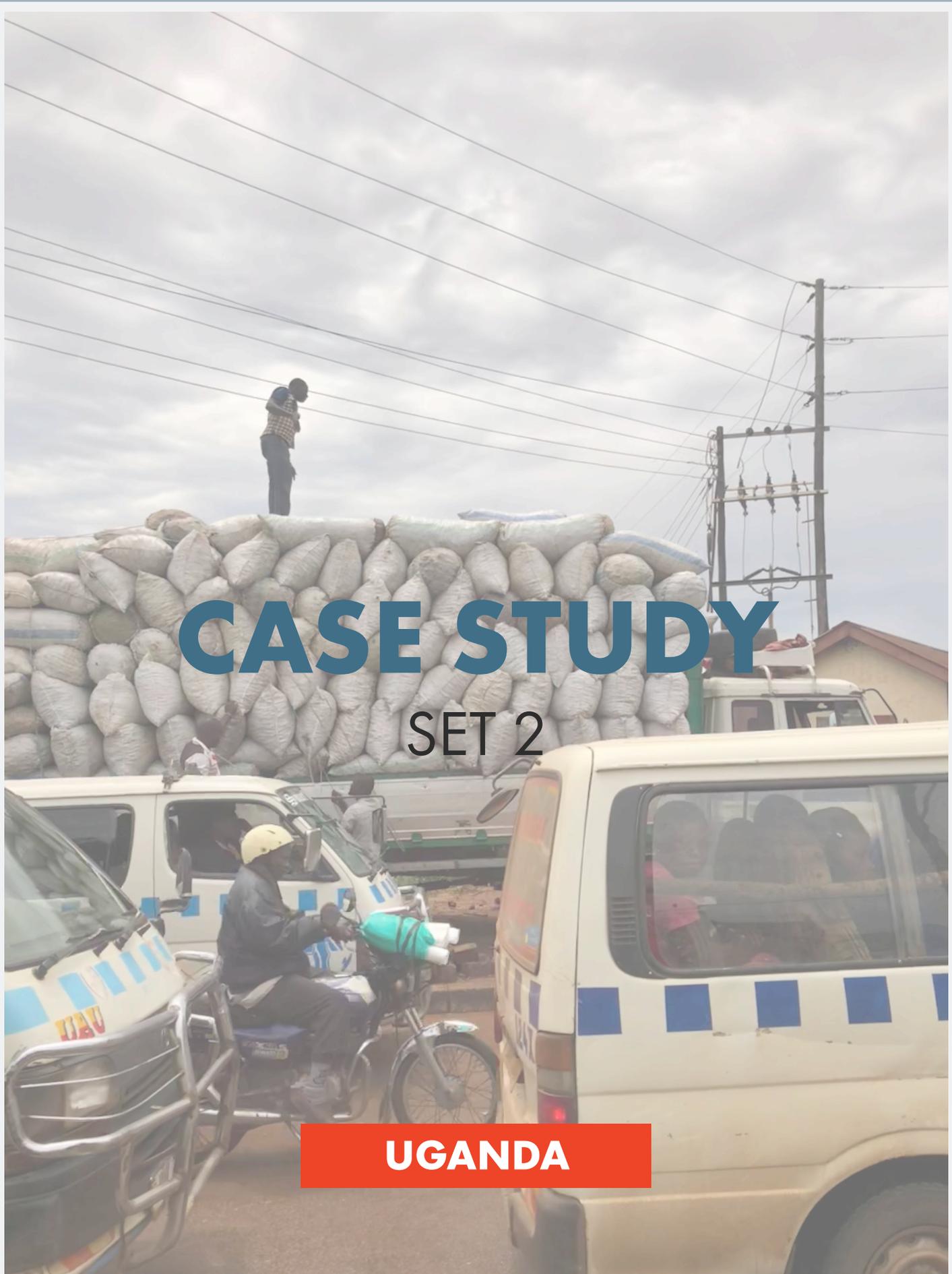
The friend contacted his former co-worker who then brokered a link with the responsible accountant handling the licence revenues. The business woman’s friend then shared the accountant’s details with the business woman. The business woman contacted the accountant who helped reduce the levy amount from TSH106,000 to 52,000. To then obtain the license in a timely manner, the accountant again connected the business woman with the person dealing with issuance of the licences in order to fast-track the process. Instead of having to wait up to three weeks, the license was issued within two working days.

During this stage of the research at the municipal council we noted that most of the customers were struggling to find shortcuts, be it through bribes or by building connections. Among those we talked to, six confessed to having been connected through a friend to see a person who would then facilitate the process. Our observations identified different strategies used to transact the money, including using other business people such as food vendors or mobile money transaction service providers. It was normal to hear that “Afisa X”/official X will come and take his/her parcel/’mzigo wake’ here.

In supplementing the above views from other informants, it becomes evident that there are extended networks that link up to public officials via informal relations including individuals at nearby business spaces who act as intermediaries.

Actors in these spaces seem to normalise such practices and, when speaking about them, emphasise that this is characteristic of their everyday encounters and that “if you want things to move you need a friend and to give money.” Otherwise, people may queue for a week before being taken care of. One of the pointed out to one of the customers who had come while conversing: “you see that guy, he has come just now, and note how fast he will cross all this queue”. Immediately, we noted that he gave a written note to one of the office attendants to send for an official. His documents were collected much faster and he left the place very early compared to others who came earlier and were still waiting to be attended. We learned that memos and money travel fast between service seekers and providers and services become informally beneficial for those who are ready to make the connections.





CASE STUDY

SET 2

UGANDA

UGANDA CASE STUDY #1

The use of informal networks to obtain a driver's licence

Robert Lugolobi, Independent consultant

The respondents run a business training aspiring drivers of motor vehicles. They have been driving instructors for almost 20 years. They also offer their assistance to learning drivers who are going through the official process of obtaining a licence. The whole process starts with the applicant applying for a provisional driver's licence, during which the respondents assist people with filling out forms. The licencing process is supposed to commence with the applicant having their eyesight tested by a medical officer. However, the respondent's service entails taking the forms to the medical officer who then issues such aptitude attestation without actually testing the applicant. In exchange, the respondent pays the medical officer a bribe of 20,000 to 30,000 Uganda Shillings (UGX).

After the respondents obtain the aptitude report and pay the provisional license fees on behalf of the applicant, they take the application forms to the Face Technologies Office, which is a Government-contracted company in charge of processing and issuing driver's licences. There, the respondents pay another 5,000 to 10,000 UGX to jump the long queue. The scanning and processing of official documents costs yet another 30,000 UGX.

In the next stage, the applicant is tested by a Police Inspector of Vehicle (IOV) for their driving skills and knowledge of road signs and traffic rules. The respondents state: "This test is supposed to be free but in Africa nothing is". They pay the IOV an additional bribe of 60,000-70,000 UGX to be exempt from taking the actual test. Instead, the Inspector of Vehicles (IOV), a police officer designated to test applicants for their driving skills/competence, provides them with the PASS notification letter. All forms are then returned to 'Face Technology' for processing and final issuance of the driver's licence.

WHAT IS GOING ON "BEHIND THE SCENES"?

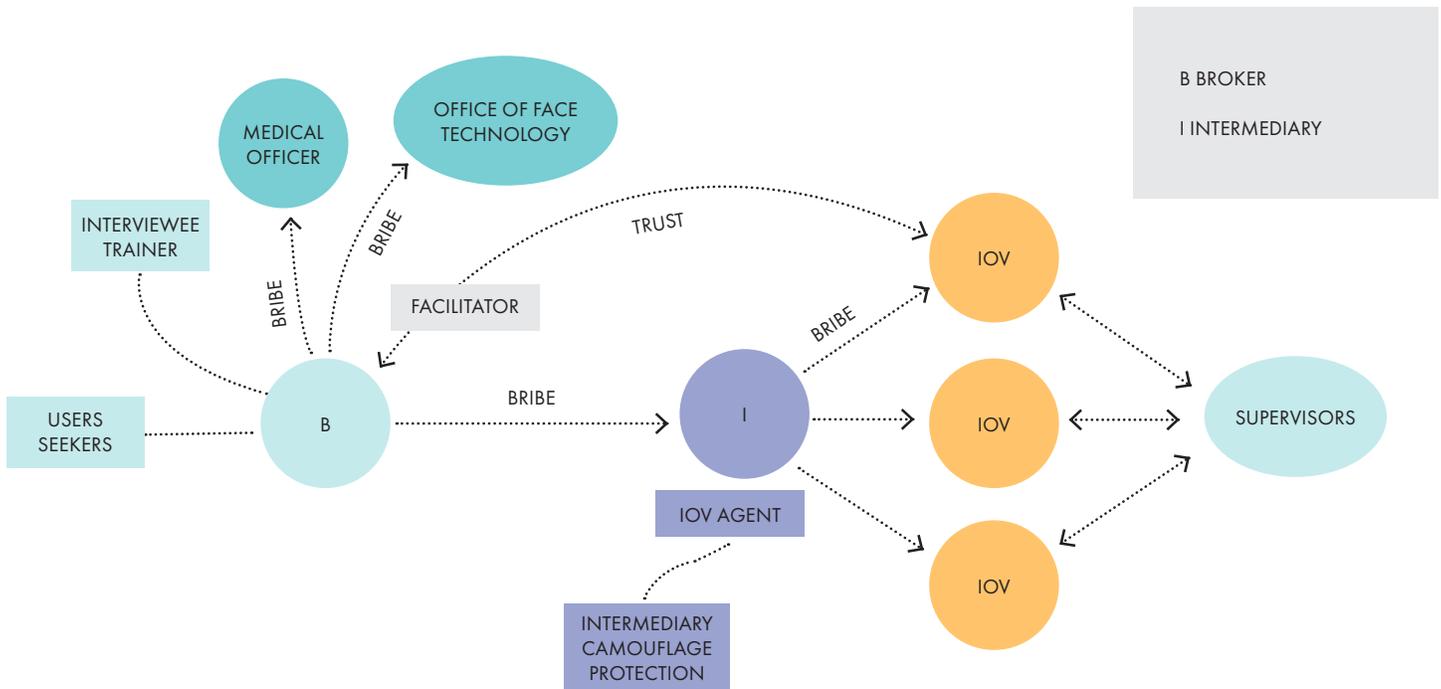
The Police Inspectors (IOVs) do not receive the money directly from the respondent, but payment is made via an IOV intermediary instead. The intermediary activates their network of colluding officers within the IOV's office, and communicates to the network that payment has been made. Those applicants deciding not to go down this route and not to pay the IOV colluding officials are believed to face greater risks of failing the driving test on the most flimsy grounds. The IOV intermediaries themselves are monetarily incentivised (usually between 5,000-10,000 UGX) to quickly communicate completion of payment transactions to the network. Thereafter, the intermediary makes sure the application is promptly processed and the certificate of having passed the driving test is issued. IOVs within the Inspectorate tend to use such intermediaries to avoid leaving any traces and by extension discovery. After all, transactions channeled through the networks are more difficult to reenact, therefore offering "anonymity and protection" to its members.

To keep up appearances, IOVs - and especially those suspected of accepting bribery - deliberately and sporadically fail some applicants on purpose. Usually they tend to target those few "honest ones" who refuse to go along with the scheme and pay a bribe. Therefore, those deciding not to bribe are most likely to run into difficulties in obtaining their licence the "honest yet unconventional" way.

NETWORK RELATIONS

The corruption chain does not stop with IOVs, since network relations are by no means only horizontal. The network is also hierarchical, reaching the higher levels of IOV departmental supervisors. IOVs have to pay these supervisors to receive a “receipt book”, which is used to issue the PASS notification notices necessary for a licence to be issued. If they fail to do so, the supervisors retain those books, which in fact are supposed to be provided freely.

In the last and final step, the applicant may again incur another small facilitation payment (5,000 to 10,000 UGX) to jump the queue one more time when picking up the license. Aside from paying to expedite the whole process, the



licence applicant pays the official fees of 80,000 UGX. In the end, the applicant pays double the amount officially required to obtain a licence.

HOW TO BUILD A NETWORK?

The respondents explain how they have built their network: They got acquainted with IOVs counterparts during the process of obtaining driving permits for their respective clients. Repeated interaction with IOVs enables them to get to know them personally and build a strong relationship based on mutual trust and reciprocity. To maintain trust, the respondents must diligently pay IOVs what they call *Kubatamera*, referring to payable duties among “friends” and interested parties. These agreements are personal but still transferable. For example, when an IOV is being transferred to another testing centre, the one leaving the station often briefs the new replacement officer, while introducing their clients to the incoming IOV. In this manner, new IOVs are inducted into the network system. The IOVs who leave often keep in touch with the respondents, and “help out” whenever their assistance may be needed.

In their capacity as client broker, the respondents receive 400,000 UGX for each “full” application that they help process; having catered to all instances - medical attestation for visual aptitude, issuance of provisional driver’s licence, and payment of driving test fees - of said process.

Recruitment of new members is by recommendation. The respondents mention how “friends” (inside and outside the network) link them up with new prospective clients. Such matchmakers are rewarded (with a small sum) for each referral that leads to a “successful” application. Referrals can also be bought for money or are sometimes provided by previous clients.

WHAT KEEPS THE NETWORK TOGETHER?

The respondents described what amount to the informal, unwritten but well understood rules that govern behaviour amongst the participants in this network.

Each party needs to trust one another. This is cultivated by promptly making payments and sharing the proceeds as agreed. There is continuous communication between parties, such as making inquiries, providing network updates, and so on. The onus is on the respondents, in their role as brokers, to keep the network active

Each party is expected to be loyal to one another, and not to expose or report one another. In case of any changes in the network, new processes and protocols such as new controls are quickly disseminated amongst members by word of mouth. The same applies to potential dangers (for example, of being exposed) or threats (for example, of an unreliable partner applying for membership). Members also share advice on how to go about new controls, for example, protocols set in place to avoid detection. Thus, each member is compelled to protect one another and never turn their back on any member of the network. Any exposure of a member can lead to the breaking up of the network, which is not good for any member.

Money is the primary motivator for developing and maintaining a network. Money aside, network membership comes with certain perks, such as getting out of a speeding ticket when confronted by a traffic police officer who is also a network member.

Finally, there is the general belief that the network is good for each and every member, and that membership works to the advantage of every individual member.

UGANDA CASE STUDY #2

Network transactions involving the land registration office

Robert Lugolobi, Independent consultant

The respondent is practising land surveying and he has been working in this sector for over ten years. Most of his work consists of surveying pieces of land that are to be sold or bought by his clients. His services also include boundary clearing, subdividing the land where necessary, and pursuing land transfers of ownership. He deals with different land offices across Uganda as well as with the main land offices in Kampala and Entebbe. He is therefore a broker, arranging transactions between his clients and the public officials in the land offices.

Land brokers, public officials working in the land offices, friends, relatives, fellow surveyors, current clients, as well as law firms who deal on land matters on behalf of their clients refer him new prospects. Sometimes people in the area where he is surveying land approach him directly to seek his services.

WHAT CONSTITUTES HIS NETWORK AND HOW DOES HE KEEP IT?

His network consists of his clients, associates and public officials. He keeps his networks to help secure new orders. He makes sure to cultivate his networks with public servants at the land registry offices who can help him maneuver through a complex bureaucratic system. The chain of public officials working on a single land transaction is quite long and each plays a specific role. This makes land transactions not just complex but expensive: each person expects to be paid a bribe at every stage of the process, or else things will simply not get done. Without their direct help, any land matter or transaction is likely to fail.

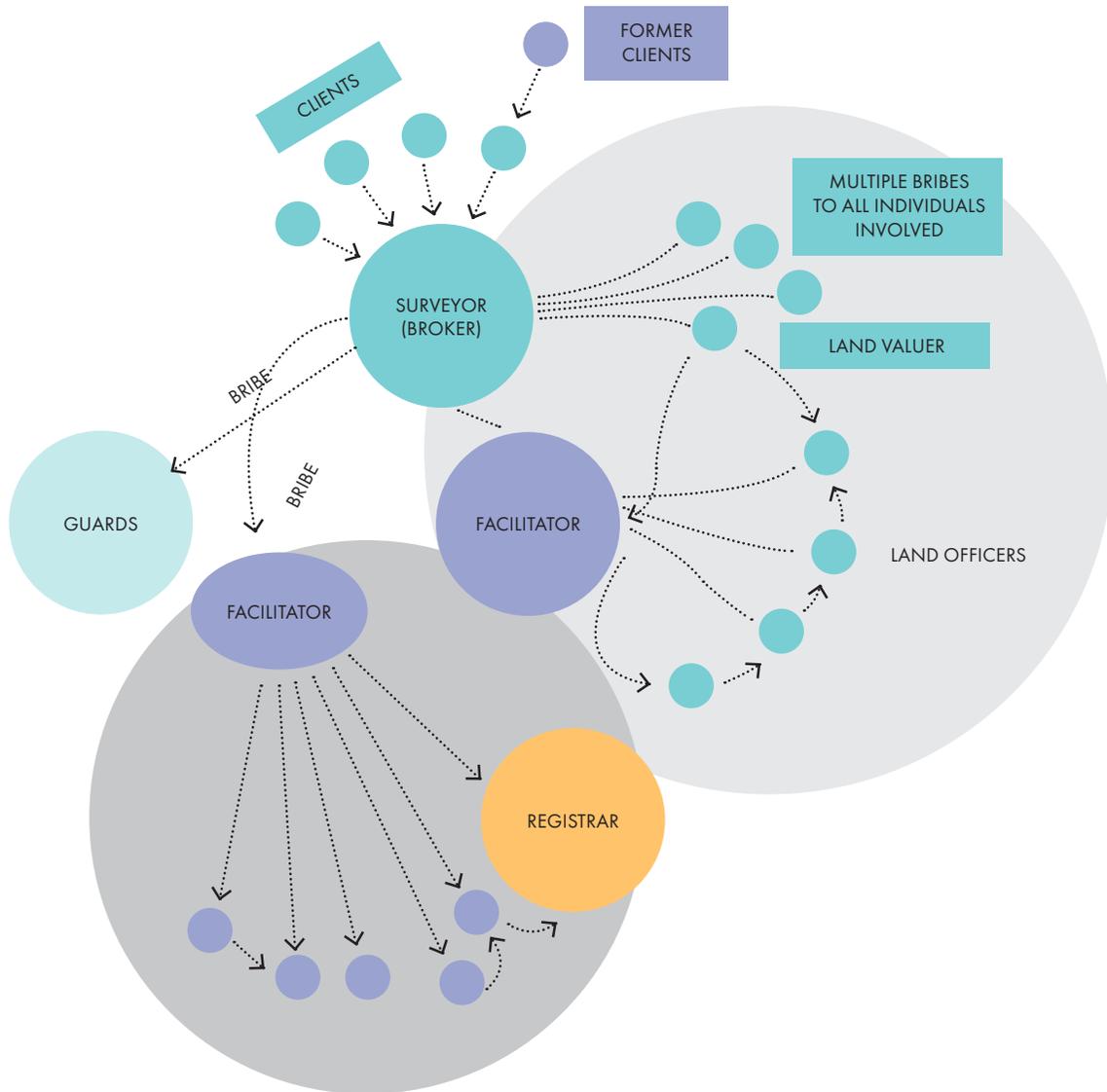
Therefore, he builds and keeps investing in a large network and makes an effort to keep it functional, especially at the land office. This is achieved by dispensing money for each transaction that he wants to push through. Trust within the network is built and kept by regularly and promptly paying each person involved at the various stages of the process (for example, the process of transferring land title ownership).

Sometimes he designates one single person at the office to whom he pays a lump sum. In exchange, that designated officer takes all necessary steps and precautions for the process to run smoothly. This person plays the role of facilitator, taking up the responsibility for overseeing the whole process and making sure the client's transactions are carried out without problems or delays. Either by paying multiple bribes to every single official for each step of the process, or by paying a lump sum to the facilitator, the network is kept functional as long as money is changing hands and the fees charged to the client are shared across the entire network.

Sometimes his clients are connected to "big people" in politics or the public service sector, in which case their name and influence may be strategically used to maneuver through the land office. With the "right" connection, one may be asked to pay lower amounts of money to public officers. This is often about reputation and status, since public officials do not want to be seen in a bad light in the eyes of these powerful and socially admired individuals. When it comes to the "well-connected", they tend to make an extra effort (for example, by speeding up the process or charging considerably less).

As someone who makes a living in this particular line of work, the respondent does not secure deals easily or often. He is bound to spend money and invest his earnings wisely. He makes sure to put the money he has made to good use and to always be able to “serve” his network and pay the sums required to expedite the various processes at the land registration office. Discipline and skills are required. Otherwise, he would damage his reputation of trustworthiness and reliability among both his clients and his “friends” at the land registration office. Any inability to pay would be considered a breach of trust and ultimately destroy the network, rendering it dysfunctional.

HURDLES ALONG THE PROCESS: THE CASE OF LAND OWNERSHIP TRANSFER



Some stages of the process are more difficult to overcome than others. The last step of transferring ownership is critical and comes with certain hurdles. To complete this final transaction, a good relationship with a number of public officials at the land office is required. Crucial is the office of the land valuer, who is responsible for determining the value of the land and calculating the payable taxes. The government charges 1.5 Percent of the value of the land.

The appraised value of the land determines the stamp duty due to be paid. Some big chunks of land or land in prime locations will naturally attract high value and tax. The land valuer enjoys quite a bit of discretion and in exchange for a bribe will make a favorable valuation well below market value thereby bringing down the tax amount at a “mate’s rate”. The bribe the clients need to pay to the valuer is usually a set percentage of the value of the land. If the land is valuable and deemed to be attracting higher taxation, then the bribe will naturally be higher. Those deciding not to bribe the valuer will risk paying very high taxes and face long waiting times of up to a year or more.

HOW DO THE VALUER AND OTHER OFFICERS GET PAID?

The relationship of the interviewee with the public officials at the land office is primarily transactional and based on money. The transaction works on the basis of reciprocity instilling a sense of certainty around the premise that “when one pays the bribe the client will be served.”

Once the land has been assigned and the value and stamp duty appraised, the client is instructed to pay their taxes into a designated government bank account. He then takes the payment receipt to the Registrar’s section at the lands office. He is required to bribe the security guards to be granted access to the office; the amount may vary depending on the relationship one has with the guards.

Inside the registrar’s office, the payment receipt is presented to an officer in charge of scanning the documents and then processing and acknowledging the payment in the system so that the process and transaction can be completed. For this, too, a facilitation payment must be made, again depending on the relationship with the officer and the value of the transaction. Bribes tend to start from 50,000.

At the registrar’s office there are more stages of the processes that require personal engagement with the respective public officers in charge. This may even include messengers that physically move the file from one office or officer to another, such as the ones working in sealed high-security storage rooms with limited access. Another example is clerks proof checking all documents for accuracy and completeness (for example, whether the information matches the records they hold in terms of content, format and structure). All of these officials usually ask for a bribe, again relative to the relationship they have with the application and the value of the land. If everything is in order, these clerks then prepare and assemble the file to be forwarded to the registrar’s office. These are critical steps necessary for completing the whole process. If the bribe is not paid, then the process is delayed or halted. To avoid this one has no choice but to pay the bribe, or approach and bribe the Registrar for them to take matters into their own hands.

THE REGISTRAR - THE CRUCIAL ACTOR

The Registrar constitutes the last important hurdle in this process. They peruse the file and decide whether to approve it and finalise the process or not. The Registrar is also paid or else one’s application runs the risk of being rejected on trivial grounds. This would significantly complicate things because the appeal system is anything but clear and highly time consuming. Here again having the right connections can open the door to bargain with the Registrar to avoid the possible negative consequences.

Once the Registrar approves the transaction, they assign a name for the land title, which has to be typed up by the Secretary of the Registrar. The Secretary also has to be paid some money to avoid any delays. The file goes back to the Registrar for final checks and signoff. The title is finally updated and registered.

UGANDA CASE STUDY #3

Informal networks in the transport, tour and ticketing business

Robert Lugolobi, Independent Consultant

This case study refers to a business operating in the transport and tour sector in Uganda. The interviewees are the managers of the company in question and are regularly involved in tendering processes from both public and private sector entities.

They are convinced that it is almost impossible to get any business in the public sector without having a connection and using a network. The need to have a connection to someone in the organisation to help one access business is recognised to be a prevalent, accepted precondition for doing business. Often their firm has been prequalified by agencies to be eligible to receive government contracts but the reality is that they will not obtain any business unless they get connections to “arrange things” for them. Informal networks are not only important but necessary to get business with government entities.

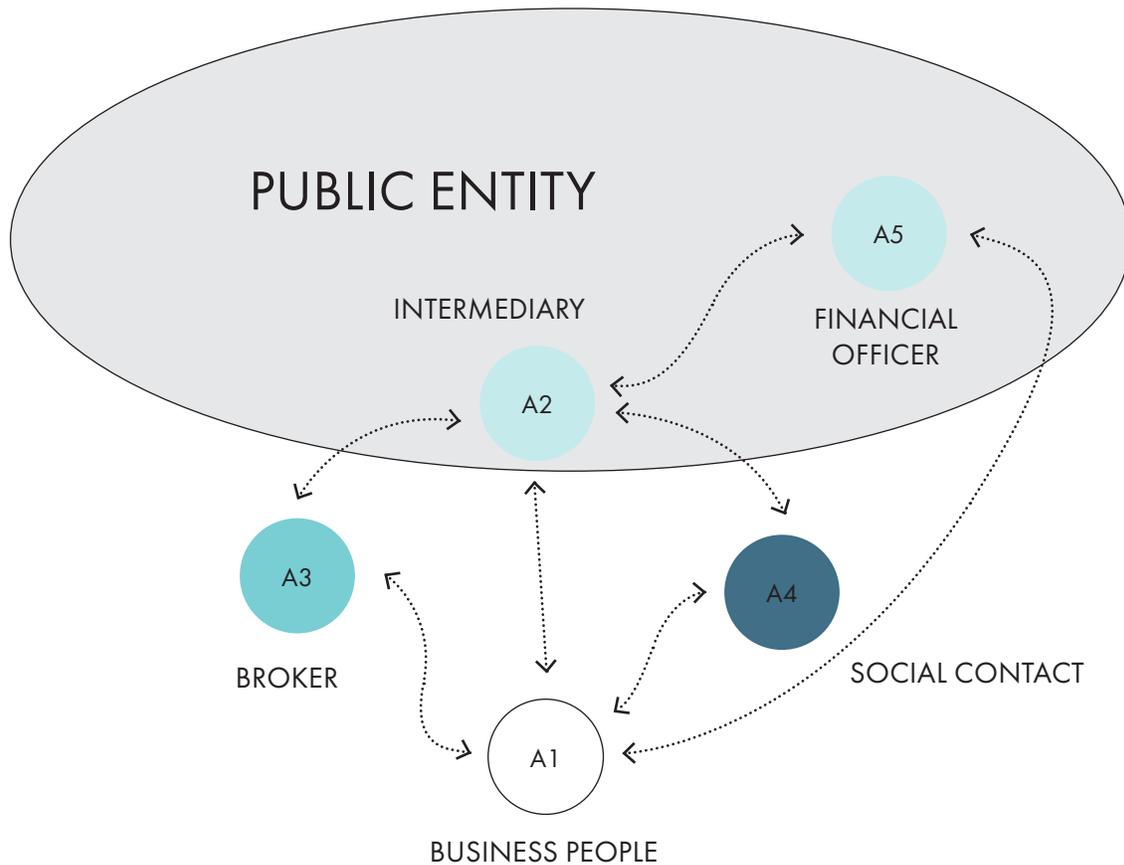
There are many wealthy people who do not have capital or assets, machinery, stock, or any kind of inputs but they are well connected. They know people who matter in government especially in the sphere of public procurement. These people are commonly known as “*Kayungirizi*” in Luganda and in English brokers. These individuals keep winning big and lucrative tenders based on their connections and, thereafter, they look for firms or individuals with capacity to deliver on the contract. They get paid large amounts of money to informally sell the tender while appearing as the contractor in the official records of the procuring entity. A few years ago one of these individuals was awarded a large contract to offer transport services to the Parliament of Uganda although he did not even own vehicles. His firm later got approached by a transport company and they worked under the auspices of the official tenderer to provide the services.

Often public officials are the entry point into their respective entities. For instance, the position of transport manager is assumed to be lucrative as the office oversees fuel, vehicle repairs and supplies, which often get allocated large sums of public funds. Transport managers in public entities are known to engage with their informal connections to award contracts in exchange for bribes or kickbacks. For example, a business may charge mark up of \$30 per air ticket issued to the client but the public officials may demand that a markup of \$130 per ticket be provided in the financial offer made to the public entity. This becomes a challenge as the targeted businesses will appear to be unreasonably expensive, which may damage their reputation amongst clients. Unfortunately, it is difficult to resist because when the terms are not accepted, it is impossible to get business. This type of demand and the manipulation of contracting provisions to favour accomplices in a corruption scheme explain why often one firm can keep winning business in an organization while others are kept away despite being prequalified and frequently participating in the tendering and responding to requests for quotes.

Sometimes the deals revolve around manipulating the number of days that are commissioned and paid for. A public entity may contract the firm to offer transport services for five days but use it only for two, demanding thereafter that the fee charged for the extra three days the vehicle was not used be given back. In this kind of scenario the firm still needs an insider to bargain, connect and secure the business.

Sometimes the public officials in the procuring entity approach one of the interviewees and offer a business deal

with their entity if they are willing to cooperate. They negotiate the percentage of contract value that will be their markup and the firm starts getting business. The onus is on the company to honor the informal agreement by paying exactly and punctually the amounts that were agreed upon. Should a company default, that network is dismantled, and the concerned firm never gets business again from that public entity. The effect may also be escalated because the defaulting firm could also lose goodwill among other public entities as public officials (especially in procurement departments) relate to one another. It will be risky for the firm to backtrack on what had been agreed with the public officials as it may lead to the firm being informally, but effectively, blacklisted and losing business.



HOW DO BUSINESSES BUILD AND MAINTAIN NETWORKS?

Business people take actions to find people that can help them penetrate networks in order to be able to win business opportunities. They look out for such connections from Old Boys and Girls, people from their communities, churchmates, people belonging to the same clubs etc. They sometimes strategically and deliberately profile specific decision makers in government entities, get to know where they hang out, the clubs they go to, who their associates are and find ways of getting closer to them (or to the other people who are close to them) with the intention of getting connected with them and co-opting them into their networks so as to access business opportunities. One of the respondents visits sites and places where football matches get screened with the intention of mixing with people who are in a position to make business decisions. Other business people start playing golf or other sports, or become members of clubs like the Rotary and Lion Clubs.

¹These are the terms used in Uganda to refer to former schoolmates.

One respondent approached an ‘Old Boy’ who was holding a senior position in the Ministry of Finance and told him that his firm was on the list of prequalified suppliers in the Ministry but had spent a long time without being offered any business. His Old Boy intervened and they started getting business from that Ministry. He has used many of his Old Boys for that purpose.

People maintain their networks by winning and maintaining trust. If a given amount of money has been agreed upon as the “commission” for the public officer(s) involved in the deal, the business partner is obliged to pay it wholesomely and promptly after receiving the formal payment for services rendered to the entity. Failure to pay immediately after being paid destroys trust and damages the network.

Other important players in the network are the people in the finance and accounts sections. They too are critical, because if they are not connected to the suppliers, and consequently not receiving a bribe from them, they can delay releasing payments even after invoices and all other accompanying documents have been submitted. One needs to be in the good books of such people in order to be expeditiously paid.

Knowing people holding the highest offices can help you get business, but in the interviewees’ experience the most effective networks are those with people in the procurement offices of the entities as they make most of the procurement decisions related to their sector i.e. transport and ticketing. They always aim to co-opt those officials and, when they do, business proceeds smoothly.

The interviewees ensure they maintain good relations with them. On top of promptly and wholesomely paying them their agreed amount, they try to develop a stronger sense of friendship and acquaintance by attending burials and social events associated with the public officials, even giving money to contribute to event costs. Having good networks with public officials allows businesses to get to know in advance what the public entities are planning to procure, as well as information on budget and other important leaks that help companies position themselves to access lucrative tenders.

In conclusion, the interviewees affirmed that the most important driving force of these networks is money. Trustworthiness in the network is key in keeping it alive and active. Breaking the informal agreements for the payment of bribes and kickbacks is a huge risk because the business might be blacklisted and excluded from the network. The other issue is confidentiality, as each participant in such informal networks is expected to protect the others, ensuring they do nothing that could expose the members of the network to any kind of danger.

UGANDA CASE STUDY #4

Informal networks in the chemical sector

Robert Lugolobi, Independent Consultant

The respondent is the Executive Director of a company that supplies laboratory, industrial and other kinds of chemicals and reagents as well as related equipment. He has been in this business now for over 20 years and his firm is one the major dealers in chemical products in Uganda. This business is quite unique and technical.

Often, officers in the user department of the procuring entities, who are responsible for initiating the procurement of goods, have informal connections to the dealers or potential suppliers of the goods and services in question. It is not unusual for those officers to engage one or more pre-selected suppliers in the preparation of the technical specifications and cost estimates during the elaboration of tender documents. The selection of the firm to consult and advise at this early stage of the solicitation process is often based on their relationship with the procuring department, which could depend on previous dealings with the entity or on a referral from another person or department. Often when the dealer(s) get involved in drafting the specification of goods or items to be tendered, that participating firm is likely to get contracted to supply the items even when the tender is openly advertised. Sometimes the firm is even requested to seek a number of other bids from the list of prequalified suppliers of the procuring entity just to simulate that there was competition.

Whenever tasked by the entity to bring other bids or quotations alongside his firm's bid, the interviewee explained that he selects and approaches prequalified firms explaining to them the need to be issued with their quotations for the sake of the procuring entity appearing to be complying with the procurement rules, but clarifying there would not be real competition. This is a common practice in their sector where there are about eight relatively big suppliers across the country who know each other. He also gets approached by other firms for such help and complies, as in this network of dealers there is an unwritten rule that they help one another with such requests.

These informal networks among suppliers are important because sometimes, especially for a big tender, it can happen that no single firm can provide everything that is specified in the contract. In such cases, a number of firms get together to collaborate with the selected supplier, who will pay them when getting paid. If one firm decides to work outside these networks it risks failure to fully execute the tender as it will not likely be in position to have all the items needed and that would negatively impact on their ability to fully execute the contract- a reputational risk. Items are usually expensive and most of the firms in the industry are not resourced or capitalized to be able to solely execute big tenders.

It is important that the firm that is awarded a tender maintains a good relationship with the people in the procuring entity. When the firm wins a tender to supply various items, the procuring entity's top officials meet with the contract recipient to identify which items on contract should be supplied and which shouldn't be supplied. They work out the cost of those items not to be supplied and they request that their worth in terms of money, be given to the officials of the procuring entity in cash. The respondent has in the past expressed concern when confronted with such situations since all goods or items supplied under a contract are controlled by means of a local purchase order (LPO). The procurement officers proposing such deals often respond by saying that internal processes should be left for them to arrange. At the time of delivery, the firm delivers only those items on the list they highlighted to be delivered but the delivery note and goods received note is prepared including all the items reflected on the LPO, even those that are not delivered.

Sometimes all the goods reflected on the LPO have to be delivered but the supplier and the officials of the procuring entity agree to inflate the prices of the items/goods to be supplied. Othertimes, a contract is signed and LPOs issued, but the officials from the procurement entity reveal that they have all the items listed on the LPO and hence the supplier does not need to deliver any item but is only required to file in the delivery note even when nothing has been delivered. Suppliers comply with such requests in order to maintain good relationships.

Sometimes, the supplier gets informed the entity has funds on the budget to spend on chemicals or equipment although they may not need such items. Instead it might be that they need to find funds to spend on other items such as paying for salaries or travel expenses. The supplier then gets a request to be issued with a contract and LPO for the supply of goods worth the amount of money the entity needs. In such cases, the officials of the procuring entity often agree with the supplier on a percentage of contract value that will be paid to him. Nothing gets delivered in this case but the entity prepares and pays the supplier as if goods were supplied and received by the entity and the "supplier" subsequently pays back the officials of the procuring entity the money he received (contract value) minus his commission.

The officials of the procuring entity always get paid in cash; they don't ever accept bank cheques or payments using mobile money services as to avoid any audit trail or leaving any evidence behind that they were paid.

The informant concludes by asserting that in order to access business opportunities with the public sector you have to belong to these informal networks because they enable stable relationships to be built with public entities who contract their services on a regular basis. To keep these networks one has to comply with what has been agreed upon and keep their secrets. The moment one defaults, trust is lost and the culprit will likely be ejected from these networks, which can drive companies out of business given that most of their clients are public entities.

