Centre for the Study of Corruption

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Contribution by the Centre for the Study of Corruption at the University of Sussex to the

Special Session of the General Assembly against Corruption - *UNGASS 2021*

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The **Centre for the Study of Corruption** (CSC), founded in 2011, is the UK's foremost academic centre for studying corruption. Located within one of the world's leading universities, CSC is regarded as a highly credible source of independent and objective research and ideas. It is widely recognised for combining world-class academic approaches and research with the practical experience of how corruption can be addressed in the real world. We operate in three broad areas:

- **Research**: undertaking rigorous academic research to address the world's major corruption issues
- **Courses & Teaching**: training the next generation of anti-corruption professionals around the world from undergraduates to PhDs, with three Masters courses
- **Policy**: ensuring that our research informs evidence-based policy and helps change the world.

CSC's research activities are based around four themes:
- Corruption in politics
- Corruption in international business
- Corruption in sport
- Corruption in geographical context – with particular strengths in the UK, Germany & Eastern Europe, China and Africa.

Full details of the published and current research undertaken by our core faculty can be found in the detailed biographies of each faculty member at www.sussex.ac.uk/scsc

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Consultation submissions made by academic staff at the University of Sussex do not represent official university views or policy unless explicitly stated. This submission should therefore be taken to represent the view(s) of the author(s).

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Summary

The research team at the Centre for the Study of Corruption at the University of Sussex has identified seven areas in which there is an opportunity for UNGASS to make significant progress in line with the principles of UNCAC, acknowledging and responding to the changing world since UNCAC was first drafted. These areas are:

i. **The governance of corruption**: there is an important role for UNGASS in promoting the governance of corruption – ie establishing oversight or accountability mechanisms to ensure that the institutions that are charged with implementing UNCAC in a given country are appropriate and effective.

ii. **Public procurement**: highly prone to corruption, and should therefore be a key focus area for UNGASS.

iii. **Political corruption**: tackling corruption needs to be political and not just technocratic, addressing clientelist structures and power dynamics; UNGASS should discuss how such learnings can be reflected in UNCAC's processes.

iv. **Sport**: UNGASS should address both sports governance and sports-related corruption beyond match-fixing.

v. **Transnational bribery**: UNCAC should play a role in providing a level playing field, as well as promoting, supporting and harnessing the power of Collective Action in the private sector.

vi. **Proceeds of corruption**: should be a key theme for UNGASS, particularly in relation to Vast Quantities of Assets (VQAs), with special attention paid to the importance of creating public registers of beneficial ownership and the role of professional enablers.

vii. **Technology & Corruption**: UNGASS provides an opportunity to give major impetus to this emerging subject.

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1. Introduction

UNCAC is nearly two decades old. When the Convention was drafted, the anti-corruption movement was moving from infancy to adolescence. Today, we have a much longer perspective to understand what has worked, and not worked, both about UNCAC itself and in tackling corruption.

The Centre for the Study of Corruption (CSC) remains supportive of UNCAC and the important role it plays as a pillar of the international anti-corruption architecture. UNCAC defuses the argument that corruption is a culturally-acceptable phenomenon, because its signatories represent all cultures, and the underlying principle of UNCAC is that corruption is harmful and not beneficial.

This submission draws on research undertaken by the CSC team to identify key areas in which we feel more attention needs to be paid by the global anti-corruption community.

2. The Governance of Corruption

States have developed many different approaches to tackling corruption and implementing UNCAC. Some countries have developed new institutions, some have re-directed existing institutions, and others have assumed that their historical approach is already fit for purpose.[1] We believe **there is an important role for UNGASS in promoting the governance of corruption – ie establishing oversight or accountability mechanisms to ensure that the institutions that are charged with implementing UNCAC in a given country are appropriate and effective.**

More than 100 countries now have anti-corruption agencies of some sort, with varying powers of prevention, investigation and sanction. Likewise, many countries also have National Anti-Corruption plans or strategies, and this is increasingly encouraged by institutions within the international anti-corruption architecture, such as the IMF.

However, relatively few countries also put in place systems for monitoring and evaluating the performance of anti-corruption agencies or of government progress in implementing anti-corruption plans. Both the institutions and the plans could become much more effective if adequate procedures of this type were put in place, thus providing civil servants with implementation targets and, conditional on sufficient transparency, allowing civil society to benchmark progress and hold them to account.

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[1] Barrington, R (2020). The Governance of Corruption in the UK. *CSC Working Paper* 6 May 2020.

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Our research developed a theory-based methodology for evaluating anti-corruption agencies, focusing on medium-term goals, where capacity building is key.[2] This approach recognises that the success of ACAs will depend on a number of contextual factors that are beyond their control, but when political opportunities arise, they are best able to utilise them if they have capacity on three critical dimensions: organisational capacity (including leadership); networks among law enforcement professionals; policy advocacy skills.

Further, our research has developed three recommendations for the design of ACAs

- *Law enforcement work should be complemented by work to address root causes, including youth unemployment and inequality.* The global trend of investing in law enforcement as a key instrument for addressing corruption has led to a focus more on organised crime and on post-corruption offences such as money laundering than on corruption itself. However, law enforcement work must be complemented by work to address root causes, including youth unemployment and inequality, as well as strategic planning for unexpected, negative consequences of law enforcement activity.

- *Law enforcement approaches should be accompanied with efforts to displace old norms and diffuse new anti-corruption norms.* While learning in international development increasingly recognises the need to pay attention to the political and social context, programming related to ACAs often reverts to a more traditional law enforcement strategy which is fundamentally based on the economic accounts of human behaviour and seeks to change incentives. Law enforcement approaches should be complemented with efforts to diffuse new anti-corruption norms.

- *Building networks of expertise is critical to addressing complex cases.* Such networks allow for information-sharing across administrative mandates and geographical borders, mimicking the nature of much criminal and corrupt activity. Networks are often facilitated by informal or individual relationships, but developing robust institutional capacity requires the formalisation of such relationships among institutions through memoranda of understanding and administrative protocols for cooperation. Relying on informal relationships alone makes structures vulnerable to future political interference and changes in leadership.

3. Public Procurement

Public procurement accounts for 29% of public spending on average in OECD countries and often as much as 50% of public spending in LMICs. **Public procurement is also highly prone to corruption, and should therefore be a key focus area for UNGASS**: large sums of taxpayer money are often channelled to cronies of those in power, leading to a number of negative impacts, including safety risks in infrastructure, poor quality goods and service

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[2] David-Barrett, E., A. Murray, J. Polvi and R. Burge. (2020). Evaluating Anti-Corruption Agencies: Learning from the Caribbean. *Journal of Development Effectiveness* 12/1:74-88*.*

provision, excessive prices and the decline of firms that wish to operate on a level playing field.

While many countries have introduced good public procurement laws that ostensibly entrench competition as the default, in practice there is a major gap in implementation. When good laws are not accompanied by transparency, they can too easily be ignored. This is exacerbated in sectors where there is historical, and often unnecessary, secrecy such as defence. Particularly in contexts where institutions are weak, there are abundant opportunities for politicians and public officials to manipulate public procurement process so as to favour certain firms.

Our research has developed new methodologies for analysing big data to identify corruption risks or 'red flags' in public procurement, and allowed us to test the impact of certain anti-corruption interventions. Our key findings are that:

- High-quality data infrastructure is a necessary precondition for both government and civil society users to be able to analyse procurement data to identify corruption risks. We have made recommendations about how Tanzania and India specifically could improve their data collection.
- Technocratic anti-corruption solutions such as introducing e-government and increasing oversight may be effective in the short term, but need to be rolled out as part of a comprehensive reform package and their impact monitored carefully, so as to avoid corrupt actors simply switching their activities into less regulated areas. [3]
- Incoming governments intending to engage in grand corruption may seek to centralise control over procurement policy and implementation, and to disable accountability institutions, to allow them to channel large shares of contracts to crony firms. [4]

4. Additional areas

Our research has identified five additional areas which we believe would benefit from more concerted action within UNCAC and should therefore be a focus for consideration by UNGASS:

- **Political Corruption:** corruption within the political system of a country has an immense impact on the lives of ordinary citizens, the distribution of wealth, the provision of public services, and the country's attitude to corruption. Yet the subject is barely addressed by UNCAC, meaning that systemic problems like state capture can pass unrecognised or flourish with impunity. The **broader learning is that tackling corruption needs to be political and not just technocratic, addressing clientelist structures and power dynamics. We recommend UNGASS should discuss how such learnings can be reflected in UNCAC's processes**.

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[3] Dávid-Barrett, E. and M. Fazekas. 2020. Anti-Corruption Interventions in Development Aid: Is Corruption Reduced or Merely Displaced? *World Development, 132.*
[4] Dávid-Barrett, E. and M. Fazekas. 2019. Grand Corruption and Government Change: An Analysis of Partisan Favoritism in public procurement. *European Journal on Criminal Policy and Research*, 1-20.

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- **Sport:** in the past two decades, sport has emerged as a significant locus of corruption, coinciding with the professionalisation of many sports, global broadcasting, a significant increase in gambling, and the introduction of much more money into sporting systems. However, sports governance is often weak, and anti-corruption measures have little profile or prominence. Those that exist are primarily focussed on match-fixing, spot-fixing or other gambling-related issues. We believe that **UNGASS should address both sports governance and sports-related corruption beyond match-fixing**.

- **Transnational bribery**: the OECD Anti-Bribery Convention has co-existed well with UNCAC, but efforts to curb transnational bribery are only likely to be successful when there is consistent implementation of anti-bribery laws across jurisdictions. Given the economic rise of non-OECD countries, **UNCAC should also play a role in providing a level playing field, as well as promoting, supporting and harnessing the power of Collective Action in the private sector**.[5]

- **Proceeds of Corruption:** the problems of illicit financial flows and the proceeds of corruption are better covered in UNCAC than some issues, but there remains an implementation gap and the reality that the proceeds of corruption continue to flow almost unchecked around the world. **This should be a key theme for UNGASS, particularly in relation to Vast Quantities of Assets (VQAs), with special attention paid to the importance of creating public registers of beneficial ownership and the role of professional enablers**.

- **Technology & Corruption:** tech-related corruption is an emerging field. This relates to a) the ways in which technology can facilitate corrupt actions, from money laundering to election-rigging; b) the creation of new problems and dilemmas in corruption that could not have been envisaged when UNCAC was drafted, c) the abuse of power, assisted by new technologies, by states and tech giants (corporations). Tech-related corruption is an emerging field, and action is required now to research, understand and categorise the nature of the problem, so that the world community will be well prepared when problems magnify. **UNGASS provides an opportunity to give major impetus to this emerging subject**.

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[5] Dávid-Barrett, E. 2019. Business Unusual: Collective Action Against Bribery in International Business. *Crime, Law and Social Change,* 71/151-170.