

Forum: United Nations Development Programme

Issue: Reducing Political Corruption in Developing Nations

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Introduction

Corruption, the act of abusing a position of power for personal gain, has plagued the human society since dawn of civilization. Political realism suggests that people are inherently selfish with their personal-interest as the priority for any action. Therefore, when faced with a potential choice that brings large sums of material gain, individuals jump at participation in acts such as bribery or embezzlement. The rule of law, constitution and justice system of the government serves as a check to the issue, ensuring that even the highest positions remain accountable and accessible by all. However, in developing nations with a lack of resource and weak government infrastructure, corruption easily runs rampant.

Corruption is a catalyst for disasters. It paralyzes government and justice systems, preventing the enactment and enforcement of fair and effective legislations. Criminals and illegal activity flourish and basic civil liberties are overlooked. Citizens lose faith in institutions and the nation itself.

Furthermore, it hinders economic and social development. Not only are governments fiscal budgets being misallocated and stolen, foreign aid from Non-Governmental Organizations (NGOs) often times are not put to their best use either. The lack of faith and transparency in the domestic system discourages investment, both domestic and foreign, into the nation's economy. A lack of development leads to less infrastructure building and legislation enforcements on corruption, sending society on a perpetual downward spiral.

Additionally, corruption tears apart the social contract between the ruler and the ruled which holds society intact as corruption impedes government's obligations to serve and protect its citizens. A breach of the contract justifies rebellions and invites for violence and political instability in the form of insurgent and the rise radical ideological groups across many nations in Sub-Saharan Africa and the Middle East.

Definition of Key Terms

Corruption

Corruption is the act of taking advantage of entrusted power and responsibility for private gain. Individuals in a powerful decision making position often manipulate laws, institutions, policies for the purpose of sustaining power, fueling political agenda or accumulating wealth at the expense of the public and all the stakeholders.

Developing Nations

Developing countries in general score mediocre to poor on a range of social and economic criteria. There is no universal definition as the standard for classification differs with each convention or organization. Characteristics typically include weak government infrastructure and justice system, poor living conditions, low literacy and life expectancy and low Gross Domestic Product (GDP) Per Capita. The category of developing nations include Less Economically Developed Countries (LEDCs), Least Developed Countries (LDCs) with both emerging and frontier markets.

Red Tape

The unnecessary adherence to laws and formalities in public and private sectors, synonymous to excessive bureaucratic measures.

Transparency

Transparency is the openness and accountability of a private or public institution such as the government. It ensures all plans, process, policies and parties involved are visible to all stakeholders and the public through routine monitoring and reports. It builds trust between the people and the institution to guard against potential criminal acts hidden away from the public's eye.

Whistle Blowers

Whistle Blowers are individuals who expose and report criminal or unethical activities such as corruption to relevant authorities at the institution of their occupation. They are a key player in the fight against corruption and their rights and safety must be protected.

Background Information

Causes of Corruption

Although the fundamental desire of unethical gain stems from human greed, several factors do serve as a catalyst for the deed. It can be split into two factors: Cultural and Institutional.

The cultural factor revolves around the norms and values of the social environment in which individuals reside in. Environments that are unfamiliar with the concept of corruption or do not put emphasis on the ethicality of operations may allow many cases of it to run rampant. Social norms may exist that rationalizes and condones corruptions. Misconceptions of the abundance of the crime, its low risk and high reward nature, and the admirable qualities of the perpetrator incentivizes individuals to take part. Additionally, a culture of silence worsens corruption. It encourages witnesses to keep to themselves and not speak up about crimes in order to avoid attracting trouble, making unethical acts even harder to detect.

Institutional weaknesses further exacerbate the problem. The lack transparency within public and private organizations allows individual to take up unethical acts without knowledge of the public and authorities as no record is properly made. An abundance of bureaucratic red also offers the perfect cover for corrupt individuals to take advantage of and hide any evidence. Furthermore, a slow and unreliable judicial process make it extremely difficult for criminals to be punished. It builds an image of the government that does not care about corruption and has very weak penalties. This seemingly low risk quality prompts more individuals to partake unethical acts.

Forms of Corruption

Corruption occurs independently within both the private and public sector as well as across the two. The private sector includes all privately-owned organizations or institutions with the sole purpose of generating profit for its shareholders. The public sector are all infrastructure and institutions owned by the government in service of the people. This includes but not limited to all branches of the government, public education, police force, social security, entitlement programs and state-owned enterprises. Private sector corruption takes advantage resources from corporations, focusing on the financial side, while public sector corruption involves seizing political power as well as government funds. The two sectors coincide when individuals can seek to benefit from both. Politicians and business owners can engage in the trade of beneficial legislation for financial gains from corporations. A third, more elusive, illegal sector exists behind the the public and the private. It involves illegal groups such as organized crime rings and black markets that use corruption to generate more safe space for operations. Some common forms of corruption include:

Embezzlement: The act of stealing monetary assets placed in one's trust or directly from one's employer. Individuals may skim money off of various sources such as government budget, business investments or foreign aid. It may involve the use of shadow company to cover the illegal transfer of public or company funds.

Nepotism: Favoritism of friends or relatives from an individual in a position of power in decisions making processes, especially in the allocation of jobs.

Bribery: Coercion of an individual in position of power to act for one's private aims through the use of gifts of money, material goods, potential benefits such as sexual favors or company shares.

Extortion and Blackmail: Use of violence and threats to obtain information, benefits or force favorable action from individuals in power. It can also come from individuals in power who use it to exploit those that are not.

Fraud: Intentional dishonest act of deception to illegally place oneself in a financially or politically advantageous position

Abuse of Authority: The abuse of given power in a decision-making position such as the legislation or judicial branch of a government the enacts laws and passes verdicts that benefits a personal agenda.

Collusion: Illegal clandestine collaboration or agreement reached between two entities that threatens the equality and fairness of the status quo. It can be between two business that come together to form an unfair monopoly or between political parties that wish to take advantage of democratic voting procedures.

Graft: The misuses of political authority that results in purposeful misallocation of public resources to further private gains. Politicians may enact beneficial legislations for industrial sectors which they hold large amounts of company shares in to maximize potential returns.

Facilitation Payments: Extra sums of money paid to ensure the proper performances of due processes and government functions individual citizens are rightfully entitled to.

Case Studies

This sections offers three corruption case studies on developing nations in Sub-Saharan Africa, South American and South Asia.

Kenya

A major part of corruption in Kenya is a by-product of the liberalization and privatization of its energy sector. A national power grid was considered inefficient as it was unable to reach the majority of the population. Under the pressure of international financial donors, it privatized one third of shares of KenGen, a national power generator, and promoted the creation of independent power producers (IPPs) throughout the nation. It did effectively open up more jobs and developed regions in the country, however, it also paved way to more corruption with local officials and business managers. The most recent corruption case in 2018, involved the power producer Kenya Power & Lighting Company Ltd. and 350 contract companies. The power producer was found to favoring 350 different companies with questionable qualification through bribes and

nepotism. All 350 companies were soon blacklisted by the other energy tenders. Charles Keter, Kenya's Energy Minister, spoke out publicly in condemnation and vowed for more monitoring and regulation from the government.

Brazil

In the face of rampant corruption, the most notable campaign in Brazil is Operacao Lava Jato (Operation Car Wash) that began in 2014. State-owned oil industry Petrobras was discovered by the Financial Ministry's Intelligence Unit to be accepting bribe from firms in exchange for contracts. Construction Giant Odebrecht was involved and in April 2017 paid \$2.6 billion fines to Brazil, United States and Switzerland. Both companies' executives were sentenced to jail time and forced to lay off more than one hundred thousand employees from the financial losses. It demonstrated the harsh collateral damages caused by ruthless anti-corruption campaigns and punishments. By October 2018, according to Brazilian public prosecutor's office, Lava Jato has resulted in over 200 cases of conviction related to corruption, abuse of financial system and money laundering. In March 2017, Operacao Carne Fraca (operation weak flesh) was announced as an extension of Lava Jato. It uncovered employees of the world's largest beef and poultry exporter, JBS and BRF, bribed 1829 politician with over \$600 million. It involved the bribery of Brazilian food inspectors to allow the sales of spoiled products. Many immediately suspended meat imports from Brazil such as the European Union, the US, China, Japan, and Mexico.

The campaign had many implications. Many important current and former politicians were accused and arrested. Former President Dilma Rousseff was impeached and removed from office in 2016 on the grounds of manipulating federal budget to conceal size of Brazil's deficit. Her successor, Michel Temer, was also accused of bribery when a JBS chair released audio recording that suggested Temer paid money to keep a former speaker of the congress quiet. The political crisis tied to corruption resulted in a major recession starting in early 2014 as consumer and investment confidence fell. Brazil experienced drops of more than 3% in annual GDP for two consecutive years in 2015 and 2016. A gentle recovery began in 2017 as the economy slowly stabilized. All factors led to a sweeping victory by Right-wing political candidate Jair Bolsonaro that emphasized anti-corruption measures in 2018 presidential election.

Pakistan

The recent financial crisis in Pakistan is credited to the widespread, uncontrollable corruption from the highest to lowest levels of society. The newly elected Prime minister Imran Khan, in 2018, has pushed for intensive anti-corruption efforts in the government. It involves strengthening whistleblower laws as well as creating an Assets Recovery Unit (ARU). The new

whistleblower legislation awarded twenty percentage of embezzled funds to the whistle blower. On the other hand, The ARU works to retrieve hidden monetary assets both domestically and overseas; the organization has been given full access to information from any government department. The nation has also entered into “U.K.-Pakistan Justice and Accountability Partnership” as well as invited corporation with United Arab Emirates for international exchange of information and strategy on joint operation in combating corruption. So far, it has identified over 2 billion in oversea accounts of criminals as well as over 10,000 properties in Dubai and the United Kingdom. Pakistan sees the battle against corruption as an opportunity to kickstart national development on the long run.

Major Countries and Organizations Involved

United Nations Office of Drug and Crime

The United Nations Office of Drug and Crime (UNODC) is the primary UN organ involved in combatting corruption. It operates to support and uphold the United Nations Convention Against Corruption (UNCAC) through technical support and offering resources. Adopted in October 2003 and in force in December 2005, the UNCAC is the only legal binding international anti-corruption treaty. With 186 parties and 140 signatories, the document focuses on four main area: Corruption prevention measures, International Cooperation, assets Recovery and criminalization and enforcement measures. The main policy making body of the convention is the Conference of State Parties (COSP) that convene to deliver policy advise to UNODC for further anti-corruption groundwork. The actual implantation of convention into laws are secured by a peer review system to share good strategy and challenges with UNODC serving as its secretariat.

The UNODC, alongside the World Bank, is a key proponent of the Stolen Asset Recovery Initiative (StAR). Established in 2007, StAR focuses on efforts to end safe havens for corrupt funds and works with developing countries and financial groups to foster quicker return of stolen assets. It further aids nation to develop legal framework, strategies, and skills needed trace stolen funds.

Transparency International

Transparency International is an international non-governmental organization founded in May 1993 with a focus in combating corruption. Now present in more than 100 nations, the organization takes part in drafting international anti-corruption treaties, prosecuting corrupt leaders, seizing illegal wealth, and holding companies accountable across the globe. The organization is most well-known for its Corruption Perceptions Index (CPI), a comprehensive annual report that ranks 180 countries by their

perceived level of corruption. First launched in 1995, the index utilizes 13 surveys and expert assessment to score nations.

UNCAC Coalition

Since its establishment in August 2006, the global network of civil society organization (CSO) and Non-Governmental Organizations (NGO) has grown to include 350 members spread across 100 different country. The mandate of the network is to improve civil society involvement in the monitoring and enforcement of the UNCAC. Transparency international Serves as the secretariat body of the coalition. The network publicizes news and insight on corruption, exchanges information between civil societies groups and activity participates in intergovernmental meetings to fight corruption as an observer. On November 2009, the coalition successfully managed to push the UNCAC to acquire monitoring and CSO participation measures which was officially adopted July 2010.

World Bank

The World Bank does not tolerate corruption within its own project and is an active participant on the international stage in combatting corruption. World Bank has its independent sanction unit called the Integrity Vice Presidency in charge of investigating and enforcing sanctions on companies involved in fraudulent acts and debars the company from further World Bank project as well as share findings from investigations with concerned governments. It is a major sponsor of various international standards on transparency such as the Open Government Partnership (OGP) which bring together governments and civil society to collaborate on adopting more accountable and responsible structure. Additionally, it actively assists implementation of the Extractive Industries Transparency Initiative (EITI), a set of standards the ensures the transparency and accountability in the management of oil, gas and mineral resources.

Organization of American States

The Inter-American Convention Against Corruption (IACAC) was adopted by Organization of American States (OAS) on march 1996, as the first ever international convention to address corruption. It is ratified by all 34 member states. The Follow-Up Mechanism for the Implementation of the Inter-American Convention against Corruption (MESICIC) carries out the implementation of the IACAC. It provides states with rounds of review for implementing the ICAC. The MEICIC consists of two parts: The Conference of State Parties and The Committee of Experts. The Conference of State Parties writes out guidelines to define operational framework for MESICIC. The Committee of expert takes charge in reviewing the implementation progress by states, offering analysis and recommendations as well as take on-site visits to countries to gather more firsthand data for reports.

African Union

The African Union Convention on Preventing and Combating Corruption (AUCPCC) was adopted by the African Union in July, 2003. Currently, 40 countries have ratified the convention and are state parties to it as well. The African Union Advisory Board on Corruption (AUABC) was established in May 2009 under article 22(1) of the original convention. It serves to promote the adoption of anti-corruption methods by member states and issue regular reports to the Executive Council of the African Union reporting the progress states have made in accordance to convention.

Timeline of Events

Date	Description of event
May 4th, 1993	Transparency International (TI) Founded
July 15th, 1995	First TI Corruption Perceptions Index Report Release
March 29th, 1996	OAS adopts Inter-American Convention Against Corruption
June 17th, 2003	Extractive Industry Transparency Initiative
July 11th, 2003	AU adopts African Union Convention on Preventing and Combating Corruption
October 21th, 2003	General Assembly Adopts United Nations Convention Against Corruption
August, 2006	UNCAC Coalition Established
December 9th, 2007	Stolen Asset Recovery Initiative lauched by World Bank and UNODC
May 26th, 2009	AU Establishes African Union Advisory Board on Corruption

Relevant UN Resolutions and Treaties

- Inter-American Convention Against Corruption, 29 March 1996
- African Union Convention on Preventing and Combating Corruption, 11 July 2003
- United Nations Convention Against Corruption, 31 October 2003, (**A/RES/58/4**)
- Conference of States Parties (COSP) Sessions Resolutions and Decisions

Possible Solutions

The primary focus of combating corruption is to strengthen institutions through increasing transparency of both the public and private sector. Governments and business can work on documenting and publicizing budget plans (investments, government transfers, tax collection, foreign aid) and decision-making processes through easily accessible platforms and routine reports. The more people that are aware of the allocation of resources and due processes, the harder it is for those in power to abuse their authority and the more trust citizens will have in their institutions. More advanced digital technology can be applied in recording transactions between public and private sectors in ensure transparency. However, the potential threats the cyber realm poses must also be kept in mind. Governments may also reevaluate for exiting bureaucratic red tape within institutions that encourages and hides corrupt acts from the public eye. In the process, nations need to keep in mind a balance that rid of useless regulations but protects basic functions of the government.

Furthermore, developing nations can build a culture of responsible citizenship that condemns unethical acts. It may involve mandatory school programs or media campaigns that raise awareness of the effects of corruption as well as instill in citizens righteous moral standards. Governments could also encourage more responsible reporting and whistleblowing from citizens through enacting more protection programs and legislation to ensure the rights of whistleblowers.

Additionally, measures may be taken to ensure a robust anti-corruption legislation and justice system within developing nations. On top of strong institutional systems and ideological indoctrination that prevent corrupt acts, credible deterrence also plays a crucial part in mitigating corruption. Harsher penalties send a clear message of potential consequence to discourage actions from potential wrongdoers. Specialized task forces and a fair justice system serves as an enforcement mechanism for anti-corruption legislations. A more meticulous civil servant selection process can be put into place as well as possible monitoring procedures. Governments may also consider increasing pay and benefits for civil servants to prevents trends of seeking “unofficial supplements” to their income. However, the negative implication of increased wage on national fiscal budgets of developing nations must also be taken into account.

Finally, more inclusive international efforts may be made in combating corruption. International anti-corruption efforts are primarily focused on developed nations with highest world GDP contribution such as the Group of Twenty (G20) or Organization for Economic Cooperation and Development (OECD) states. The belief that developed nations will set an example for developing nations yields little direct action in combating the rampant corruption in developing states. Only patchwork regional organizations such as the African Union and the Organization of American States

incorporate developing nations in their anti-corruption conventions and programs. Moreover, existing international conventions that do include developing states such as the UNCAC, despite binding, lack effective enforcement measures. The Peer Review System built for the purpose of enforcement comes off as idealistic at times and is in need of reforms. On the other hand, increasing engagement of civil societies NGOs to directly monitor developing nations can effectively exert normative pressure in anti-corruption reforms.

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