

Transparency International Anti-Corruption Helpdesk Answer

Successful approaches to tackle petty corruption

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Petty bribery refers to small bribes paid by citizens to public officials to speed up bureaucratic processes or access public services they are entitled to. Although it typically involves small amounts of money, petty corruption has a far-reaching impact on citizens and companies and a corrosive long-term effect on sustainable economic growth, the overall governance environment, the government's ability to collect taxes and the rule of law. Successful approaches to tackle petty corruption involve using a combination of measures aimed at reducing red tape, enforcing effective sanctions, reforming the public sector, and promoting detection and reporting through the use of new technologies. To be successful, such approaches need to be supported by a strong political will.

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Query

Is there any paper or study that documents effective methods to counter petty corruption?

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Not so petty: the impact of petty bribery

Petty corruption refers to “everyday abuse of entrusted power by low- and mid-level public officials in their interactions with ordinary citizens who often are trying to access basic goods or services in places like hospitals, schools, police departments and other agencies” (Transparency International 2009). While petty corruption typically involves small amounts of money, its aggregated financial and societal costs are far from negligible.

Petty bribery is costly for individuals and households, especially the poor

According to some estimates, including Transparency International’s Global Corruption Barometer (GCB), petty corruption could affect as many as one in four people around the world, nearly two billion people (Klarity Blog 2018). In Asia Pacific alone, 2017 GCB data suggests that close to 900 million people paid a bribe to access public services. In Vietnam, 65 per cent of the respondents reported paying a bribe to access public services. The country also had the second highest bribery rates of all the countries surveyed for public schools (57 per cent) and healthcare (59 per cent), suggesting serious corruption risks when people try to access these basic services (Transparency International 2017).

Main points

- The impact of petty bribery is not petty. It affects citizens in their daily interactions with the state, with potential dramatic consequences on their standards of living and well-being.
- It has a corrosive impact on growth, business operations, tax revenues, the governance and regulatory environment of a country, the legitimacy of state institutions and the rule of law. Most importantly, it affects citizens in their daily interactions with the state.
- Successful approaches to counter petty corruption include a combination of measures aimed at reducing red tape, prosecuting corrupt officials and reforming the public sector. Such approaches need to be supported by a strong political will.

Corruption in health is all the more detrimental as it can have life and death consequences for citizens. A 2015 study conducted in Africa shows that corruption is a reason for patients to postpone their first visit to healthcare providers, with devastating consequences in terms of the timeliness of cancer diagnosis (Mostert et al. 2015).

The cost of small and repeated bribes is considerable when aggregated on a national or global scale. Furthermore, as petty bribery typically occurs at the point of service delivery, it directly affects citizens' access to public services and undermines citizens' standards of living. There is evidence too that petty bribery hurts the poor most as they are more reliant on public services (Klarity 2018). In addition, petty bribery represents a higher share of their income. For example, evidence from Mexico estimates that Mexican households with the lowest income spent up to 30 per cent of their monthly income on bribes, while Mexican households with an average income spent only 14 per cent on bribes. Similar patterns were observed in the Western Balkans (Bohorquez and Devrim 2012).

Petty bribery has a detrimental impact on economic growth and business operations

Although some authors have argued that petty bribery, including facilitation payments can "grease the wheels" of the economy and reduce the transaction costs generated by red tape and cumbersome bureaucratic requirements, there is a broad consensus that petty corruption is costly for companies legally and reputationally risky in the long term, undermining firms' growth and productivity, and that it is economically inefficient (Chêne 2013).

Evidence from Africa suggests that the aggregated cost of petty bribery could cost companies the equivalent of 2.5 to 4.5 per cent of their sales. This could represent as much as 20 per cent of labour costs for average manufacturing companies and more than communications (telephone, fax, internet) and transportation (excluding fuel) costs (Clarke 2008). A 2008 PricewaterhouseCoopers survey of 390 senior executives in 14 countries, confirms that companies pay a high cost for corruption in terms of market distortion, reputational damages and legal risks.

It is also an inefficient strategy in the longer term to circumvent red tape and cumbersome bureaucratic processes. A few studies show that corruption tends to increase the time managers spend on dealing with red tape. This is partly because companies known to pay bribes are likely to spend more time negotiating with corrupt bureaucrats and companies that have paid bribes before tend to be the primary targets (Fisman and Svensson 2007).

As for firms' productivity, some authors argue that the cost of red tape may be over-estimated. A 2010 World Bank study compared the impact of facilitations payments and the effect of red tape (referred to as "time tax"). The study finds that red tape seems to have an insignificant impact on firms' productivity compared to the "bribe tax" (De Rosa, Gooroochurn and Görg 2010).

Petty bribery, including facilitation payments, is also likely to deteriorate the company's internal structure by undermining ethical standards, behaviours and attitudes as well as the governance structure (PricewaterhouseCooper 2008).

Petty bribery undermines the quality of the regulatory environment and the efficiency of the state apparatus

Petty bribery has a longer term detrimental effect on the quality of a country's governance and regulatory environment as it creates incentives for corrupt bureaucrats to create more regulations, restrictions and red tape to increase the opportunities to extract bribes from citizens and companies (Chêne 2013). Petty bribery is likely to create a vicious circle whereby corrupt bureaucrats have few incentives to tackle red tape and bureaucratic inefficiencies that provide them with opportunities to extract bribes. Therefore, facilitation payments are likely to incentivise corrupt officials to create artificial barriers instead of reducing excessive red tape, fuelling inefficiencies and bureaucratic burden (Dzhumashev 2008).

Petty bribery erodes public trust in institutions and the rule of law

As petty corruption affects citizens in their daily interactions with public services, it erodes public trust in institutions and political processes,

undermining the legitimacy of state institutions, with a corrosive effect on democratic processes and the rule of law. This has been confirmed by a study looking at the correlation between perceptions of corruption and trust in government institutions in Mexico (Morris and Klesner 2006). Such a lack of confidence in public institutions can have dramatic consequences, as illustrated by the 2014 Ebola crisis. In Sierra Leone and Liberia, it has been argued that, as petty bribery fuelled distrust in health services, it contributed to the spread of the disease as patients avoided seeking medical attention from health institutions they did not trust (Steiner 2017; Mackey et al. 2016).

Corruption also has a corrosive effect on the rule of law. Irrespective of whether they are big or small or whether they are aimed at easing bureaucratic procedures or securing an undue advantage, bribes always result in an inconsistent implementation of the law and a violation of public office rules, which is ultimately likely to severely undermine the rule of law (David-Barrett 2012).

Petty bribery has a negative impact on tax revenues

As bribery can be used to facilitate tax evasion, there is evidence that corruption affects the progressivity of the tax system, creating a biased tax system that benefits the rich and well-connected and ultimately affects income distribution (Nawaz 2010; Chêne 2014).

There is also empirical evidence to indicate that petty corruption reduces citizens' willingness to pay taxes. Afrobarometer data from 31 African countries confirms that experience of petty corruption not only affects citizens' willingness to contribute to the state but also undermines public trust in the tax department, which, in turn, is likely to further erode citizens' tax morale (Jahnke 2015).

Approaches to tackle petty bribery

The Georgia example: a combination of frontal approaches supported by strong political will

Countries like Georgia have been largely credited to have succeeded in eradicating petty corruption with strong political will and concerted government action in the aftermath of the 2003 Rose Revolution. This has been achieved in a relatively short period of time through a combination of anti-corruption measures, including the prosecution of high-level senior officials, police reform, the liberalisation of the business environment, the simplification of procedures (for example, registering property, business licences, tax and customs administration) and public sector reform (The World Bank 2012; Kupatadze 2011; Slasde 2011):

- The government launched a campaign of prosecution, targeting high ranking officials and associated business leaders in the Shevardnadze government. Between 2003 and 2010, 1000 public officials were charged with corruption offences.
- New anti-corruption legislation was passed as well as an anti-corruption strategy promoting a zero-tolerance policy for corruption.
- A complete overhaul of the highly corrupt police forces was undertaken with the firing of about 15,000 police personnel and the dissolution of the traffic police, considered as one of the most corrupt institutions. The salaries of the remaining police officers were raised significantly.
- A dramatic reduction of the public sector by almost 50 per cent, while the salaries of the remaining public servants increased roughly 15 fold and a competitive merit-based recruitment system was established combined with training of public officials in criminal law and procedure code.
- Efforts were also made to simplify the business environment to make it more attractive to investors, including a reduction

of the numbers of taxes, simplified procedures for doing business as well as liberalisation of the economy to reduce red tape, shadow economy and widespread tax evasion.

Such efforts have rapidly translated into restored public confidence in the government's ability to fight corruption, with 60 per cent of the Georgian 2004 Global Corruption Barometer respondents expecting corruption to decrease over the next three years – the biggest leap of any country to date in terms of perceptions of corruption (Chêne 2011). Experiences of petty corruption also rapidly decreased as, according to Freedom House 2010, 97 per cent of Georgian citizens reported they had not paid a bribe in the last 12 months (Freedom House 2010).

The World Bank draws a few lessons from this success, including, among others (World Bank 2012):

- The government prioritised measures focused on tackling corruption in public services that affect the daily lives of Georgians.
- The government displayed a strong political will to tackle corruption.
- The government established credibility early by immediately adopting a zero-tolerance policy to corruption and focusing on showing quick and visible results.
- The government launched a “frontal assault on corruption”, implementing sweeping reforms rather than piecemeal anti-corruption measures.
- The government overcame the lack of capable staff and capacity by attracting new and qualified staff from the outside, particularly people with private sector experience and/or Western qualifications.
- Efforts were made to liberalise the economy and limit the role of the state by cutting the public sector in half, simplifying regulations and reducing red tape.

Combatting red tape and reducing administrative burden

As demonstrated by the Georgian example, reducing red tape is an important element of successful strategies to fight petty corruption. Excessive bureaucracy creates both incentives and opportunities for petty bribery. There are a number of successful tools and approaches that countries like Georgia have used to reduce red tape, including the establishment of one-stop-shop, data sharing and standardisation, simplification of procedures, the use of information and communication technologies (ICTs) and e-government, and accountability mechanisms such as ex-ante controls (Martini 2012 and 2013):

Process re-engineering: aims to reduce the number of government requirements and facilitate compliance through redesign, elimination of redundant steps and the use of technology. This can include the harmonisation of laws, regulations and procedures, simplification of documentary requirements and the establishment of time limits based on the principle that “silence is consent”.

One-stop-shop: provides easier, faster and more transparent guidance to citizens and companies. A one-stop-shop integrates a number of public services, including registering a business, post-registration formalities with tax authorities, issuance of documents, licences and permits.

Data sharing and standardisation: business are often required to submit the same documentation to different government agencies in various formats. Data sharing and standardisation of formats among these agencies goes a long way to reduce the administrative burden on companies.

E-government: ICTs and e-government tools also help to alleviate the administrative burden on companies and citizens and facilitate the above mentioned simplification measures, such as the use of electronic reporting for filing tax returns, data sharing between agencies and online one-stop-shops.

Ex-ante controls: some countries have introduced impact assessments of new regulations before they are adopted. Those “ex-ante controls” aim to

minimise the administrative burden of new regulations and ensure that they are proportional and transparent. In Portugal, for example, the Simplex Test was introduced in 2006 as a tool to assess the impact of new regulations on the administrative burden faced by citizens and companies.

Stakeholders engagement: ensures that reforms aimed at reducing red tape and simplifying bureaucratic processes tackle the right issues. Examples include broad or targeted public consultations as in the UK where citizens and their representatives can make suggestions for reducing red tape and simplifying regulations on a dedicated website (OECD 2010). In Mexico, citizens are invited to report “the most useless procedure” and get rewarded for denouncing the most absurd bureaucratic process or for proposing the best solution to cut red tape.

Raising salaries

Arguably, corruption can be seen as a coping strategy for underpaid civil servants in countries where government salaries are low and under the living standards. There is a broad consensus that low government wages create incentives for corruption and are likely to undermine public sector efficiency and productivity. However, evidence on the effectiveness of increasing government wages to reduce corruption is mixed. Most studies suggest that increasing salaries without establishing effective control and monitoring systems as well as enforcing appropriate sanctions, in addition to being a costly strategy, is unlikely to have a sustainable impact on corruption (Chêne 2009).

However, evidence on the effectiveness of increasing government wages to reduce corruption is mixed. In Ghana, for example, the government doubled its police officer salaries in 2010 in an attempt to reduce petty corruption. A study comparing bribe taking by the police force in Ghana and in the neighbouring countries indicates that Ghanaian police officers did not collect significantly fewer bribes after their salaries were raised (Folz and Opoku-Agyemeng 2015).

Another recent study provides contrary empirical evidence that increasing government wages can help curtail corruption, but solely relying on such a strategy to reduce corruption can be very costly. Indeed, the study estimates that “to reduce the level of corruption in non-OECD countries to that in OECD countries, the government wage would have to be increased by about seven times” (Kweon and An 2017).

While the evidence is inconclusive, most studies tend to indicate that increasing salaries alone is unlikely to reduce petty bribery. Such approach needs to be combined with effective control and monitoring systems as well as enforcing appropriate sanctions (Chêne 2009).

New technologies and innovative tools

There is a broad consensus in the literature that ICTs can contribute to the fight against corruption. Tools such as digital public services, crowdsourcing platforms, whistleblowing tools, transparency portals, big data and more have a great potential to support anti-corruption by promoting public scrutiny, transparency and accountability, and facilitating advocacy and citizen participation as well as closer interaction between government and citizens. However, ICT can also be misused to provide new opportunities for corruption, with the rise of the dark web or cryptocurrencies, for example (Adam and Fazekas 2018). A few examples of how ICTs can be used to fight petty forms of corruption are outlined below.

e-government

The digitalisation of public services can contribute to anti-corruption by reducing the discretion of public officials, increasing transparency and simplifying bureaucratic processes. As petty corruption tends to occur in face-to-face situations, ICTs can reduce opportunities for bribery by limiting direct interactions between service users and service providers (Chêne 2014b). As mentioned above, the automation of public services, such as electronic reporting (for example, tax returns or social security filing), data sharing across government agencies or the creation of online one-stop-shops can greatly contribute to reducing the administrative burden (Martini 2012).

Smartphone application in Mexico

In Mexico, an application for smartphones to reduce traffic police petty corruption by providing guidance to drivers when confronted with bribe extortion from the Mexico City Police. The application offers all the necessary information, from a traffic fine calculator to a list of all traffic regulations, the most frequent associated sanctions and a quick connection to emergency telephones. In the three months following its launch, the application was downloaded more than 11,000 times (Chêne 2014b).

Digital payment/mobile money

Some experiments also suggest that using mobile money can reduce risks of leakages when paying salaries. In 2009, a pilot project was implemented in Afghanistan's police forces to determine whether public sector salaries could be paid via a new mobile money service. Police officers paid through their mobile phone received a significantly higher salary than usual. When the cash was passed down from the ministry via their superior officers, about 30 per cent of their pay had been skimmed (Harford 2017). In addition, the employer and employee had immediate and significant cost savings as they were able to effectively shift the costs of managing their salary supply chain to the mobile phone operator (Blumenstock et al. 2015).

A similar experiment was conducted in Dar es Salam in the water sector to explore the role of mobile-enabled payment methods to reduce petty corruption in urban water provision. Findings suggest that mobile money can reduce

petty bribery by making payment data more transparent and limiting economic rents in the billing and payment process (Krolikowski 2014)

Corruption reporting apps

Crowd-based corruption reporting apps allow citizens to report bribery incidents anonymously and instantaneously with their smartphone. Some of these apps also use the data to create "heat maps" that aggregate the reports to highlight sectors, regions or institutions most prone to corruption (Kukutschka 2016).

In India, a well-known crowdsourcing platform "[I paid a bribe](#)" allows citizens to report corruption instances where public officials extort bribes. The platform aims builds evidence and identifies sectors and departments particularly vulnerable to corruption. The platform recorded more than 180,000 reports since it was launched in August 2010. This approach has been replicated in more than 25 countries around the world, including Greece, Hungary, Serbia, Mexico, Morocco, Nigeria, Kenya, Zimbabwe, Pakistan and the Philippines, with mixed results (Kukutschka 2016).

Using online tools for naming and shaming

While law enforcement is key to reduce corruption, social sanctioning can be a powerful tool to deter corruption. In Indonesia, Korrupedia.org provides an online list of convicted officials, including their name, the amount of money embezzled and the final verdict of the trial. Beyond naming and shaming, the platform aims to avoid corrupt officials getting back to positions of power unscathed.

More examples on tactics and lessons from using new technologies against petty corruption can be found [here](#).

Other initiatives

Zero rupee notes in India

The [5th Pillar](#), an Indian organisation, launched the “zero rupee note” initiative to fight pervasive corruption in the country. The organisation prints and distributes zero rupee notes in railway stations, bus stations and markets to protest against bribery requests, raise awareness about bribery and remind the public of their rights.

Demand for the first batch of 25,000 notes was so high in 2009 that by the end of 2009, the organisation had distributed more than a million notes and collected many stories where they had been used to resist bribery requests by public officials.

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