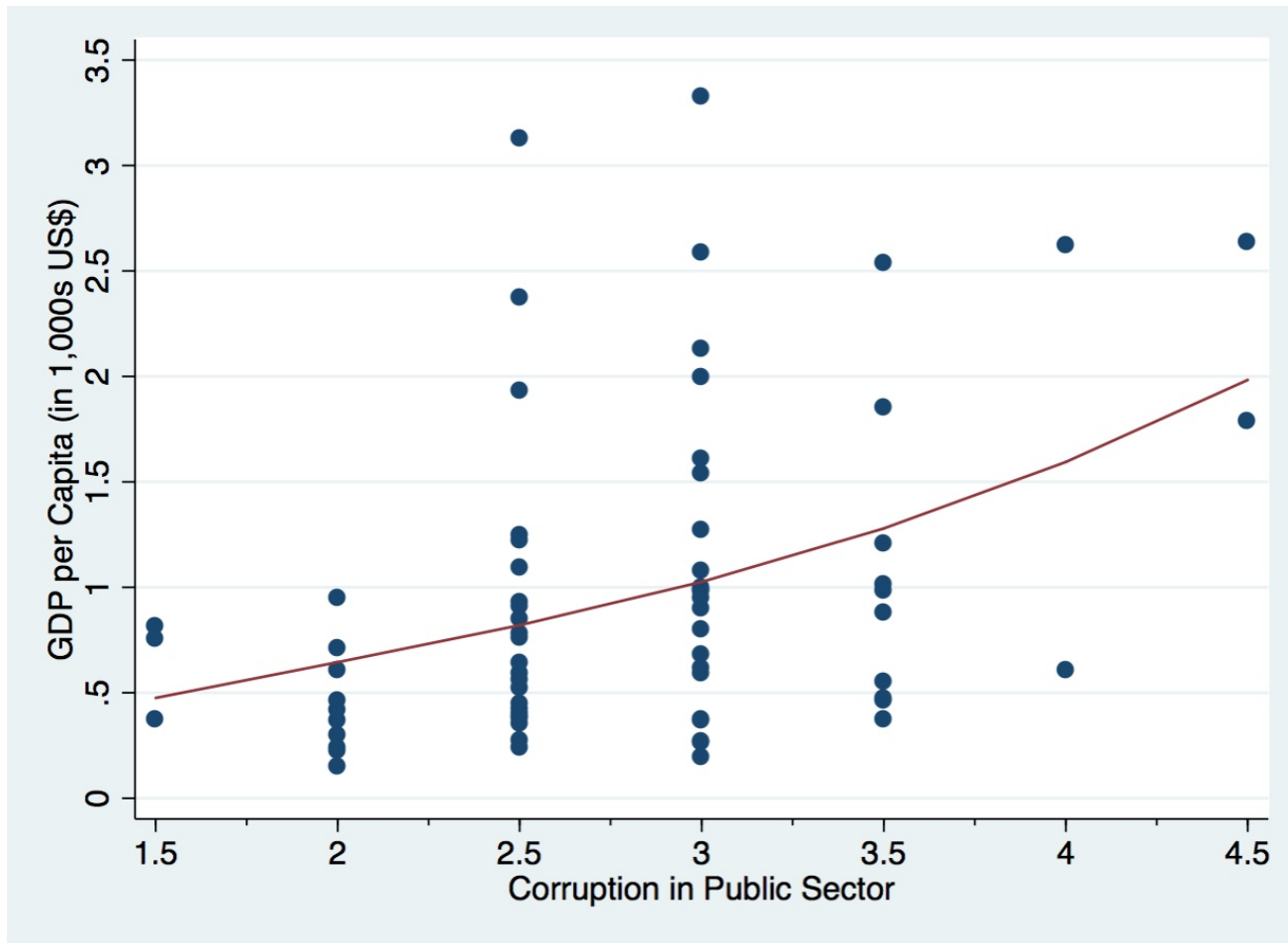


A Political Scientist's Perspective on Corruption

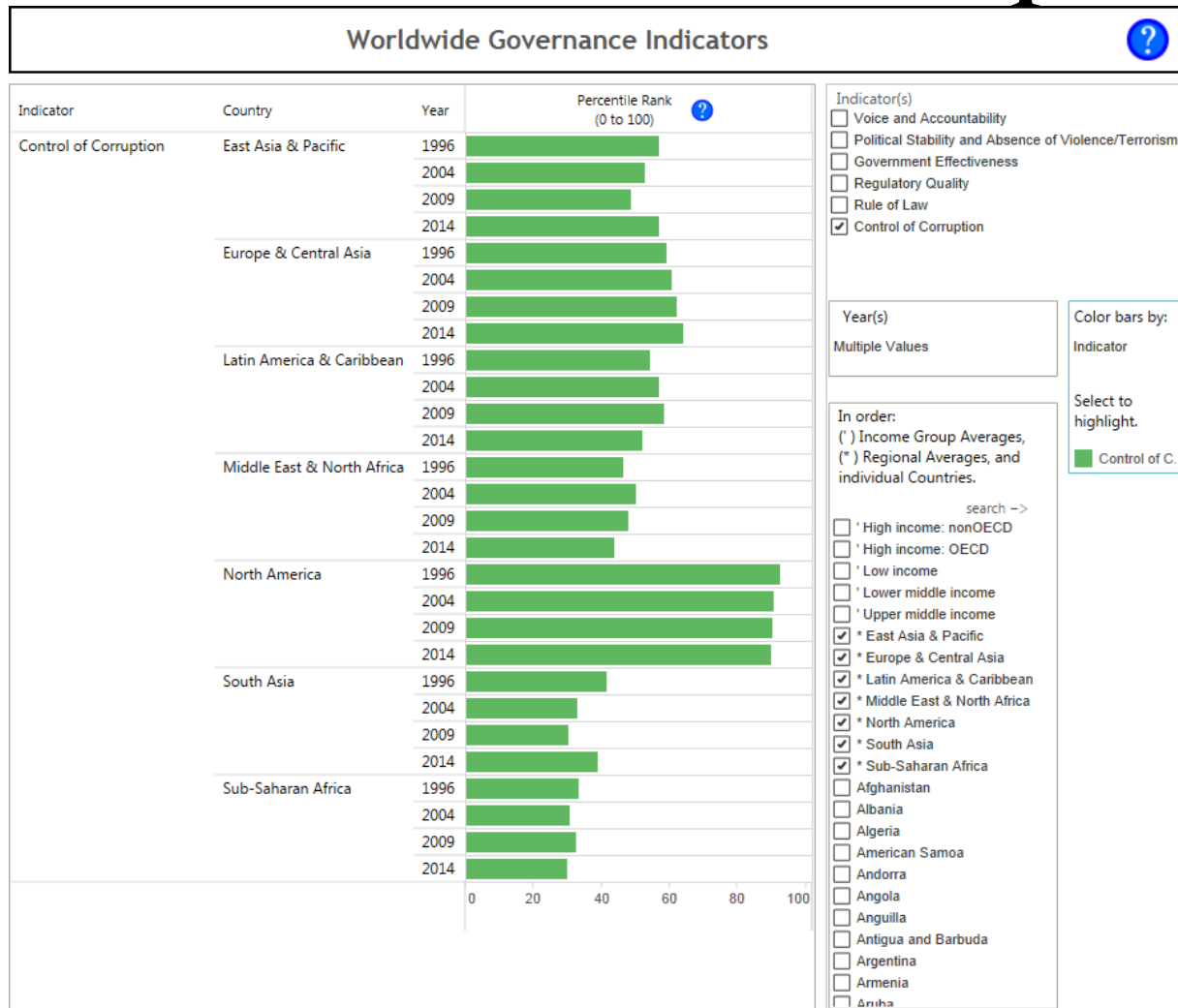
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Corruption Matters



The Record on Corruption



Source: Kaufmann D., A. Kraay, and M. Mastruzzi (2010), *The Worldwide Governance Indicators: Methodology and Analytical Issues*

The Worldwide Governance Indicators are available at: www.govindicators.org

Note: The Worldwide Governance Indicators (WGI) are a research dataset summarizing the views on the quality of governance provided by a large number of enterprise, citizen and expert survey respondents in industrial and developing countries. These data are gathered from a number of survey institutes, think tanks, non-governmental organizations, international organizations, and private sector firms. The WGI do not reflect the official views of the World Bank, its Executive Directors, or the countries they represent. The WGI are not used by the World Bank Group to allocate resources.

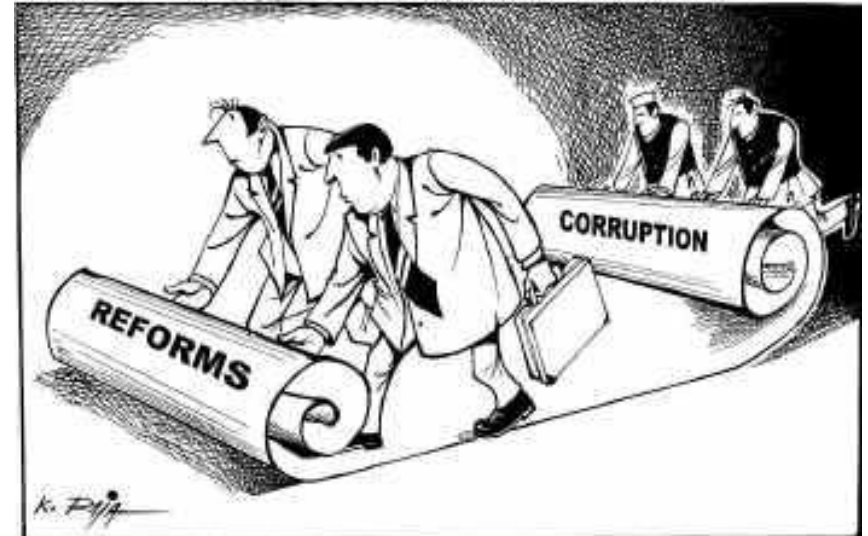
The Broader Correlates of Corruption

- Economic Development
- Political Institutions
 - Levels and History of Democracy
 - Free Press
 - Electoral Systems
 - Decentralization
- Economic Rents and Market Competition
 - Natural Resources
 - Openness to Trade
 - State Intervention
- Direction and pathway unclear



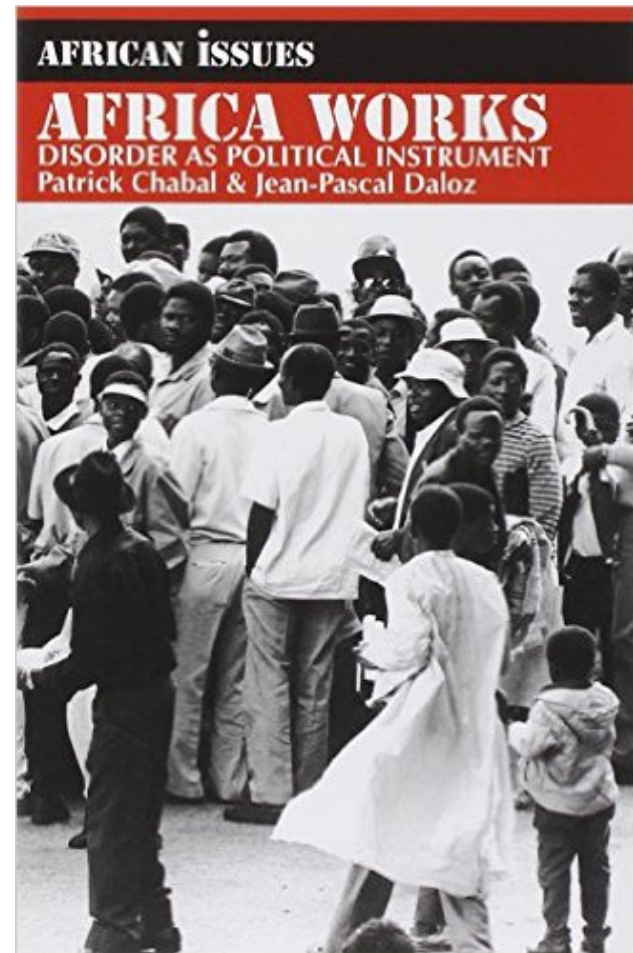
Actor Incentives and Corruption

- Bureaucratic incentives
 - Compensation structures
 - Weak monitoring and punishment
 - Complex regulatory environment
 - Bureaucratic competition
 - Poor transparency
 - Lack of technology and communication



Actor Incentives and Corruption

- Political incentives
 - Coalition management in the context of fragile states
 - Societal pressures to deliver resources in the context of under-development
 - Vicious cycles of clientelism



Taxation and Corruption

- Fiscal decentralization, complex tax systems, improper oversight, increased personal interaction, and high tax rates create incentives for corruption
- Examples include administrative bribes, tax avoidance schemes, tax delays, tax coercion
- Possible solutions include tax code reform, coordinated tax rates, clearer revenue sharing, effective tax assignment, organizational restructuring, computerization, staff training, auditing, public records

Custom Agencies and Corruption

- Opaque and cumbersome legal code, poor oversight, high tariffs, increased personal contact create incentives for corruption
- Examples include administrative bribes, discretionary exemptions, trade fraud, non-payment/evasion, missing goods, privileged access
- Possible solutions include organizational restructuring, public records, staff training, simplified legal codes, lower tariffs, electronic information, payment, and assessment systems

Budget and Expenditure Management

- Absent clear guidelines, monitoring and transparency, the budgetary processes is skewed and used for personal gain
- Examples include secondary budgets/earmarking, skewed investments, poor expenditure auditing
- Possible solutions include stronger legal frameworks for budget preparation, auditing, on-line procurement systems, technical expertise, legislative strengthening

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