

EVALUATING POLICY REFORMS TO REDUCE CORRUPTION



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IN BRIEF..

- » Corruption hinders trade and development
- » Estimates suggest corruption costs the global economy US\$ 1 trillion per annum
- » Reforms should focus on improving management transparency to remove opportunities for eliciting and receiving bribes

The World Bank has estimated that corruption costs the global economy US\$ 1 trillion per annum (3% of total GDP). In this context it is crucial to ensure the efficient delivery of public services and that public funds are spent in a proper and cost-effective manner.

This IGC study investigated how corrupt public officials would respond to policy reforms that change opportunities for the extraction of bribes. The researchers examined firms in Northeastern South Africa with a choice between using two ports with very different levels of corruption: Maputo in Mozambique or Durban in South Africa. The findings suggest that poorly managed border agencies increase trade transaction costs and cause delays. These ineffective border management practices incentivise firms to seek ways of circumventing those bureaucratic inefficiencies, and can consequently lead to an increase in corruption.

Reforms should therefore focus on improving management transparency, the optimal allocation of resources, and the consolidation of information and data. Reducing in-person contact between private agents and public officials by, for example, using online submission of documents to remove opportunities for eliciting and receiving bribes would also help.

Since greater efficiency of public services and revenue mobilisation are some of the top priorities for developing countries, the lessons from these projects are likely to be of interest to a wide audience of policymakers.

The results of these projects were presented to DFID, the World Bank, numerous academic venues, and to a number of leading policymakers in IGC stakeholder countries.