



SEPTEMBER 2015

Curbing Corruption: Ideas That Work

Executive Summaries

ABOUT THE LEGATUM INSTITUTE

The Legatum Institute is an international think tank and educational charity focussed on promoting prosperity. We do this by researching our core themes of revitalising capitalism and democracy. The *Legatum Prosperity Index™*, our signature publication, ranks 142 countries in terms of wealth and wellbeing.

Through research programmes including The Culture of Prosperity, Transitions Forum, and the Economics of Prosperity, the Institute seeks to understand what drives and restrains national success and individual flourishing. The Institute co-publishes with *Foreign Policy* magazine, *Democracy Lab*, whose on-the-ground journalists report on political transitions around the world.

The Legatum Institute is based in London and an independent member of the Legatum Group, a private investment group with a 27 year heritage of global investment in businesses and programmes that promote sustainable human development.

ABOUT CURBING CORRUPTION: IDEAS THAT WORK

The *Democracy Lab* and Legatum Institute have commissioned a series of case studies that examine specific interventions against corruption which have produced positive results. The aim is to tell a set of stories that illustrate how combatting corruption works in practice, which may offer insight on some of the larger issues across the globe. The papers formed the basis of a conference in September 2015 that focused on broader themes, such as developing methods to combat corruption, promoting good outcomes, and measuring success.

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INTRODUCTION

by Christian Caryl



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Corruption is a hot topic. Do a quick Google search of recent political protests around the globe, and you'll find that angry citizens have been taking to the streets in places as diverse as Brazil, Nepal, Greece, Indonesia, Iraq and the Philippines. Anti-corruption campaigners have become nationally famous in countries ranging from Russia to India. Americans worry about the corrosive effects of money in politics, while the British prime minister David Cameron has promised to address the impact of dirty money on the international financial centre of London.

Our aim in commissioning these case studies of successful anti-corruption initiatives is twofold. First, we hope to bring the advantages of storytelling to a topic that is all too often characterised by well-meaning abstractions. Second, we believe that corruption in its myriad forms is a problem that can be solved. By encouraging a lively debate about interventions that have had positive effects, we hope to reinforce the message that practical solutions can be found.

Of course this is a broad subject. 'Corruption' is a term that covers a multitude of problems, ranging from petty bribery to high-level influence-peddling. How one defines corruption depends to a dramatic degree on where one stands. One person's tax shelter is another person's crony capitalism. Some of us may condemn the nepotism of a politician while eagerly using our professional contacts to help our own relatives. Bankers from New York might sneer at the trivial bribery of officials in an African airport while happily exploiting their own financial power to influence congressional legislation. Some social scientists argue that corruption's destructive role is grossly exaggerated—though the anger and zeal of demonstrators on the streets suggests otherwise.

Given that corruption comes in so many forms, quantifying its extent and consequences is a challenge. This, coupled with the political sensitivity of the topic, generates a powerful temptation to address it with generalities. Politicians thunder about plagues of malfeasance while proving oddly reluctant to pass legislation. Journalists latch eagerly on to juicy tales of individual wrongdoing while rarely taking the time to probe into complex networks of influence. Development experts preach the need for 'transparency' and 'accountability' while all too often shying away from the grubby details of the situations that confront them.

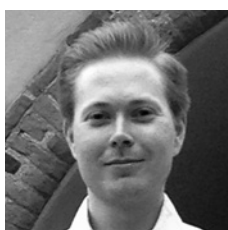
We hope that the case studies collected here will stimulate a different kind of discussion—one that draws on implemented policies, lived experience and specific details.

Such solutions will probably never produce a magical panacea that can be applied in every situation. But we do believe that the cases we examine here can, ultimately, point the way to successful policies.

HOW GEORGIA STAMPED OUT CORRUPTION ON CAMPUS

First they fired the education ministry. Then came the hard part.

by Christofer Berglund and Johan Engvall



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Petty bribery and nepotism have been a constant problem in Georgia since its independence from the Soviet Union. Weak institutions were unable to enact the rule of law and corruption flourished. The situation was particularly dire in higher education. In the 1990s, professorial salaries dropped to half of the living wage. Accepting bribes in return for admission to universities became the norm, with a slot at a top school costing around \$30,000. Once a student was admitted, diplomas, too, could be freely bought. The worst profiteers were crooked professors nicknamed the 'Academic Barons'.

This all changed after the 2003 'Rose Revolution', when President Mikhail Saakashvili won 96 percent of the electoral vote. He had received a popular mandate for sweeping reform and immediately enacted a number of dramatic anti-corruption measures—dubbed the 'big bang'.

Under the new minister of education and science, Alexander Lomaia, the ministry was completely reorganised. The admissions process was wrested from the universities and handed over to the National Assessment and Examinations Centre, which had been set up by the World Bank in 2002. After 2005, applicants were admitted on the basis of a strictly monitored Unified National Examination. The process was deliberately convoluted, almost theatrical, in its attempt to overcome distrust of the admission process: at one stage, the papers were encrypted and sent to a Cambridge University printing house before being returned to be graded.

Reformers also sought to improve the quality of higher education. Saakashvili created an Accreditation Council (later National Centre of Education Accreditation), which aligned with European qualifying criteria; over half of the universities that sought accreditation were rejected. Prospective students could now apply to multiple universities, and the most talented received tuition grants.

Finally, Georgia's reformers sought to improve the quality of the education itself. For example, the rector of Tbilisi State University was forced to step down amid allegations of corruption, and professors were let go before being asked to reapply for a reduced number of better-paid posts.

Transparency International found that 91 percent of Georgia's students saw the new entrance exams as an improvement and 80 percent thought that corruption during admissions would be eliminated. Thanks to the 'big bang' approach—backed by popular support—for the first time in Georgia's modern history, a generation of students have earned degrees based purely on their academic performance.



Read the full case study on our website: www.li.com/curbing-corruption

THE FIGHT FOR UKRAINE'S SOUL

Why Kiev's effort to curb corruption is a Sisyphean task.

by Frank Brown



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The popular uprising against the Ukrainian government in 2014 was—to a large extent—an expression of discontent with endemic corruption. Corruption was everywhere—from the capture of entire industries by politically well-connected tycoons, to predatory police or bribe-seeking kindergarten directors. When Petro Poroshenko was elected as president, in the wake of the collapse of the old regime, he vowed to make fighting corruption the centerpiece of government efforts to repair the relationship between citizens and the state.

The reform effort in Ukraine is still a work in progress. It is too early to judge whether it has been a success, but a number of observations can be made about the current situation.

The anti-corruption campaign is largely on two fronts—in Kiev, the capital, and in the southern port city of Odessa.

In April 2015, the central government in Kiev established the National Anti-Corruption Bureau (NAB) and charged it with investigating high-level and high-value corruption cases. It was originally a six person team, headed by an unknown prosecutor and a Georgian as deputy, but by late summer the number of NAB employees had risen to 30. The NAB's counterpart, the National Corruption Prevention Agency (NCPA), has had a difficult start, because a number of anti-corruption NGOs object to the proposed selection process for appointing NCPA leaders. Overseeing the whole anti-corruption effort is yet another monitoring body, the National Reforms Council (NRC), which is housed in the Presidential Administration.

A team of reformers from Ukraine and other post-Soviet countries is working to implement a radical anti-corruption agenda in Odessa. Mikheil Saakashvili—the former president of Georgia and now the region's new chief—has promised to cut red tape, streamline customs procedures and to take on the vested interests that have long dominated political and business life in the area. In the eastern part of Odessa province, Valentina Stoykova, the district administrator, has a mandate to reduce her staff, simplify business registration and bring transparency to the auctioning of fishing rights.

Progress so far has been sluggish. Some officials blame the war in the East. Observers blame resistance from the oligarchs who continue to dominate public life. Yet it is clear to all that Ukraine's viability as a state depends on its ability to cope with the challenge of corruption.



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THE DATA SLEUTHS OF SAN JOSÉ

How three scrappy Costa Rican reporters used the power of data to bring down a system of sleaze.

by Christian Caryl



Christian Caryl
Managing Editor,
Democracy Lab; Senior
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In 2004, three Costa Rican reporters, Giannina Segnini, Mauricio Herrera, and Ernesto Rivera, using traditional investigative techniques combined with information technology, uncovered the first of a series of scandals that would expose a web of corruption and bribery. The revelations, published in the leading national newspaper *La Nación*, plunged Costa Rica's elites into turmoil.

The investigation looked at the peculiar living arrangements of Eliseo Vargas, the head of the national health care agency. This digging revealed that he lived in a luxury home that had been purchased by the chief financial officer of Fischel Corporation, a Finnish medical supply company. The house had been bought shortly before a \$39 million deal was made between the two organisations. When the report was published the journalists were amazed that Vargas resigned immediately. His willingness to depart led them to suspect that they were on to something much bigger.

The team trawled through reams of financial data, uncovering a well-established network of malfeasance. The money trail led them to (among others) ex-president Rafael Calderón, who had received more than half a million dollars from the Fischel deal. Calderón, along with 17 others, ultimately ended up going to jail. Costa Rican lawmakers passed strict anti-bribery legislation, and the Finnish government launched its own investigation.

But the corruption didn't end there. The reporters eventually discovered a \$1.2 million bribe paid by a French company, Alcatel, to the director of ICE, the state-owned monopoly that controlled telecommunications and energy in Costa Rica. Ex-presidents Miguel Ángel Rodríguez and José María Figueres were both implicated in the case, and Alcatel paid \$137 million in settlements.

The reporters faced tremendous pressure to halt the investigation throughout—from other media outlets as well as influential politicians. Segnini, Herrera, and Rivera attribute their success to their varied skillsets and teamwork and the instincts of their editor-in-chief, Alejandro Urbina. Their detailed investigative work brought down some of the most powerful politicians and businessmen in Costa Rica, and—even more importantly—transformed a political system that was infected with corruption.



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INTEGRITY GETS GREAT RATINGS

How Nepalese people harnessed the power of reality TV to strike a blow against corruption.

by Blair Glencorse and Suman Parajuli



Blair Glencorse
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Nepal has a long history of corrupt government, earning it a ranking of 126 out of 164 countries in Transparency International's most recent Corruption Perceptions Index. In January 2013, Gyan Mani Nepal, the new head of education in the Panchthar district in Eastern Nepal, launched sweeping reforms to counter abysmal teaching standards, inefficiency and poor morale. He achieved impressive results. Teacher absenteeism, once as high as 90 percent, was transformed into attendance of over 90 percent.

A team at Accountability Lab, a non-profit organisation looking for creative ways to promote accountability and transparency, realised that celebrating hard-working and honest politicians could launch a positive and self-reinforcing narrative about public service integrity in Nepal. Linking popular culture in South Asia with the concept of positive politics, the Lab collaborated with a youth-run production company to launch *Integrity Idol*. The show (aimed at Nepal's young population) encouraged citizens to 'name and fame' admirable public officials. Over 300 were nominated, and a panel of trusted national figures ultimately cut the candidates to a shortlist of five. The show was an unprecedented hit, and attracted more than three million viewers who cast over 10,000 votes. Gyan Mani was eventually declared the winner for his pioneering education reforms in Panchthar.

Integrity Idol sparked a nationwide discussion about what it means to exercise office honestly within the confines of a corrupt political system. The series showed that blending popular culture with a will to fight corruption creates a potent driver for change. Accountability Lab has since started similar projects in Pakistan and Liberia. The National Committee for Education Policy Reform has asked Gyan Mani for feedback on proposed policies. Public officials, political parties and teachers' unions, spurred on by the expression of popular sentiment, have pledged unprecedented reforms. This bottom-up movement cost just \$4,000, which suggests that the most important ingredient for social change is, in fact, the mobilisation of people's ideas and energy, which can be channelled towards effective public policy.



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CLEANING UP THE CAPITAL

How the city of La Paz became the exception in a highly corrupt Bolivia.

by Paul Heywood and Nieves Zúñiga



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In 1999, Juan Del Granado, leader of a new party called the 'Movement without Fear', was elected as mayor of La Paz. At the time, the Bolivian capital—like the rest of the country—was rife with corruption, and the economy was suffering accordingly. Del Granado made the struggle against this corruption a priority. In 2002 he adopted a comprehensive policy aimed at cracking down on malfeasance, fostering economic recovery, and restoring citizens' faith in public institutions.

The new mayor institutionalised the struggle against corruption by creating a new office called the 'Transparency Unit'. He sought to introduce competition, reduce bureaucratic discretion, and increase accountability by reforming revenue collection, permits, personnel, and auditing. New mechanisms for reporting allegations of corrupt public officials included a telephone tip line, an email address, and an online complaints procedure. Members of the unit also posed as normal citizens to test officials providing public services.

Del Granado's 'Continuous Improvement Units' strived to re-engineer government institutions in order to improve the interaction between citizens and their city. Among other achievements, he succeeded in making the land registry more transparent, thus linking the private property market to the tax system, which had a positive effect on revenues.

The administration's efforts were not limited to technocratic reforms. Del Granado regularly awarded exemplary bureaucrats for their work, in an effort to foster ethical principles and raise civic awareness among civil servants. During a disastrous flood in 2002, the mayor worked to remind city employees of their moral duty to the citizenry—they responded by demonstrating a remarkable sense of engagement that in turn boosted morale within the bureaucracy.

The city government fostered a sense of collective responsibility by urging residents to actively participate in public affairs, such as giving feedback to local assemblies. Del Granado thought up creative projects to encourage obedience to the law—such as using actors dressed as zebras to remind pedestrians to use designated crossings.

When Evo Morales became president of Bolivia in 2006, he vowed to pursue a similar anti-corruption programme. His initiatives, however, have been less effective than those implemented in the capital. National politics has proven to be resistant to the pragmatic approach exemplified by Del Granado. Yet the clear success of the measures implemented in La Paz have demonstrated that change is possible—even in a country where corruption is so entrenched.



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THE LITTLE ANTI-CORRUPTION AGENCY THAT COULD

After humble beginnings in empty offices, Croatia's anti-corruption body became a crusading national force.

by Gabriel Kuris



Gabriel Kuris

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In December 2010, Ivo Sanader, Croatia's former prime minister, was arrested in Austria under international warrant and extradited home. Stripped of legislative immunity by a parliament that was still led by his own party, Sanader was convicted of large-scale corruption, including kickbacks of up to \$10 million, and sentenced to prison for eight and a half years. It was Croatia's 'Bureau for the Suppression of Corruption and Organised Crime' (USKOK), who traced two decades of his 'war profiteering' since the breakup of Yugoslavia, and that made his conviction possible.

Corruption in Croatia was rife in the 1990s, in the wake of the country's war of independence against Serbia. But it was not until 2000 that a new liberal coalition focused on the problem. Spurred on by the possibility of European Union membership, the parliament created USKOK, an autonomous anti-corruption agency, in 2001. During its first few years the agency was underfunded and powerless. Croatia's application to join the EU in 2003 was rejected, with corruption cited as a major problem. In response, then-prime minister Sanader ratified the United Nations Convention Against Corruption in 2005, and gave USKOK extraordinary new powers to help it flourish, including authorising wiretapping and inspections of personal and business financial data.

USKOK acquired a real leader in Dinko Cvitan, a respected former prosecutor who became its head in 2005. He recruited talented professionals and built strong relations with the media and the international community. Buoyed by public support the agency began winning cases, achieving a conviction rate of 95 percent and prosecuting more than 2,000 defendants. The later prosecution of Sanader demonstrated its political independence. The agency also prosecuted other high-profile figures including a former vice-president and an ambassador to the United Nations.

USKOK's success can be attributed to its capable foreign-trained staff, legal reforms, and—most importantly—a lack of high-level political resistance. No politician would dare move against the agency given its public support—and the carrots and sticks of the EU accession process. The agency's strong reputation has spread to law enforcement more generally: in 2010 the police were voted the second most trusted institution in Croatia.

In 2013, Croatia's application to join the EU was successful. Its leaders remain optimistic that the consensus against corruption will hold. "It's deeply rooted in our society now," said Vladimir Seks, the former speaker of parliament. "There's no going back to the old bad habits."



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THE SPIRIT OF LVIV

How Ukraine's most European city forged a popular movement against corruption and poor governance.

by Ilya Lozovsky



Ilya Lozovsky
Assistant Editor,
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The 'Self-Reliance' movement—or Samopomich in Ukrainian—was founded in Lviv in 2004. It began as a local NGO that offered legal advice, organised neighbourhood clean-ups and arranged sporting events for young people. Its slogan was 'A City We Want To Live In'. Its members believed that active local citizenship could eradicate systems of corruption. The movement grew in popularity and gained local political power when its leader—Andrei Sadovyi—was elected mayor. He subsequently transformed Lviv into one of Ukraine's best-run cities. Today, Samopomich is the fourth-largest party in parliament and part of Petro Poroshenko's coalition.

Samopomich activists encourage Ukrainians to be responsible citizens, rather than expecting Kiev's distant plutocrats to throw them a crumb. This sentiment might seem self-evident to the West, but in oligarch-ridden Ukraine—where the very notion of impartial governance is contested—it is a radical message. Ukraine has little experience of truly democratic government. For generations its elites have manipulated the political order for their own personal enrichment. Even dramatic events—like the 2004 Orange Revolution—have little chance of shifting the status quo without a political force that is genuinely interested in attacking this paradigm.

During the 2014 Euromaidan revolution Samopomich took the opportunity to broadcast its message nationwide, and to turn Sadovyi into a national political star. Many of the student and citizen activists from Lviv joined Samopomich—and some are now its representatives in parliament.

Mayor Sadovyi has promoted Lviv as both a tourist destination and information technology hub. The city's historic central square—once a parking lot for bureaucrats—is now a vibrant civic space. In the city hall, Dutch anti-corruption experts have been working with civil servants to help them to do their jobs with integrity.

Samopomich has not escaped criticism. Critics of the national party have labelled it as cautious and uninspiring in parliament. Many citizens are fed up with Sadovyi's "incessant public relations work". Allegations of corruption persist, though few specifics are available. These criticisms reflect a general distrust of politics in a country that has only ever been associated with theft and corruption. Despite its difficulties, Samopomich continues to show Ukrainians what active, informed citizenship means, and how politics can be a solution, not just a problem.



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THE GECKO'S BITE

Indonesia's anti-corruption commission has made great strides in combating graft. But now it risks becoming a victim of its own success.

by Rushda Majeed



Rushda Majeed
Institutional and policy reform
researcher and consultant

Indonesia's anti-graft agency, the independent KPK ('Corruption Eradication Commission') has achieved close to a 100 percent conviction rate since 2004 and is one of the country's most respected institutions. Thanks to its far-reaching investigative powers, it has targeted suspects at the highest levels of society—from members of parliament to the president's relatives—in over 250 cases, recovering state assets of over \$100 million. This is especially notable given that Transparency International has consistently ranked Indonesia in the bottom third of its Corruption Perception Index. However, the agency is now struggling as a result of its remarkable success.

The KPK initially targeted low-level figures in a strategy that was designed to win public support without alienating politicians. In 2009 the commission began pursuing higher-profile individuals, including the central bank governor and four of his deputies, who were also accused of misusing \$10 million of public funds for legal fees to pay bank officials and lawmakers. The scandal attracted substantial media attention, as one of the deputy governors was the father-in-law of the president's son.

A limited budget, staff and resources have all hampered the KPK's work. Indonesia allocates just 0.05 percent of its budget to the KPK (which lawmakers are now attempting to reduce further); as a comparison, Singapore and Hong Kong allocate 0.5 percent of their national budgets to their respective anti-corruption organisations. Researchers can select just 70 cases a year, despite receiving at least 30 reports of corruption every day. Lawmakers have succeeded in decentralising the KPK anti-corruption court and continue to try to curb its far-reaching powers, particularly its ability to both investigate and prosecute cases. The police, with their vastly superior budget and strength in numbers, have retaliated against a number of investigations with arrests of their own. The conflict between the two institutions has been described as a battle between 'gecko and crocodile'.

The KPK has made enemies in the police, courts, judiciary and parliament. Despite the corresponding political fallout, however, the KPK continues to enjoy broad public support. In order to maintain its credibility among the public the KPK should become more transparent and accountable. Clearly the commission cannot eradicate corruption on its own, and it should work to repair its relationship with other institutions that have a similar mandate.



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CALLING IN AGAINST CORRUPTION

A Pakistani official set out to prevent bureaucrats from demanding bribes for providing basic public services. The solution: citizen feedback through mobile phones.

by Mohammad Omar Masud



Mohammad Omar Masud
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Zubair Bhatti, the District coordination officer (DCO) of Jhang district in Pakistan's Punjab province, decided to take action against corrupt public service bureaucrats after one of his officials complained that he had been asked for a bribe to register his property.

Bhatti launched his initiative by telephoning members of the public using the property registration service to see if they had any complaints. The calls revealed the lack of trustworthy information that citizens had been receiving from civil servants. This initial effort sent a strong message to citizens that Bhatti and other high-level officials in the district were committed to tackling corruption. He realised that his initiative could build credibility for the government by reaching out to citizens, rather than waiting for them to lodge formal complaints through an impersonal, costly, and time-consuming system. So he began designing a system that would enable people to use their mobile phones to offer feedback on their efforts to access government services. The approach offered a valuable check against low-level bureaucrats who used their positions to extract bribes from citizens.

Shahbaz Sharif, the chief minister of Punjab, saw the programme as a step towards fighting the petty corruption endemic in public service provision: half of the respondents in Transparency International's investigation in 2010 reported having paid a bribe for a service. When the story gained international recognition, Bhatti was instructed to implement the project nationwide. This media publicity gave it significant momentum and six officials from Gujranwala and Bahawalpur volunteered for the pilot phase. In June 2010, an independent Punjab Information Technology Board was set up to establish web-based feedback. Bhatti also received a \$100,000 grant from the World Bank's innovation fund for his effort to implement what he called 'proactive governance'.

In January 2011 a cost-effective texting system was introduced and by July over 5,000 texts had been received. By April 2014 the service was reaching 100 million people. In October that year the system was implemented on a federal level for other public services, such as passport issuance and national identity card registration. The underlying principle of the programme—that officers should actively seek out citizens to ask them about their experiences—revolutionised the provincial government's ability to react quickly and effectively to negative trends in districts that had previously been remote. In the process it also reduced opportunities for corruption.



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JUDGES ON THE TAKE

How the FBI took down Chicago's crooked courts.

by Richard Messick



Richard Messick
International legal consultant;
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When FBI agent Woody Enderson was arrested for drunk driving in 1980, it marked an important milestone in the undercover investigation known as 'Operation Greylord'. Enderson and his colleagues, posing both as defendants and lawyers, soon managed to expose an appalling web of corruption in Chicago's court system. Greylord and its successor, 'Operation Gambat', led to the convictions of 16 judges, 100 lawyers and court staff, and several members of an organised crime family.

Until Greylord and Gambat, federal authorities had shown little interest in local court corruption. Only after the Watergate scandal—which revealed the extent of wrongdoing at the heart of American government—did the Department of Justice make corruption a priority.

The methods used in Greylord and Gambat were relatively simple—even with the legal complications involved when investigating serving members of the judiciary. FBI agents equipped with recording devices conducted conversations between judges and lawyers, detailing how bribes were to be paid in return for the desired outcomes in legal cases.

The investigators started by making up cases. An agent would fake criminal conduct in front of a police officer, then 'hire' another FBI agent as his lawyer. This agent-lawyer would then put out feelers, offering to pay a bribe. The investigation was originally limited to the traffic court but it soon became clear that corruption was endemic in the courts, and so agents faked more serious crimes.

The biggest challenge was finding informants who could gain the trust of corrupt inner circles and thus operate without raising suspicion. The initial informant was Terry Hake, a young prosecutor repelled by the corruption he regularly witnessed in criminal courts. By the time Hake's role was exposed, he had made 368 recordings totalling around 1500 hours that implicated a dozen judges and over 50 lawyers.

The operations did have some limitations—clumsy efforts by agents to get arrested on fake charges alerted some Chicago police to the operation—but they were extraordinarily successful regardless. Aside from over 100 convictions for corruption, the sting prompted reform commissions and revealed a great deal about how corruption in the courts operates. Greylord and Gambat proved that even ingrained court corruption can be tackled.



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BRAZIL AND THE BLOODSUCKERS

Congratulations, corrupt mayor! Your number's up, and the auditors are on their way.

by Anna Petherick



Anna Petherick
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Corruption in Brazil might be average by international standards (Brazil ranks 69th on Transparency International's Corruption Perceptions Index), but it is thought to reduce the GDP of Latin America's largest economy by up to five percent, costing tens of billions of dollars.

In 2003, President Luiz Inácio da Silva launched an innovative effort to try to stem the tide: he set up 'audit SWAT teams' within the CGU (a previously ineffective agency run on a shoestring) to investigate the country's municipalities at random to see whether federal funds had been properly spent.

The selections are made using rotating ball-filled turbines provided by the national lottery company. They are open to the public, covered by the press, and regularly attended by national figures. Mayors have just a week's warning after a municipality is selected for inspection. The random selections encourage mayors to clean up even if they are not being investigated—"it could be you!". This method is especially useful in addressing Brazil's pervasive but relatively low-level municipal corruption, which was previously difficult to track because mark-ups are usually small enough to avoid suspicion and those involved all have incentives to turn on whistle-blowers.

In Rondonia state, the teams noticed that ambulances were being sold to municipality officials at prices inflated by up to \$4,000. A broader investigation found that ambulances and other medical apparatus were being sold above market value in 19 out of Brazil's 26 states. The media dubbed the episode the 'Scandal of the Bloodsuckers'. In 2006, when the investigation concluded, parliament recommended opening impeachment proceedings against 69 federal deputies and three senators.

Because the audited municipalities are randomly selected, the resulting information is useful for academics who study the causes and effects of corruption. For example, economists have used the data to show that politicians near the end of their careers are more likely to be involved in corrupt practices. Another study showed that Brazilian democracy does effect change—incumbent officials found to be corrupt tend to be voted out of office. So far no other country has copied Brazil's methods—no politician likes being subject to a truly random process. In Brazil, however, the policy has proven successful in providing a bird's-eye view of corruption and in bringing perpetrators to justice. The 40th audit lottery draw took place in February 2015, with no signs that the work of the CGU is slowing.



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