

Jeremy D. Foltz and Kweku Opoku-Agyemang

Evaluations Can Help Policymakers Understand Corruption

Petty corruption is a significant policy concern for African citizens and states. Perhaps, the only thing more controversial than corruption is the question of what policies would lessen this phenomenon. Surprisingly little policy research and discussions in the public spaces across the African continent focus on the latter question, even though such discussions may help provide much-needed policy tools to help African states become more efficient. Perhaps this is part of the reason why historically, we have so few initiatives on the African continent aimed at lessening petty corruption.

Today, the importance of petty corruption policies has grown to transcend individual African states. Many countries are being linked by road for regional and sub-regional trade to build capacity for competitive trade. Innovative initiatives include the East African Trade Hub for East Africa, the Southern African Trade Hub for Southern Africa, and West African Trade Hub in West Africa. One burden impeding trade in all of these arrangements is the unfortunately common phenomenon of customs, police, and other officials extorting bribes from truck drivers across the continent. Such coercion may limit how much African citizens end up benefitting from critical regional integration, and indirectly weaken state capacity at the individual country level, as well as regional economic communities. Finally, the uncertainty introduced by bribery and the significant time costs they introduce may reduce company profits and hence discourage much-needed investment on the continent.

Petty corruption is further complicated by the individuals who extort bribes *themselves* face certain constraints that are part and parcel of living in a developing country, such as low technology, inefficient institutions and poor pay. These and other factors make it very difficult to know what factors are driving petty corruption, and hence how to mitigate it. Another broadly-related problem may be the stigma associated with petty corruption in some African countries. Although many are aware of the phenomenon, and there is little to no fear associated with discussing petty bribery openly, the moral dishonor associated with the behavior means that petty corruption is not as commonly or openly discussed as it should be. Although this is not surprising (topics such as poverty, illness, sanitation, or conflict are topics that are similarly under-discussed), discussions on petty corruption may be necessary to help defeat this particular problem.

Although African governments and their international partners are collaborating to take policy steps to fight petty corruption on the continent, public policies must be rigorously evaluated to enhance policy makers' understanding of the issues. The good news is that impact evaluations provide a detached kind of evidence that is not subject to (or is less subject to) biases that every discussion on corruption would be prone to. Also, impact evaluations on petty corruption are likely to be surprisingly easy to perform for policy makers. Partly because many Africans across the continent have unfortunately had to live with petty corruption for a long time, measures may be amenable to an experimental environment as few people may openly argue against an anti-corruption reform. For example, if a policy proposal focuses on one group that engages in petty corruption and not other groups that are known to be similarly corrupt in the short-term, policy makers may use impact evaluations to understand how sensitive corrupt behavior is to these new policies.

In our paper, “Do Higher Salaries Lower Petty Corruption? A Policy Experiment on West Africa’s Highways”, we use data from the West African Trade Hub to evaluate Ghana’s Single Spine Salary Structure, a 2010 policy reform that doubled salaries for Ghanaian policemen—a group notorious for petty corruption. Conveniently, other officials’ salaries within Ghana remained the same, as did salaries for officials in the West African sub-region. For research purposes, drivers were given surveys to fill out whenever they were stopped and bribed. Since the trucks were all independently confirmed to be satisfactorily road-worthy, we know for sure that any bribe extorted was a payment that should not have been made.

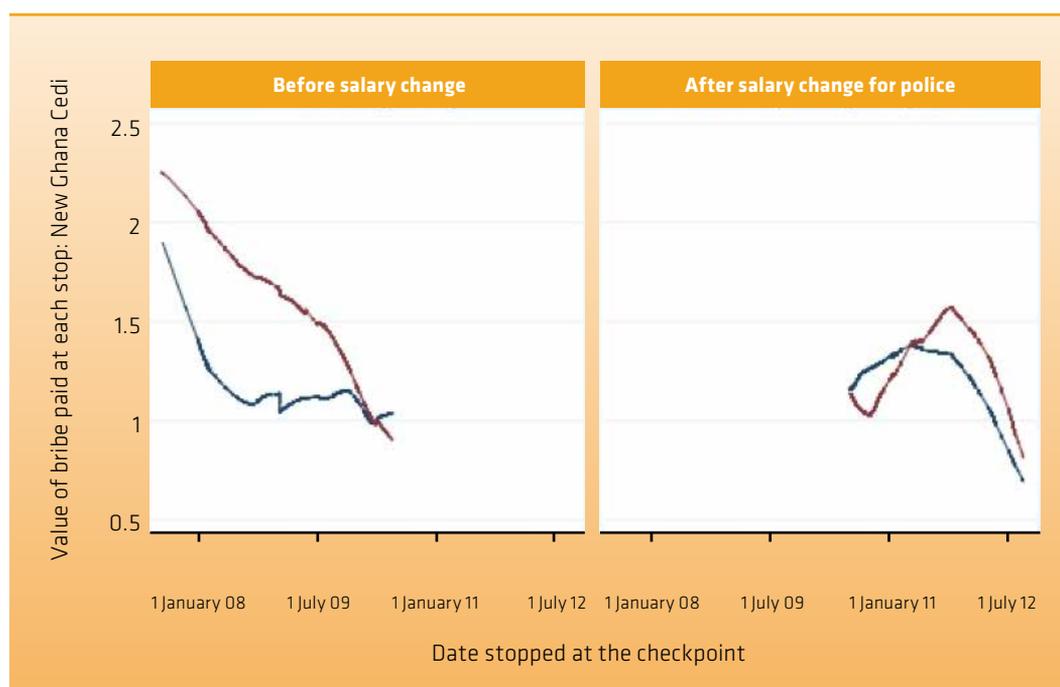
The Single Spine Salary Structure policy was controversial in Ghana, and was a big part of public debates after being started in July 2010. When the various unions representing occupations such as the teachers, government staff, health services, prisons and others did not receive salary increases, many demonstrations were threatened and held across the country to make the case for similar salary increases for their members. Yet, there are specific reasons

why the police service was singled out for this salary reform. Ghanaian policemen have been the worst-paid public officials since the post-independence era, and this factor may have been instrumental in fostering a sense of entitlement to bribery over time.

A narrative that came out of the salary reform and may have helped the Ghana government to legitimize the policy change was the perception that drastically raising the salaries of policemen could reduce bribery on Ghana’s roads. Since workers in other sectors were aware that police salaries had risen dramatically, perhaps the police would not want to draw undue attention to themselves by continuing to extort money from drivers on the road. Also, since drivers and passengers across the country knew about the policy implementation perhaps they would be much less willing to entertain the idea of paying bribes since police salaries had improved.

Economists have traditionally thought of petty corruption as a strictly economic phenomenon, implying that higher salaries would render such behavior unnecessary. On the other hand, one might easily present logical arguments that anticipated raised

Figure 1 Effects of Salary Change on Average Bribe Paid by Truckers (LOWESS smoothed lines)



Graphs divided by salary policy: July 1, 2010

— Police: avg value of bribe
— Customs: avg value of bribe

salaries to worsen corruption, or have no effect. For example, if Ghanaian policemen collect bribes for reasons that have little to do with their salary levels, raising their salaries might not change anything. If policemen extorted bribes based on how much they earned, they might extort even more to keep up with a new lifestyle made possible by higher salaries. To test whether any of these arguments were relevant, we did an econometric analysis that focused on the Ouagadougou–Tema route, linking Burkina Faso to Ghana. Comparing police behavior to the behavior of other officials in Ghana (and officials in Burkina Faso), we found that police bribery significantly worsened following the reform—higher amounts were extorted at every stop following the reform. The salary reform had worsened how bad petty corruption was as a policy concern at every police stop. The salary reform had worsened petty corruption at all levels of the problem.

In figure 1 we show (non-parametrically smoothed) trends in the average amount paid to police and customs officers at each checkpoint by truck drivers on the Ghana portion of the Tema-Ouagadougou road. The figure divides the sample between before and after the salary change for policemen, with police shown in blue and customs in red. What is clear from the graphs is that while bribes were declining for both police and customs before the reform, they actually went up for police after the reform, while bribe taking by customs continued to decline. In our econometric analysis, we control for other potential confounding effects and find that what is evident in figure 1 is also statistically significant. We find that police increase the value of bribes taken at each individual stop by between 20-40 per cent (~\$0.20-\$0.40), which increases the total amount taken on the road by 10-20 per cent or between \$3 - \$6 per trip.

This finding is not what most economic models would have anticipated, and we were ourselves surprised by how strong the bribery effects were for Ghanaian police officers after the reform was set in place. Following the reform, Ghanaian police seemed to spend much more time and effort stopping trucks on the highways, which at first glance appears

to mean that policemen were working harder. Of course, since higher bribes were extorted, it depends on what one means by “working hard.” For truck drivers who use the roads on an everyday basis, the bribery costs rose following the Single Spine Salary Structure policy. Although we do not study how the policy affected bribery for taxis, private cars and mini-vans, the very large rise in bribery behavior for years after the policy implies that it is possible that these drivers were also made to pay larger sums in bribes.

Since anti-corruption policy reform impacts on petty corruption are so difficult to predict before the fact, rigorous impact evaluations are needed to isolate the effect a policy is having from other factors that might be important. A related reason why impact evaluations are important is that petty corruption reforms are necessarily difficult to implement. For example, the Single Spine Salary Structure policy in Ghana has a storied history, dating from Ghana’s first President, Kwame Nkrumah in the 1960s, through Jerry Rawlings in the 1980s and John Kuffour in the early to late 2000s. Many commissions in Ghana, have been set up (and dismantled) over the decades to implement this reform, and it is entirely possible that early knowledge of the potential impacts in the real lives of citizens may have affected how policy makers would have eventually implemented the reforms. Even if our result arrived too late to change the policy, perhaps other policy initiatives aimed at reducing corruption can benefit from impact evaluations to understand the effects a policy is having on the average citizen. Our unexpected results, however, raise complex questions on how important salary reforms are in African countries.

Salary reforms in of themselves have some benefit in that they may improve the standards of living for people who are usually living on the margins. Perhaps it is asking too much to expect such reforms to improve other things that are related such as petty corruption. Yet the relationship between economic resources and political outcomes are complicated and there is much that we still do not know in this

area. Impact evaluations are one way to help policy makers understand how to target their policies so that poor officials benefit without making the people they serve worse off.

Although the salary reforms worsened petty corruption, we do not believe that salary reforms should be avoided by public policy officials. Many low-level public servants in Africa remain among the most poorly paid in the world and this problem should receive urgent policy attention as it is an economic concern that nearly inevitably leads to other social concerns that would cost African governments scarce resources. For example, poor officials may be more likely to embezzle funds or use public-provided items (such as uniforms) for personal endeavors. Also, poor officials may be more likely to abuse alcohol or lead dysfunctional households. (We were unable to study any of these questions in our research). Improving the standard of living for poor officials remain a policy concern in many African countries.

The problem is how to reform petty corruption when it has become entrenched over time and is less responsive to traditional policy measures such as salary reforms. One potential way would be to strengthen institutions while implementing policy reforms. Perhaps if the judgement of whether to be corrupt or not is taken out of the hands of officials to a slightly larger extent, we may make more headway in reducing the phenomenon. For example, independent auditory units may be empowered while enacting anti-corruption reforms such as salary reforms. Such measures may help such salary reforms to succeed in reining in petty corruption as a policy concern. Other measures that may be helpful are transparency initiatives and open data services that empower the public with information to raise awareness and crowdsource perspectives from the citizens who have to deal with petty corruption on an every day basis.

All stakeholders at every level will be needed to continue fighting this concern. Particularly, it may be important not to alienate officials in such reforms

if these policy measures must succeed—even occupations known to engage in petty corruption. There may be ways of connecting salary reforms to reducing petty corruption in ways that transcend our research. Perhaps some lessons may be found in the way police and other officials in developed countries (such as the US) receive pay rises for stopping cars that are over-speeding or parked inappropriately. Although there is not much research on this topic, it is possible that extortion becomes unnecessary over time once such measures are put in place. All of the above could easily be subjected to rigorous evaluations in the vein of our paper to help understand and quantify the effects such reforms are having, and how they can be made better over time.

If it is important to have public officials on board with any policy reform, it may be even more necessary to have the general public in African countries as active participants in any policy initiative. Instead of creating new initiatives and inviting African citizens to participate (which tends to be the case in the vast majority of instances), it may be more effective to support fledgling anti-corruption movements across the continent, whether young Afro-pop, hip-life or rap musicians that already raise awareness in their audiences or other sociocultural and even traditional stakeholders that receive less media and policy attention. One might expect a heightened awareness of petty corruption to help lessen the phenomenon, although it is probably also a symptom of wider problems within African governance structures. One encouraging example is that the problem of corruption played a large role in deciding the 2015 elections in Nigeria, and while it is still too early to tell, this outcome may imply that more and more Africans are becoming dissatisfied with the status quo and beginning to hold leaders to account. Perhaps as some citizens observe what appears to work in different contexts, there will be space for learning and contextualizing approaches to fighting corruption.

Although reducing corruption in national structures is a much more challenging endeavor, international organizations can help lead the way in this area with

innovative open data initiatives such as the ones being implemented by the African Development Bank and other groups on the continent. Sharing lessons from performing such open data initiatives may encourage trust with partner governments in Africa, and encourage them to open their own systems. Although a number of open data initiatives are being planned in many African governments, the vast majority are still in their infancy and should receive urgent policy attention. Impact evaluations using such data may help communicate the need for reform to African citizens. Opening such organizations' information may also empower journalists in the radio and print media to provide more concrete data on the initiatives being undertaken by their governments. Eliminating the shroud of secrecy around public services may be one way to empower citizens with information and lessen corruption. Although small compared to the global output, – more African universities are doing impact evaluations such initiatives should receive global support.

Although it is to the good of African development that global research focus on these issues, it is likely that some of the most original proposals will come from African students who are empowered with using cutting-edge research techniques to understand corruption.

While petty corruption remains a policy concern in Africa and elsewhere, the good news is that by talking about such problems openly, and using impact evaluations to understand why they happen, Africa may make more progress in reducing this problem, with benefits not only within the borders of specific countries, but across countries linked for international trade.

References

Foltz, Jeremy, D. and Kweku A. Opoku-Agyemang (2015) “Do Higher Salaries Lower Petty Corruption? A Policy Experiment on West Africa’s Highways”. Working Paper.

PROFILE OF THE AUTHORS

Jeremy Foltz is currently Professor in the Department of Agricultural & Applied Economics at the University of Wisconsin-Madison. He holds a B.A. from Yale University and an M.A. and Ph.D. from the University of Wisconsin-Madison. Dr. Foltz’s research focuses on evaluating the economics of new technologies and farm structure in the United States and in Africa.
jdfoltz@wisc.edu

Kweku Opoku-Agyemang is a Post-Doctoral Fellow at the Blum Center for Developing Economies, University of California, Berkeley. He mainly researches the political economy of development, with interests at the intersection of behavioral economics, organizational and institutional change as well as technological change and development. He is affiliated with the Global Poverty and Practice Program, and the Development Impact Lab of the Department of Electrical Engineering and Computer Science.
kweku@berkeley.edu