



## At Issue ezine



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### Vol. 2 (July-December 2005)

## CORRUPTION:

### Victims, perpetrators and stereotypes

#### No. 5 - December

### BEYOND CORRUPTION: OTHER ORIGINS OF THE INFORMAL ECONOMY IN AFRICA

**By Karen Craggs** In this article, the writer takes the emphasis off the economic aspects of the informal economy and its role as compensation for the negative effects of corruption at the top. Instead she posits a 'Triangle Model' that emphasises political and socio-cultural aspects of the informal 'sector' (rather than 'economy'), viewing this sector as a continuity of traditional African values stretching back beyond globalisation, structural adjustment and colonialism. If countries such as Kenya wish to harness the informal sector's entrepreneurial energy, they must deal with it holistically, not just economically.

#### No. 4 - November

### THE ROLE OF AU/NEPAD IN PREVENTING AND COMBATING CORRUPTION IN AFRICA – A CRITICAL ANALYSIS

**By Wafula Okumu** This article examines the anti-corruption initiatives of the African Union (AU) and New Partnership for Africa's Development (NEPAD) and analyses their effectiveness. It also explores the phenomenon of corruption in Africa more generally and follows with some recommendations on how to tackle it. The author concludes that the best role the AU and NEPAD can play to combat and prevent corruption in Africa is by complementing and strengthening grassroots and national measures and by promoting regional anti-corruption norms.

#### No. 3 - September

### AFRICA UNDERDEVELOPED IN THE CORRUPTION FIELD TOO

**By Hugh McCullum** This article takes a hard look at those who lecture African nations on governance and corruption. It makes two major points. First, if governance in Africa is not what it should be, perhaps one should begin by looking at the continent's history of contact with the West. Second, there is the issue of levels of corruption. Given some of the massive scandals in the developed world in recent years, is the West in any position to point fingers? Even when it comes to corruption, Africa is underdeveloped.

#### No. 2 - August

### NIGERIA: ANTI-CORRUPTION INITIATIVES AND THE CONSTITUTION

**By John Ikubaje** Global experience has proven that the fight against corruption cannot be effective without the backing of relevant legal frameworks, says the author. But he goes on to argue that legal frameworks are not enough: strong political will and civil society participation are also required.

#### No. 1 - July

### EDITORIAL: CORRUPTION IN AFRICA

**By Craig Dowler** How should corruption in Africa be viewed or addressed? An examination of this daunting question is here made by considering three more specific questions: Why should bribe takers be considered more guilty than bribe givers? Will attempts at good governance succeed or help to erase Africa's image of corruption? Can the majority of Africans operating in the second economy achieve a decent quality of life?

## BEYOND CORRUPTION: OTHER ORIGINS OF THE INFORMAL ECONOMY IN AFRICA

by Karen Craggs

### Introduction

The informal economy is a phenomenon that is often strongly linked to the 'corruption in

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Africa' debate.<sup>1</sup> This article will challenge the notion that corruption is the main factor fueling the persistence and growth of informal economies throughout Africa (Eiras, 2003). In doing so, it will assert that eliminating corruption would not eliminate informal economic activity. Furthermore, it will maintain that in places where externally driven capitalist (i.e., transnational corporate) penetration has so distanced local populations from domestic resources that any attempt to either eliminate or assimilate the informal economy would be counter-productive, even devastating, to the development process.



A roadside market near Mbarara, Uganda: some aspects of the informal economy predate colonialism.

FAO / K. Dunn

There are three main objectives. First, while acknowledging that the size and resiliency of the informal or parallel economy in a given country may be related to a critical lack of both accountability and credibility of the state,<sup>2</sup> there are also socio-political, economic and cultural processes at play in African societies that pre-date colonialism, global capitalism and international development. These processes may very well mean that informal economies in some societies are both natural and indispensable. As such, attempts to destroy or co-opt the informal economy and its associated political and socio-cultural phenomena would be counter-productive.

### **"Attempts to destroy or co-opt the informal economy and its associated political and socio-cultural phenomena would be counter-productive."**

Second, any understanding of the informal economy in a given society can only be gained through an holistic inclusion of informal economic, political and socio-cultural processes. In other words, informal economic activities and processes should not be viewed as existing in isolation from a complex web of relations and activities that occur outside more formal processes and institutions.



A kiosk in Ouagadougou, Burkina Faso, sells coffee and also promotes condom use in the sex trade: economies cannot be de-linked.

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Third, having acknowledged that some distinctions can be made between formal and informal economies, the article questions the definitions and boundaries that tend to be used when exploring these; formal and informal economies can not be de-linked, nor should they be. In point of fact, the roles and impact of major political, social and economic actors in African societies are rarely limited to one type of economy or another. Invariably actors play roles in both economies simultaneously.

The article concludes by outlining the 'Triangle Model' (Craggs, 2004) that helps us understand the nature and role of the informal economy in a given society. Both historical and political-economy analyses are employed to systematically draw out the complexities of informality in order to assess how, why and whether an informal economy in a particular state has the potential to fuel economic and other forms of development in Africa.

#### **Informal Economy: Product of corruption or naturally occurring phenomenon?**

Clearly, the stereotype of African states and societies as being rife with corruption has led many to conclude that this is the main or even the only reason why informal economies are so vital in Africa. The cascade of logic that leads to this simplistic understanding flows something like this:

1. Economic growth is recognized as a key component in achieving overall development, an objective that is determined by Euro-American norms, values and standards;
2. Despite massive financial, technological and other forms of investment by western actors - both public and private through both bilateral and multilateral

#### **Forum Discussion:**

I just browsed through Karen Cragg's essay which I found quite impressive and well researched. I will have to get back to her later to discuss how Mugabe, ever a consummate dabhand at shillyshallying over the appropriateness of hazy concepts to bolster his infirm arguments, has twisted the "corruption" in the irregular economy issue to suit his own nebulous and slippery ends.

One other issue is the failure of formal data-capture methods to corral numerically the undocumented contribution of the informal economy (home economics, e.g.) to overall economic activity. And then there is also the drain (consider Enron and Ken Lay), and part drain as well as part gain (billions upon billions that pass through organized-crime hands — for better or for worse) which Western critics glibly oversee in their own societies. Most such critics have never bothered to estimate, conservatively, how many trillions of this loot escape the tax man's gaze — formalization of the economy is supposed to improve the clarity of the tax collector's gaze as one of its leading priorities, the empowerment of the quantitative man's statistical analysis being another, of course. I believe that the latter two reasons, rather than the hazy one of stanching corruption (both statutory or private), are both key determinants of the drive towards formalization as they both figure largely in any attempt at clear macroeconomic planning. Besides (shades of Cragg here), there is significant overlap and interrelatedness between the criminal, partially criminal and the "formal" dimensions of these varied economic activities.

Besides, as Cragg so cogently argues, the dual economy model may have been, as has been so ably demonstrated elsewhere, advanced to mask a deliberate social policy of uneven development — in the same or across different societies.

— John Mutambirwa, Toronto, Canada

- means - little improvement in the overall quality of life of most Africans has been realized since the end of the colonial era;
3. The main reason for this lack of progress is that such a large portion of the resources invested in Africa have been 'stolen' by local elites and corrupt officials (MacGaffey, 1991).
  4. These elites have now become so strong that western actors have little ability to affect issues of accountability, credibility and corruption;
  5. With little hope of improvement, increasing numbers of Africans are investing their own resources and talents in the informal economy, thus preventing the creation of strong economies based on capitalist principles.
  6. A vicious cycle is being created whereby formal political institutions, such as the state, and formal socio-economic processes, such as investment, capitalist exchange and the paying of taxes, become increasingly delegitimized.

While this progression may help to explain some of the dynamics behind the emergence and vitality of informal economies, it ignores the possibility that informality may be less about people fleeing the formal economy (Maier, 1998) and more about people remaining in social and economic relations that predate modern capitalist exchange (Allen, 2004). One might argue that, irrespective of whether people are fleeing from the formal economy, or refusing to enter it in the first place, both phenomena undermine the development of a more formal economy. However, to see today's informal economy only as a product of corruption prevents one from seeing what informal economic activity is in its truest light. In turn, this lack of understanding naturally undermines any attempt to engage the informal economy in ways that can fuel more stable and sustained economic activity.

**"To see today's informal economy only as a product of corruption prevents one from seeing what informal economic activity is in its truest light."**

For example, in the pre-colonial period Africa was one of the least developed and integrated places on earth. The design and construction of roads, railways and telecommunications networks, throughout the colonial period only exacerbated the problem by facilitating the flow of valuable economic resources from their source in the interior to ports for export to Europe. This meant that these historically decentralized societies were being prevented from becoming more internally integrated – something that would have fostered the creation of economies of scale – and at the same time were being robbed of large portions of their wealth. None of these aspects of modern African societies – the lack of integration, the lack of local control of domestic resources and the lack of local wealth creation - is a modern-day phenomenon. They continue to impede the formation of strong, formal economies.

#### **Holistic Informality: The informal economy in its socio-political and cultural context**

Just as it is important to understand the persistence and impact of pre-colonial *economic* phenomena it is also important to see these economic processes as part of a complex web of social, political and cultural relations that contribute to the formation, or lack thereof, of formal economic activity. A holistic understanding of informality sees the informal economy as but one component of a much larger 'informal sector'. Such an understanding provides insights into flaws in the way the informal economy is presently conceptualized. Most importantly, it reveals that the informal sector and, therefore, the informal economy also has very strong political, and socio-cultural dimensions with equally long histories (Polyani, 1944). These dimensions exist in their own right and also interact to shape African people's responses to processes such as economic exchange and corruption.



Two girls in Eldoret, Kenya, tend vegetables they will later sell to supplement their families' income: part of the web of social, political and cultural relations.

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**"A holistic understanding of informality sees the informal economy as but one component of a much larger 'informal sector'."**

One of the pre-existing conditions that some point to in explaining the political instability in many African countries is tribal, ethnic or clan division (Bigsten et al, 2000). But, whether or not ethnic strife has undermined the political development of African societies is not the issue here; rather, it is the role that ethnic division and competition within African societies has played in the inefficient allocation of resources, the irrational utilization of intellectual capital and overall poor quality of management of economic and human resources in many African states. Until the impact that pre-colonial phenomena have on current day economic processes are more fully understood (whether they were ones that persisted through the colonial era or ones that were resurrected by colonial powers for their own benefit), experts – African or otherwise – will continue to develop policies for the engagement of informal economies that are neither appropriate nor effective.

### **A False Dichotomy? The interconnectedness of formal and informal economies**

To what extent informal economies in Africa are based on processes that pre-date colonial contact and the rise of global capitalism is open for debate. It is enough to say that the focus on corruption as the main or even only process fueling their existence is problematic. But perhaps the ease with which western observers have associated the informal economy with the socio-political phenomenon of corruption is understandable given the Eurocentric viewpoint from which this understanding has been constructed.



Fishermen on a pirogue on the Congo River: informality more a way of life than an economic strategy.  
FAO / M. Marzot

Bromley (1978) has argued that the construction of terms like 'formal' and 'informal' economies was the product of the western, dualistic worldview which provides shallow and often inadequate understandings of the interactions between the formal and informal economy. The term 'informal economy' implies that it is separate from the formal economy when, in fact, these worlds of economic activity often overlap and interact on many levels. Keith Hart (1973) noted that the same people combine informal and formal roles as they maintain formal employment and generate supplemental income 'on the side'. In short, informality is more a *way of life* than an

economic strategy.

**"The term 'informal economy' implies that it is separate from the formal economy when, in fact, these worlds of economic activity often overlap and interact on many levels."**

If we adopt these different ways of seeing the formal and informal economies of Africa, and acknowledge the possibility that they may well be natural, even organic expressions of long-standing conditions, we may be able to conclude that even if corruption at one point helped fuel the emergence of informal economic activity, other processes have become much more critical to the trend.

Without question, historically Africans have found resourceful ways to survive and sometimes to flourish in spite of a lack of services, deteriorating infrastructure and victimization by corrupt officials representing the 'State'. In some cases, it is fairly easy to identify activities as being informal. For example, most would agree that activities like begging, street vending, prostitution, drug trafficking, money-changing, poaching, smuggling and extortion all operate outside of the realm of formality. However, in the case of activities such as furniture manufacturing, homeopathic health care, auto repair, home construction or paralegal services it can be much harder to make a distinction between the formal and informal.

One of the reasons why distinctions are often difficult is that the players who drive activities in both realms are often the same. A common myth is that the informal economy is a place where people with limited access to capital and formal infrastructures – such as factories, telecommunications and expensive equipment - have the ability to operate at the margins of the society's 'economic space.' However, in many instances owners of large-scale formal businesses operate in, or at least frequently depend upon, informal production as a way of augmenting formal productive capacity. Of course, interfacing with the informal sector also improves access to cheaper labour for short periods of time.

**"In many instances owners of large-scale formal businesses operate in, or at least frequently depend upon, informal production as a way of augmenting formal productive capacity."**

As early as the 1970s and 1980s some of the world's leading voices on international development began to acknowledge that the informal economies of Africa were essential not only for providing employment to less skilled labour (ILO, 1972) but also for fuelling some of the innovation needed in the formal sector (UNESCO, 1998). For example, the World Bank concluded that the cut-throat competition for scarce resources in the informal economy indicated that those who managed to make a living under such restrained conditions were resourceful, innovative and more likely to succeed in long-term business ventures. The informal economy was therefore seen as a self-managed 'incubator' of impressive entrepreneurial skills and spirit that promised great economic potential if integrated into the formal economy.

The notion that there were important links between formal and informal economies led both the International Labour Organization (ILO) and the World Bank to encourage African states that were most aggressively attacking their informal economies, including the Kenya, to stop such attacks. Instead, they encouraged the government of Kenya and other governments in Africa to recognize the informal economy as the *new and improved* breed of emerging African entrepreneurship (Maundu, 1997). The Kenyan government, for example, was encouraged to intervene only so far as to reduce barriers to entry into the formal sector. In the late 80s, the World Bank combined both laissez faire and basic needs assistance as a part of its commitments to poverty alleviation and economic growth.



A fish farmer in Arusha, Tanzania, also 'rents' his goat for breeding purposes: impressive entrepreneurial skills.

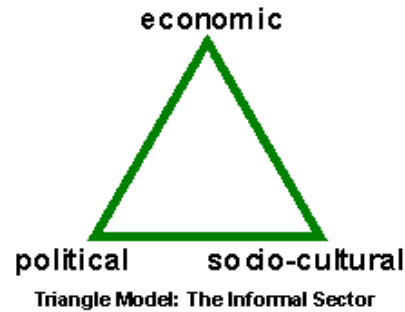
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Meanwhile Marxists believed that the informal economy was counter-productive to long-term economic development in Africa. Their argument, based on the interconnectedness of the formal and informal economies, was that by providing employment to those who could not gain entry to the formal sector, the informal economy effectively subsidized the formal economy through a constant supply of undervalued labour and raw materials (Meagher, 1995).

The need to see formal and informal economies as interconnected also stems from the fact that long-standing social and political relations and processes have allowed powerful African elites to play simultaneous and dominant roles in political institutions and at the same time to own the means of production and service provision in both formal and informal economies. Obviously, many critics would consider this concentration of power an example of corruption. But it would also be true to say that such a phenomenon pre-dates and is no worse than the kind of modern-day corruption related to the misuse of international development funds and the theft of parastatal profits.

#### **A Demystifying Framework: The Triangle Model**

Rather than continue to see the informal economies of Africa from a Eurocentric, neo-colonial perspective that oversimplifies the phenomenon, this article offers an alternative, a way of seeing informality both historically and holistically. A political economy analysis of informality reveals that no economic decisions are made purely on the maximization of profits or competitive advantage. Rather they are rooted in long-standing traditions and relations that place value on trust, familiarity, loyalty and status above economic efficiency (Polyani, 1944).



The 'Triangle Model' (see above) provides a framework to systematically include economic, political and socio-cultural factors in any analysis of the informal sector. One advantage of such an approach is that it captures non-economic factors that help explain decisions that have economic implications. The following case study seems straightforward, but illustrates why a more complex model is needed for understanding the informal economy within the context of a larger informal sector:

A man is working in a furniture manufacturing shop based in a city that is far from his family, who are situated in a rural part of the country. The shop is owned by an uncle and is operated within the formal economy. After two years, the man decides to leave his uncle's company and start his own shop in the informal sector. The main reason for the man leaving his uncle's company is that his wages are too low to support his growing family.

If the starting point for understanding this shift from formal to informal economy is that African governments are corrupt and that this is fueling the growth of the informal economy, then the conclusion may be that if the state had not misappropriated development and foreign investment funds it could offer formal businesses, like the uncle's furniture shop, investment capital which would allow the uncle to retain skilled labour for his shop in the long-term and pay his nephew the wages he needs for his growing family.

However, if we take a more holistic approach that allows us to examine whether, in addition to economic factors, other political or socio-cultural forces were at play, we might see a much more complex situation unfold. In this case, we would discover that the main factor fueling the worker's move was his decision to take on a second wife and family, something that was both illegal and frowned upon by the uncle and extended family. While the disagreement between the worker and his extended family made working at the uncle's shop uncomfortable, his belief that becoming an owner would lead to higher income, thus enabling him to pay the dowry on a second wife further fueled his decision to leave. However, because he could not go to the family for financial assistance, and would not go to the government because of the belief that taxation would decrease profits, the worker took a substantial risk and went to an informal money lender for start-up funds. Both decisions – to start a new business in the informal sector and to take a loan from an informal source – were fueled by motivations that go far beyond the issue of state corruption.

**"If we take a more holistic approach that allows us to examine whether, in addition to economic factors, other political or socio-cultural forces were at play, we might see a much more complex situation unfold."**

The point of this example is to illustrate that, while the systemic impacts of large-scale, inter-generational corruption are indisputable, the notion that state corruption is the only or even main underlying factor for the emergence, persistence and growth of Africa's informal economies is both inaccurate and distorting. By employing the 'Triangle Model' we may discover that political or socio-cultural factors also play equal or more important roles in shaping informal economic activities. Being able to identify these other factors will produce a better understanding of the informal sector and, in turn, this will support the development of improved policies to guide both the state and international development institutions in their interactions with the informal economy.

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1. As used here, the term 'informal economy' refers to activities (both legal and illegal) that are not recorded in

national economic accounting.

2. As noted earlier in this series on corruption, crises of accountability and credibility experienced by African states – defined here as an amalgam of the ruling political party, permanent bureaucracy (including the military) and dominant economic interests of the day – should not be seen in isolation from the neo-colonial-imperialist and anti-democratic actors and processes that originate far beyond the borders of any African nation, and even the continent itself.

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## THE ROLE OF AU/NEPAD IN PREVENTING AND COMBATING CORRUPTION IN AFRICA – A CRITICAL ANALYSIS

by Wafula Okumu

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Corruption has been identified as one of the biggest obstacles to Africa's social, economic and political development due to its negative effects on the continent's

stability. According to John Githongo, a former anti-corruption czar in Kenya, "corruption—in particular grand corruption and looting of the kind that has tangible economic implications—is at the epicentre of the failure by many African countries to achieve economic objectives so finely articulated in their development plans."<sup>1</sup> In a report presented in September 2002, the African Union (AU) estimated that corruption costs African economies in excess of US\$148 billion a year. Both direct and indirect costs of corruption not only represent 25 percent of Africa's GDP but also increase the cost of goods by as much as 20 percent.<sup>2</sup> This is how corruption has retarded development of the continent by undermining indigenous entrepreneurship and scaring away foreign investments.



Corruption an obstacle to indigenous entrepreneurship: A restaurant owner in Guinea displays her beverages.

USAID / L. Lartigue

It is in recognition of these facts that the AU Assembly of Heads of State and Government, in July 2003, adopted the *AU Convention on Preventing and Combating Corruption* which principally aims at establishing effective measures and actions that prevent, detect, punish and eradicate corruption and related offences in Africa. This Convention, once ratified, would complement the New Partnership for Africa's Development (NEPAD) Action Plan, which calls for setting up a coordinated mechanism to combat corruption in Africa.

However, this top-down approach to dealing with corruption has been compared to other approaches, particularly the down-up ones, and is generally seen as being aimed at hoodwinking donors and is given little chance of success.

**"This top-down approach to dealing with corruption ... is generally seen as being aimed at hoodwinking donors and is given little chance of success."**

#### **AU and NEPAD Anti-Corruption Measures**

As I have pointed out, when African leaders realised that corruption is a bane to the continent's development, they took collective steps to address it by adopting the *AU Convention on Preventing and Combating Corruption* (AU Convention) and the NEPAD Action Plan. The convention has so far been signed by 36 countries and needs 15 countries to ratify it before coming into force. As of October 31, only 10 countries had ratified the convention.

Among the objectives of the convention are to:

- promote and strengthen the development in Africa of mechanisms to prevent, detect, punish and eradicate corruption and related offences in the public and private sectors;
- promote, facilitate and regulate cooperation among states of effective measures and actions to prevent, detect, punish and eradicate corruption and related offences in Africa;
- coordinate and harmonize the policies and legislation among African states that would prevent, detect, punish and eradicate corruption on the continent;
- promote socio-economic development by removing obstacles to the enjoyment of economic, social and cultural rights as well as civil and political rights; and
- establish the necessary conditions to foster transparency and accountability in the management of public affairs.



Queuing to vote in Mozambique: removing obstacles to civil and political rights is part of the AU Convention on Preventing and Combating Corruption.

USAID

The NEPAD Action Plan makes a commitment "to combat and eradicate corruption, which both retards economic development and undermines the moral fabric of society."<sup>3</sup> NEPAD's emphasis on good governance is meant to attract more foreign aid and



investment in Africa. Good governance is being measured by, among other things, a government's efforts to tackle corruption. According to the NEPAD Action Plan, good governance can be realized through adoption of "clear codes, standards and indicators of good governance at the national, sub-regional and continental levels" and having in place "accountable, efficient and effective civil service(s)." Additional measures include ensuring that there are "effective functioning of parliaments and other accountability institutions" and "independent judicial systems that will be able to prevent abuse of power and corruption."<sup>4</sup>

**"Good governance is being measured by, among other things, a government's efforts to tackle corruption."**

Among the strategies for fighting bad governance, the NEPAD Plan aims at building the capacities of civil services to make them "pro-active, productive and results-oriented" in "meeting the economic management requirements of African countries within the global economy." The NEPAD Plan calls for a review of "economic laws and regulations in order to remove contradictions, obnoxious items, and streamline those that are prone to discretionary application which encourage corrupt tendencies by public officials." Furthermore, this plan calls for a characterization of "the nature, extent, and causes of corruption" in each country "through national opinion surveys and other means."

To prevent and combat corruption in Africa, the NEPAD Plan calls for specific actions. In the short-term, it wants measures implemented to facilitate financial sector assessments; international assistance for training in anti-money laundering measures; and placing the recovery of stolen assets at the highest level on the global agenda.

In the medium-term, the NEPAD plan calls for adoption by African states of relevant international conventions, standards, and best practices; permitting international legal assistance in anti-money laundering matters based on accepted international legal standards; establishment or strengthening of laws regulating the duties and responsibilities of participants in financial institutions; establishment and strengthening of laws relating to anti-corruption measures and prosecutorial capacities; adoption of national laws that provide for the criminalisation of money laundering and financing of terrorism; and improving co-operation within and without Africa to help recover funds illegally acquired through corruption and criminal activity that are subsequently deposited in foreign countries.



NEPAD Action Plan calls for strengthening of judiciaries: South African judges at a training workshop pose with President Thabo Mbeki (bottom row, second from right).

USAID / R. Zurba

In the long-term, the NEPAD plan calls for the development and strengthening of judiciaries to enhance their independence and international credibility; strengthening arrangements for access to courts and investigative authorities especially in developed countries; and establishment of strong and reliable regulatory and intelligence authorities.

NEPAD was conceived on the following premises: African ownership of their destiny, forging of partnerships to attain African development, and creation of an enabling environment through the promotion of good governance, macro-

economic stability, maintaining transparency and accountability in both the public and private realms.

NEPAD's commitment to good governance is reflected in the African Peer Review Mechanism (APRM), an instrument for fostering political, economic and corporate good governance, improving the efficiency and effectiveness of governments in delivering goods and services to their citizens and creating confidence in target countries to attract support and investment.<sup>5</sup> APRM is designed to track the progress and performance of member states in their quest for democracy, human rights and good governance. The APRM draws its strength from the provision that allows the peer review report to be released publicly, giving members of the public a chance to suggest areas that need correction. Among the indicators on which countries are assessed are their ratification and implementation of international codes, including the Africa Union anti-corruption code, and the enactment and enforcement of effective anti-corruption and anti-money laundering laws. It is notable that of the four countries that have agreed to undergo the first "peer review" only Rwanda has ratified the AU Convention; while Kenya is the only one that has ratified the *UN Convention Against Corruption*.

**"APRM is designed to track the progress and performance of member states in their quest for democracy, human rights and good governance."**

APRM has a number of shortcomings. Although it is the African leaders who are supposed to review each other's performances, it is actually done by technical experts, governed by an independent panel of seven eminent persons and the African Peer Review secretariat. The Heads of State and Government receive the report prepared by the experts and make recommendations. This is the end of the process; they have no mandate to punish wayward member states. Furthermore, participation in the peer review process is voluntary. So far 23 countries have acceded to the programme and only two countries — Ghana and Rwanda — have completed the review. Even after undergoing the review process there are no indications that the recommendations dealing with corruption and other governance-related matters will be taken seriously by the country under review.

**Understanding Corruption in Africa**

A number of factors have contributed to the prevalence of corruption in Africa. According to William Kalema, a member of the Commission for Africa, instigated by UK Prime Minister Tony Blair, one of the reasons why corruption is widespread in Africa is the steady erosion of governance institutions to the point that they are too weak to function properly.<sup>6</sup> Another related reason is the politicization of corruption or the corruption of politics. In countries where there is a prevalence of corruption, there is also, according to Jeremy Pope, the founding executive director of Transparency International, "a hopelessly corrupt political elite—a political class across the spectrum that simply sees politics as a way of becoming wealthy."<sup>7</sup> Pope warns that it would be difficult to combat corruption in Africa "as long as politics is seen as the path to wealth."

The West has also significantly contributed to the vice. If the West was truly concerned with the fate of Africa, and committed to combating corruption which the Blair Commission identified as one of the root causes of its problems, then it seems only sensible to ask if enough has been done to help tackle this problem. For instance, despite expressing concern about the adverse effects of corruption in Africa and demanding that Africans adhere to certain standards of behaviour, none of the G8 governments has ratified the UN Convention Against Corruption. However, 29 countries – 15 of them African – have



NEPAD meeting at the World Food Summit in June 2002.  
FAO / R. Messori

ratified the convention.<sup>8</sup> Secondly, companies from the West have not only continued to bribe African public officials but also continue to deduct these bribes from their taxes. And thirdly, offshore tax havens such as British Jersey are used as conduits for bribery payments made in Africa. Despite the OECD's promise in 2004 to close these channels for sustaining corruption in Africa, the companies registered on these offshore islands have continued to pay bribes with impunity.

**"Despite expressing concern about the adverse effects of corruption in Africa and demanding that Africans adhere to certain standards of behaviour, none of the G8 governments has ratified the UN Convention Against Corruption."**

This is what partly explains Aminatta Forna's argument that "Africa doesn't have the monopoly on corruption."<sup>9</sup> Forna adds that the ordinary African is outraged by corruption as much as anybody in the West. "Corruption is not, as is often hinted, some sort of cultural weakness—even if it has, sadly, become the norm. Africa's problem is that the structures designed to provide checks and balances on the leadership are often neither sufficiently strong nor independent."

**Recommendations on Tackling Corruption in Africa**

The top-down approach being experimented with in tackling corruption in Africa has never been tried in any other region of the world. Whether this approach will be

successful in fighting and winning the war remains to be seen. Nevertheless, the lukewarm reception to the AU anti-corruption convention is a clear indication that African leaders are not ready to dismantle the patron-client political systems that are the sources of corruption on the continent. It is through the patronage system that African leaders allow their cronies to benefit through abuse and misuse of public offices and institutions (particularly the parastatals). Of all the weaknesses common to African leaders, "allowing crony capitalism to flourish appears to be the most obvious."<sup>10</sup> Consequently, the best weapon to fight corruption is a focused leadership that enforces zero-tolerance for corruption and builds strong institutions that prevent and combat corruption. The biggest challenge in the war against corruption in Africa is finding leadership that occupies the high moral ground and one that can ensure that public funds are used sensibly as governments pursue prudent anti-corruption strategies.

**"The lukewarm reception to the AU anti-corruption convention is a clear indication that African leaders are not ready to dismantle the patron-client political systems that are the sources of corruption."**

While some African leaders have gained infamy for their kleptomaniac rule, there are a few that have taken commendable actions that demonstrate how serious the war against corruption is being taken across the continent. One such action is the decision in May 2005 by President Thabo Mbeki to fire the country's deputy president, Jacob Zuma, after he was implicated in shady and corrupt deals. In Nigeria, classified as the second most corrupt country on the 2005 Transparency International list, President Olusegun Obasanjo has fired a number of high-ranking officials including the minister of education and chief of police after they were implicated in corruption.

However, as the Nigerian case shows, a war against corruption cannot be won by firing a few corrupt high-ranking officials. Leadership with political will must be complemented by a massive clean-up of the civil service, dismantling of institutionalized corruption networks, a high level of public awareness and citizen participation in the fight against corruption, and creation of watchdog groups and institutions. Furthermore, as Ray Matikinye points out, "studies indicate that governments lacking a strong framework of good governance, the rule of law and adequate banking regulations while clinging on to unsound investment decisions, provide fertile grounds for corruption to thrive."<sup>11</sup>

**"Leadership with political will must be complemented by ... a high level of public awareness and citizen participation in the fight against corruption."**



No "petty corruption" or "bully policemen": Police Chief Amadu Sesay's stance is known and respected in Koinadugu, Sierra-Leone.

USAID / L. Lartigue

According to Meghnad Desai, poor Africans are affected mostly by "petty corruption" rather than "high corruption" which involves "local and foreign companies bribing government ministers to obtain some inside advantage that affects the poor."<sup>12</sup> On the other hand, "petty corruption" is extracted by "a bully policeman or a high handed petty bureaucrat" who "makes it impossible for the poor to run a stall or a shop or a rickshaw or a wheelbarrow without a license or permit."

Desai points out that "petty corruption is not easy to eliminate" as "the takers of the bribes are often not much better off than the givers. They are underpaid and have often had to pay a lump sum in order to get the jobs they have. This pyramid of corruption reaches all the way to the top. In this sense the prevalence of high corruption affects the poor indirectly and remotely by condoning petty corruption. Government attempts to punish the corrupt at low levels will only meet with the cry that

there is one law for the high and mighty and another for the lowly. Removal of corruption requires an institution which is independent of the Executive and the Legislature at all levels, able to expose the highest and prosecute them through the Courts. The Courts in their turn need to judge without delay in these cases. If not, the corrupt survive and display with impunity their ill gotten gains."

## Conclusion

In order for the AU/NEPAD anti-corruption measures to make a significant contribution to the fight against corruption in Africa, they must be based on a bottom-up anti-corruption strategy. Such a strategy would entail strengthening national legislation, tightening procedures and audit systems, improving public service performance, developing a culture of outrage, positively encouraging public service integrity, and strengthening institutions of governance.<sup>13</sup> Good governance, based on effective mechanisms of public financial management and institutions of political accountability, would exterminate corruption by dismantling patron-client institutions in African political systems.

**"AU/NEPAD anti-corruption measures ... must be based on a bottom-up anti-corruption strategy."**

The above anti-corruption strategy would work best if driven by general will and public ownership and a committed political leadership. In other words, the ultimate responsibility of combating and eradicating corruption lies on the shoulders of the people. If people develop a culture of outrage and take matters into their own hands to tackle this scourge, the leaders would have no choice but to follow the wishes of the masses. Leaders can enter into pacts with each other and with international entities to address the institutionalized corruption in their countries but it is those who suffer most from this scourge that are best positioned to deal it a decisive blow. The AU/NEPAD can only play a complementary role of promoting the regional norms of accountability, transparency and good governance. Additionally, it could erect an anti-corruption architecture composed of civil society organizations, national anti-corruption bodies, regional economic communities, NEPAD/AU, international anti-corruption bodies and international financial houses and institutions.

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## AFRICA UNDERDEVELOPED IN THE CORRUPTION FIELD TOO

by Hugh McCullum

This series on corruption in Africa began with Tony Blair's acknowledgement that much of the corruption talked about in Africa has the Western countries and institutions as its source. The question was asked about the guilt of the givers of bribes as well as the takers. Madeleine Bunting, writing in *The Guardian* elaborated on Blair's comments: "... Africa is dogged by war, conflict and corruption not because of some curious continental incompetence, but because of how the West has preyed upon its vulnerability." Or, as she quotes one commissioner, "It's not enough to say Africans are corrupt, but to ask who are corrupting them. It's not enough to say Africans are stealing money, but to ask who is banking that money."<sup>1</sup>



Curbing conflict and corruption or preying upon Africa's vulnerability? An aide advises Bill Richardson, former US ambassador to the UN, during a 1997 visit to Kinshasa.  
- Robert Grossman / Africaphotos.com

These statements are a welcome recognition of something that many have known for years. There's a saying among Africans and others that the continent is as "underdeveloped" in the corruption field as it is in most other sectors. Much of this can be traced to slavery, the colonizing period and the Cold War. The corruption came from what is now called the West as far back as the 15th century. Africans are no more innately dishonest than Canadians, nor are they any more given to institutionalized corruption, nepotism or incompetence.

**"There's a saying among Africans and others that the continent is as 'underdeveloped' in the corruption field as it is in most other sectors. Much of this can be traced to slavery, the colonizing period and the Cold War."**

The haunting question about the willful and utter destruction of much of Africa and its invaluable natural and cultural resources and much of the continent's self-confidence has been posed by Basil Davidson, the pioneering British historian of Africa, in *The Black Man's Burden*, a brilliant summing up of his life's work. Davidson writes about the Ashanti, the kingdom that once controlled most of present-day Ghana:

The kingdom was manifestly a national state on its way to becoming a nation-state in every attribute ascribed to a West European state, even if some of those attributes had yet to achieve maturity. It possessed known boundaries, a central government with police and army, consequent law and order and accepted national language.... What might have happened if indigenous development could have continued, and pre-colonial structures had remained free to mature into modern structures, can indeed be anyone's guess. Suppose the sovereignty of the Asante [a widely used alternative spelling for Ashanti] had not been hijacked.... Could the resultant Asante nation-state have answered to the needs of the twentieth century? Would it have acted as a magnet of progress for its neighbours? Or would it have become a curse and a burden?<sup>2</sup>

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### Forum Discussion:

It is a pity for the African continent that we see a lot of downfalls. I feel that something must be done before the whole continent collapses. I can't believe that countries that have been free for 50 years are coming to South Africa to learn instead of South Africans travelling to north to learn.

The most important issue is health. We can start by cleaning our dwelling places and towns, and maybe the spirit of volunteerism should be encouraged. It's worse in countries like Egypt where the conditions are appalling. I felt so bad when I was in Egypt, because people can spit anywhere, and even use their own clothing to clean their noses.

I was really disappointed at how ignorant the Egyptian community is, even about Egypt's history. And the racism that exists in Egypt is discouraging. If you are black like myself, some of them laugh at you as you walk. Or when you enter shops you become the centre of attraction, as they look at this kind of animal that looks like a slave. You will hear them criticising you or even laughing at you.

If Africa is to succeed it needs some serious self-introspection and self-criticism. Corruption seems to be the order of the day because people have lost touch with who they are.

Also disappointing me in other nations is the way we are being treated as we travel. Airlines and hotels are very discriminatory against Africans. You really feel that you don't belong there. This is something I experienced in Jordan.

Lastly Africans must come face to face with their history in order to get things right.

— **Vuyiswa L K Dhlamin-Mohammed, South Africa**

Regrettably history provides no answer. We are left, instead, with a humiliating picture of Africa and Africans, a caricature you might find in a Tarzan movie. How many Westerners realize, or are even capable of imagining, that it took most of the 19th century for the mighty British to overcome the Ashanti, after a series of bitter and closely-contested wars? Ultimately the West African kingdom was undone by superior technology, especially the Enfield rifle and the Maxim machine gun which allowed the British to mow down their opponents. But, it is important to recall, since they do not teach these things in high school, that the British-Ashanti wars were struggles between two proud countries that shared similar concepts of nobility, courage and duty but were separated widely by radically different notions of fair play and ethics.

**"We are left, instead, with a humiliating picture of Africa and Africans, a caricature you might find in a Tarzan movie."**

The Ashanti, who outdid the British in gallantry, thought it proper to allow the enemy to beat an orderly retreat after defeating them in battle. And when mounting sieges of British controlled forts, the Ashanti armies even allowed their mortal enemies to resupply themselves with drinking water. Britain, on the other hand, unilaterally abrogated its treaties and other agreements with the Ashanti, who at several points in the century-long conflict made plain their desire for a peaceful conclusion that would accommodate their enemy's commercial interests. When the British first captured the Ashanti capital, Kumase, in 1874, its treasures were painstakingly looted, including large stores of gold, sculpture, ivory and royal furniture. Then the city was deliberately burned to the ground. Britain, in its inimitably cavalier way, smashed an African state that Davidson compared favourably with pre-Meiji Japan.

London chose to govern its possessions in a way that obliterated "native" memories of indigenous political culture and accomplishments and deprived the local people of a significant hand in the new forms of administration. Under British rule in Africa, a heavy emphasis was placed on doing things cheaply, even by comparison with other colonial regimes. The notion that Britain was nobly bearing the white man's burden, doing good works and bringing civilization to a supposedly dark continent is belied by a simple statistic: at the end of World War II, Britain had a mere 1,200 senior colonial officials in all of its African possessions combined, meaning that London had assigned a skeleton crew to run more than a dozen colonies covering nearly 4 million sq km, with a population of 43 million.<sup>3</sup> Then, in 1957, barely half a century after wiping out the Ashanti proto-state and imposing colonial rule, an astoundingly fickle Britain changed its mind and "granted" Ghana independence under state structures copied directly from European blueprints.

Why should anyone be surprised that the violent European hijacking of Africa's political development resulted in misery, corruption and chaos? Few even ask this question.

**"Why should anyone be surprised that the violent European hijacking of Africa's political development resulted in misery, corruption and chaos? Few even ask this question."**

And, before that was the slave trade with civilized, Christianized Europe and the Americas. The cost of the slave trade in sheer population loss was nothing short of catastrophic and some demographers calculate that if there had not been an Atlantic slave trade, by 1850 the total population of the continent would have been about 70 million, 40 percent higher than the actual population at the time. It is not fashionable today to talk of slavery and colonialism as part of Africa's problems but when the damaging legacies are examined, we find mass migration and generalized warfare as neighbour was pitted against neighbour and society against society.

Europeans created a thirst for their trade goods and for the quick profit that came from trading in fellow humans which Africans traded for these goods. The ensuing scramble of slavery and then colonization wiped out the intricate social codes that prevailed and left behind a deep sense of uncertainty and fear "that induced a sense of fatalism in society that passed from generation to generation," writes John Reader in his illuminating survey, *Africa: A Biography of a Continent*. Economic systems based on respect and trust were transformed into systems controlled by warlords and powerful merchants who obliged chiefs and elites to collect slaves as payment against forced loans.



The West's "favourite puppet", Mobutu Sese Sekou, inherited King Leopold II's "magnificent African cake" - paid for with 10 million African lives.  
- Robert Grossman / Africaphotos.com

Theft and corruption took over as kleptocracy became the norm. Zaire (now the Democratic Republic of Congo) is the classic example. It was there that King Leopold II of Belgium, who had appropriated the huge colony at the Berlin Conference of 1884-85, bragged that his personal domain was "a magnificent African cake." And Congo, as it was named before it was called Zaire, became synonymous with a succession of cruel and shameless European and American get-rich-quick schemes: from ivory, to tropical hardwoods, rubber and finally copper, cobalt, uranium, diamonds, gold and the rare tech-age

mineral, coltan. It was a continuous rape until today of perhaps the richest and one of the largest countries in Africa. By the time Leopold died some 10 million people, half the then population, was dead.<sup>4</sup> There is little remorse today for that holocaust; it is not something the West wants to talk about or memorialize. Leopold's legacy of death is bad enough but worse is that Belgian authorities created a tragic example of governance, essentially teaching the people that authority confers the power and right to steal and, under the late Mobutu Sese Sekou, the corollary that the bigger the title, the bigger the theft. And yet he remained, up to the bitter end, the West's favourite African puppet.

These were the examples set for Africa to emulate when Western neo-liberals set out in the 1980s to impose economic structural adjustment and political democracy on African nations in a world largely ignorant of its history and racist in its approach to African achievements.

Yet today Africans are beginning to see the contradictions in the West, like the violent quest for oil that has turned the Middle East into a bloodbath of death and corruption; also, in Louisiana and Mississippi, where race and class have been the criteria in dealing with a natural disaster that left behind blacks, who make up most of the poor, to suffer and die.

Africans can look at the looting of public funds by leaders of Western democracies and wonder why their continent is being marked as the most corrupt on Earth, and why Mobutu was any different than his illustrious predecessor, Leopold II, in staking out a personal claim to the wealth of an entire region. Where does the West get off talking about human rights?

**"Africans can look at the looting of public funds by leaders of Western democracies and wonder why their continent is being marked as the most corrupt on Earth, and why Mobutu was any different than his illustrious predecessor, Leopold II."**

As this article set out at the beginning to say, Africa is underdeveloped in the corruption field as well.

There are numerous examples in the last two decades which show how far ahead the developed world is when it comes to corruption, most of this involving leading figures in business and politics:

- The US\$ multi-trillion dollar Savings and Loan scandal involving all three of former President George Herbert Bush's sons was the biggest financial scandal of US history and it cost the American taxpayer every cent to pay it back. The scandal was worse in Texas, Florida, California and Colorado. Neil Bush, the son who did not go into politics directly, ran S&L in Colorado, George W. Bush was governor of Texas at the time, Jeb Bush was governor of Florida. At the same time, Ronald Reagan was governor of California. The huge corruption of ordinary peoples' money began in 1980 in the risky residential housing industry with banks, insurance companies and developers conspiring to impoverish homeowners and enrich the people running the scam. They got away with this because of that period's fetish for deregulation and the same bad accounting scandals that created the Enron disaster. At the time the investigation began, George H. Bush was director of the Central Intelligence Agency. It was during his presidency in 1989 that he initiated legislation to bail out the victims using taxpayers money while the wealthy politicians and business people got off scott-

free.<sup>5</sup>

- The Bank of Credit and Commerce International (BCCI) which was not a bank in the conventional sense, but a vast stateless, multinational that was supposed to help Third World financial institutions (in fact it had branches in 53 third world countries and 146 around the world) was in reality the playtoy of Saudi and Gulf bankers who used it for years as a front to sell illegal weapons, oil and other commodities, and for laundering drug money. William Casey, President George H. Bush's head of the CIA, was intimately involved, as was Jimmy Carter's director of the Office of Management and Budget (OMB), Bert Lance, whom Carter fired. He got \$2.6 million in 1977 from BCCI. The Bush family, father and sons, and key colleagues were closely and financially involved in BCCI, as well as their good friend John Connelly, governor of Texas, as was the Saudi royal family and Salem bin Laden, eldest brother to Osama. As BCCI became more and more corrupt, authorities could no longer ignore its crimes. Britain shut them down in 1991 under 12 million pounds debt. The regulatory Security and Exchange Commission wanted to charge Bush senior for insider trading after he sold over 200,000 shares of the now faltering bank. On July 1, 1992, the entire BCCI operation collapsed and defrauded depositors of US\$15 billion. One columnist said it was an example of reverse Robin Hood: "robbing from the poor to save the rich."<sup>6</sup>
- Canadians, after going through much political shock and awe, are awaiting the outcome of a judicial inquiry into how \$100 million was misspent, misused and mismanaged in a questionable programme to promote Canadian unity. It is relatively small by American standards but by no means is it Canada's first. A combination of politicians, civil servants and advertising executives connived to divert money illegally to businesses, crown corporations and political parties, the major one being the ruling Liberal Party of Canada.
- The Enron scandal also touched the Bushes. One of the bankrupt firm's representatives was James A. Baker who had run five campaigns for Bush and Reagan, had also been Chief of Staff twice in the White House and had run the State Department. Enron and two other giant energy-industry law firms put more than US\$450,000 into George W. Bush's 2000 election campaign. Altogether the oil industry gave Bush's campaign US\$2.9 million and only US\$325,000 to his opponent Al Gore.<sup>7</sup>

At a smaller level, when the West goes into Africa in the name of aid, the example for Africans is no better. For example:

- The ubiquitous white vehicles that roam the roads and cities of most of the Third World in their thousands with 'UN' printed on the side are part of a deal with Japanese automakers for the UN to purchase at a special reduced price. One wonders why every expat aid and development worker must have one of these new air-conditioned four-wheel drive vehicles - as well as a cellphone, a house with pool and maid service, a free trip home every two or three years with their family, danger pay, business class (in some cases first class) travel and business class per diems in four and five star hotels. Scrounging, waste, misuse of program budgets amount to looting by expatriate staff who regularly exchange their American dollars on the black market to buy art and crafts to be sent home in the "diplomatic pouch" breaking the fragile laws of the country in dozens of ways.



Ecomog soldiers in Liberia walk past one of the UN's "ubiquitous white vehicles" - another must-have perk.  
- Robert Grossman / Africaphotos.com

- Churches are involved as well. Mission societies have their favourite clergy who get the scholarships for their children, trips abroad to conferences and new vehicles and houses which generally end up in the owners' hands. Bishops and senior clergy inherited from their colonial predecessors lavish lifestyles with huge houses and expensive cars, behaving like diplomats and being bowed and scraped to as though they were mediaeval potentates.

It was the Western system run by these upstanding citizens and their counterparts in Britain and France who kept and fed the Mobutus and Abachas and lesser





General Sani Abacha, former President of Nigeria (centre): a "kleptomaniac" kept and fed by the Western system.  
- Robert Grossman / Africaphotos.com

kleptomaniacs in Africa. It was US pressure that induced the World Bank and the International Monetary Fund to offer aid to "their" man in Kinshasa during the third carving up of Africa during the Cold War. The relationship between Zaire and the US has been described by many former ambassadors as a "sick" one. Zaire, the wealthiest country in Africa in terms of resources, had its loans from the IMF rescheduled nine times before 1997 when Mobutu died leaving his country US\$14.5 billion in debt and with no means to repay it. He left behind a legacy of civil war which is responsible for the deaths of more than

3.5 million people in the last eight years.

**"It was the Western system run by these upstanding citizens and their counterparts in Britain and France who kept and fed the Mobutus and Abachas and lesser kleptomaniacs in Africa."**

In 1975 Zaire went into an economic crisis that lasted until Mobutu's departure and death in Morocco. In those 22 years, the country received a total of US\$9.3 billion in foreign aid. Leading the way were the IMF and WB. Erwin Blumenthal, a German banker, was sent to Zaire in 1978 to become country director of IMF and to head up the country's central bank. The IMF said it was concerned about "leakages" that they said threatened their attempts to revive the economy. Blumenthal had been around Africa for 14 years and in the Bundesbank's foreign office for a long time. He lasted until 1979 before giving up. He was asked to write a report for internal consumption only. It attempts neutrality, but lapses into fury and provides a random list of incidents which occurred during his tenure: furious showdowns with generals, gun-waving soldiers and government officials demanding tens of thousands of dollars in cash; the realization that the Bank of Zaire's accounts abroad had all been plundered and then falsified; and special accounts in Brussels, Geneva, London and Frankfurt opened by the central bank in the president's name with no official records to be found.

Blumenthal predicted accurately that the Bank and IMF would reschedule the debts yet again, that Mobutu would dine again in the White House and the embezzlement of funds would continue to build Mobutu lavish houses in France, Belgium, Switzerland and Italy, as well as in Africa. But, the last pages of Blumenthal's reports are the most embarrassing for the foreign donors because they indicate how many well-placed "friends" and lobbyists Mobutu had in Western capitals who assured his ability to buy support. The names included top Belgian civil servants and journalists on Mobutu's payroll. Diamonds were sent to the wife of President Valerie Giscard d'Estaing of France in payment for debts.



A soldier stands guard at Mobutu's palace in Gbadolite, Zaire: built with funds the West knew were being diverted.  
- Robert Grossman / Africaphotos.com

The Bank and the IMF shrugged off poor Blumenthal's report saying "there was nothing in it we didn't already know." "In any case," said another Bank official, "what he mentioned was a fraction of what was really going on." It brought out into the open, but did not end, the cozy arrangement in which the Zaireans knew what the international financiers knew, who in turn knew what the Zaireans knew, yet everyone could continue playing the game of credits, conditions, targets and stand-by arrangements with impunity.<sup>8</sup>

**"'In any case,' said another Bank official, 'what he mentioned was a fraction of what was really going on.'"**

Who colluded with whom?

As Mobutu's memory fades, the world turns to Iraq and Saudi Arabia where

authoritarian, undemocratic, US allies have built corrupt empires fed on America's addiction to fossil fuels. The Saudi kings and princes who dine at the White House and the ranch in Crawford, Texas, far more often than Mobutu ever had, are still doing the bidding of the world's only superpower and playing the same games as Mobutu. The corruption scandals of oil-rich countries in the Middle East are another story but it is so huge as make Africa's corruption underdeveloped and miniscule in comparison.

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## NIGERIA: ANTI-CORRUPTION INITIATIVES AND THE CONSTITUTION

by John Ikubaje

### Introduction

Corruption in Nigeria is not a unique phenomenon. Its causes as well as its remedies are similar to those of other countries throughout the world. Although global experience has proven that the fight against corruption cannot be efficient or effective without the backing of relevant legal frameworks, experience has also proven that legal frameworks are not enough without strong political will and civil society participation. Various anti-corruption attempts by both military and civilian federal governments in Nigeria are a case in point. In dealing with the social virus of corruption almost total failure has resulted, illustrating the need to go beyond legal frameworks. As President Olusegun Obasanjo argues in his paper, "Nigeria: from pond of corruption to island of integrity," Nigeria, right from independence in 1960, has always had enough laws to address the problem of corruption in the country.<sup>1</sup>

In view of this, Nigeria and countries throughout Africa and the world must not merely enact laws, they must also find ways to implement and enforce them.

### Defining corruption

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Corruption is something that has no universally acceptable definition. As argued by the Inspector General of Uganda, corruption is difficult to define but everybody knows and understands what it is.<sup>2</sup>

Definitions always reflect the nature of its practice in particular socio-political and professional environments. However, the lack of agreement in the description has not prevented a collective condemnation of its practice globally.

The United States Agency for International Development (USAID) defines corruption as the misuse of public funds for private gain;<sup>3</sup> while the World Bank defines it as "the abuse of public positions for private or sectional, material or status gain."<sup>4</sup> The major problem with these definitions is that corruption is not restricted to the public sector. Its practices also cut across the private sector to include profit and non-profit organizations.<sup>5</sup> In order to resolve these limitations, it is appropriate to define corruption as responsibility without accountability. In all social settings, whether private or public, wherever there is responsibility, accountability must be present to overcome the problem of corruption. Responsibility in this instance goes beyond finance to include democratic and organizational responsibility.



Participants at a Nigerian People's Forum to promote accountability in governance. Table posters say: "It is your right and duty to question your elected officials".  
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**"Wherever there is responsibility, accountability must be present to overcome the problem of corruption."**

### Causes of corruption

As with the definition of corruption, there is no clear consensus on its causes. An array of explanations includes:

- overly centralized economic and political power;
- lack of ethical leadership, accountability and transparency;
- greed and ambition;
- inefficiency;
- poor remuneration and pension schemes;
- a pervasive culture of gift-giving;
- illegitimate governments;
- inequality;
- ineffective anti-corruption laws and initiatives;
- complex and cumbersome bureaucracy; and
- lack of the political will to deal with corruption.<sup>6</sup>



Inequality as a cause of corruption: a member of the Rivers State chapter of the International Federation of Women Lawyers advocates change.

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The presence in Nigeria since 1960 of all of these and other factors goes a long way to explaining why it has consistently been ranked among most corrupt countries by Transparency International.

### Military regimes and anti-corruption initiatives

Since independence, Nigeria has alternated between democratic civilian governments and military rule brought about by coups (see table below). After every coup in Nigeria, the military has repudiated the venality of the government it displaced and has announced to cheering citizens plans to curb corruption and revamp the economy. For example, General Sani Abacha, who seized power in November 1993, indicated his desire to restore probity in government. He announced the setting up of a national committee to fight corruption and indiscipline in Nigerian society.<sup>7</sup> It was the same Sani Abacha who looted more than \$5 billion (US) in Nigeria before his death.

The first military regime in Nigeria promulgated the Public Officers (Investigation of Assets) Decree No 5 of 1966 which empowered the head of state to require public officers to declare their assets. In addition to the above decree, tribunals were set up with the power to investigate whether any public official corruptly enriched himself while in office.<sup>8</sup>

	DATES	HEAD OF STATE	TYPE OF ADMINISTRATION
1	1960 - 1966	Alhaji Abubakar Tafawa Balewa	Civilian - First Republic
2	Jan. - July 1966	Maj. Gen. Agunyi Ironsi	Military
3	1966 - 1975	Gen. Yakubu Gowon	Military
4	1975 - 1976	Maj. Gen. Murtala Mohammed	Military
5	1976 - 1979	Gen. Olusegun Obasanjo	Military
6	1979 - 1983	Alhaji Shehu Shagari	Civilian - Second Republic
7	1983 - 1985	Gen. Muhammad Buhari	Military
8	1985 - 1993	Gen. Ibrahim Babangida	Military
9	Aug. - Nov. 1993	Chief Earnest Shonekan	Civilian - Third Republic
10	1993 - 1998	Gen. Sanni Abacha	Military
11	1998 - 1999	Gen. Abdusalam Abubakar	Military
12	1999 - present	Chief Olusegun Obasanjo	Civilian - Fourth Republic

Nigeria's leaders and governments since Independence.

In 1975, General Murtala Mohammed made several efforts to combat corruption. His regime set up an Assets Investigation Panel to examine the assets of state governors, federal commissioners, and high-ranking officials. Those who were found guilty of corruption were dismissed and their assets confiscated by the government. His regime also enacted the Corrupt Practices Decree of 1975, which extended the scope of his regime's anti-corruption measures to officers of public bodies as well as government employees. The regime also established a bureau to try offences under this decree. Unfortunately, Mohammed was assassinated in a coup, the decree was repealed after his death and the war against corruption suffered.<sup>9</sup>

In 1984, the General Muhammad Buhari regime brought in the Special Military Tribunals Decree to deal with corruption in government. It was believed that draconian anti-corruption measures, including long prison sentences and forfeiture of assets, would assure the public of the regime's seriousness in fighting corruption. It differed from the criminal code in that trials were conducted by a tribunal, chaired by high-ranking military officers and with serving or retired judges of the High Court as members. Under this arrangement, appeals could only be made to the highest military body, the Supreme Military Council (SMC). These tribunals convicted a number of high-ranking public officials including some Second Republic state governors, ministers, presidential advisers and state commissioners. Many of them were sent to jail after conviction.

In August 1985, another coup brought General Ibrahim Babangida to power. His regime released some of the public officials awaiting trial for corruption and also set up a panel to review the cases of those convicted under the Buhari administration. Many that were convicted of corruption under the Buhari regime were released by Babangida. According to Edwin Maduagwu, a renowned Nigerian political economist and regular columnist in Nigeria's *Guardian* newspaper, "Babangida saw corruption as a legitimate tool of governance and used it extensively to shore up support."<sup>10</sup> Indeed, the Babangida administration was synonymous with corruption. Little wonder that he referred to himself as an evil genius!

**"The Babangida administration was synonymous with corruption. Little wonder that he referred to himself as an evil genius!"**

Like his predecessors, however, General Babangida also wanted to be seen as addressing the problem of corruption. In his superficial war against it, he introduced the Audit Alarm System (AAS) at the local government level. The AAS was to serve as an internal check on the finances of the various local government councils; however, since most of the corruption was at the federal and state levels, the AAS measure failed woefully.<sup>11</sup> Babangida also set up the National Committee on Corruption and Other Economic Crimes under the chairmanship of Justice Kayode Esho, a retired justice of the Nigeria Supreme Court. At the end of the committee's consultations and public hearings, it recommended a single national law to deal with corruption and economic crimes in Nigeria. It also recommended the establishment of an independent agency to tackle corruption in the country. Nothing tangible was done with Justice Esho's report.

In 1993, under the pretext that his regime was planning to hand power to a democratically elected government, General Babangida imposed two political parties on Nigeria, the Social Democratic Party (SDP) and the National Republican Convention (NRC). In the presidential election that followed, the SDP candidate, Alhaji Kasimawo Abiola, a renowned international business man and philanthropist, was declared the winner by several international and local election observers. However, this result was not acceptable to the Babangida regime and so the election was annulled and an interim civilian government announced, with Chief Earnest Shonekan as the appointed head. It



Nigerian women mobilise support for women's participation in local government. Their poster reads: "Together we can make better decisions: Include women in the traditional village council".  
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lasted less than three months before being overthrown by General Sani Abacha.

When General Abacha took power, he printed Esho's report on anti-corruption and sent it to all the state governments for comment. At the end of this exercise, however, no concrete action was taken either to implement the report or the feedback of the state governments.<sup>12</sup>

It is important to stress that all of Nigeria's military regimes failed primarily because they were superimposed on existing corrupt administrative and social structures and relied on tainted, insincere and inefficient

bureaucrats. This resulted in:

- a lack of genuine commitment to eradicating corruption;
- anti-corruption measures exclusively focussed on post hoc punishment of corruption;
- no effort to institute preventive mechanisms and programmes to address the root causes of corruption.

**"All of Nigeria's military regimes failed primarily because they were superimposed on existing corrupt administrative and social structures and relied on tainted, insincere and inefficient bureaucrats."**

#### Democratic initiatives before the Fourth Republic

Since corruption was not an issue that attracted much national attention in Nigeria's First Republic, not much effort was geared towards combating the problem in the country then.

In the Second Republic, Alhaji Shehu Shagari initiated the Ethical Revolution (ER). Although several governors, ministers and special assistants were convicted of corruption under his administration (1979-1983), his "revolution" generally failed. Indeed, his government was found to be more corrupt more than the military regime that handed over power to it. After General Buhari took power, Shagari himself was not found guilty by the Military Tribunal set up to investigate corrupt government officials in the Second Republic, but the majority of his ministers and other elected officials were.

Nigeria's Third Republic was short-lived. Although General Babangida had put in place transitional programmes that led to the election of civilian governors in each state, the annulment of the presidential election precluded any significant anti-corruption initiatives.

#### Anti-corruption initiatives of the Fourth Republic

The government of the Fourth Republic took charge of a country which at various times under Generals Babangida and Abacha had been ranked as the first, second or third most corrupt country of those surveyed by Transparency International. In his swearing-in address as President of the Fourth Republic on April 29, 1999, Chief Olusegun Obasanjo stated his administration's commitment to fight corruption. He declared that there would be no sacred cows. Later, he sent a bill to the National Assembly: the bill was passed and the Independent Corrupt Practices and Other Related Offences Commission (ICPC) was established to administer the act. However, many national and international experts have since argued that the act and the commission are dormant. Moreover, Nigerians themselves do not believe that the ICPC is effective.<sup>13</sup>



Peer educators in Nigeria help update materials on democracy and governance.  
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**"Under Generals Babangida and Abacha, (Nigeria) had**

**been ranked as the first, second or third most corrupt country of those surveyed by Transparency International."**

A second anti-corruption initiative of Obasanjo's civilian administration was the Economic and Financial Crime Commission (EFCC), established to combat advance fee fraud, popularly known as "419" (Section 419 of Nigeria's criminal code deals with fraud-related offenses). This commission has succeeded in arresting and prosecuting several corrupt Nigerians. Many argue that the EFCC is more efficient than the ICPC. However, it is important to stress that the EFCC is also better funded, having benefited from the transfer of £3 million that the British Government repatriated from a Nigerian caught in Britain. Related to the work of the EFCC, the federal government has also set up the Price Intelligence and Due Process Office in the presidency to monitor the awards of contracts and to ensure value for money in all contracts.

A third major initiative has been the decentralization of anti-corruption programmes to the state and local levels. The fiscal relations that existed among the three levels of government (federal, state and local) before the Fourth Republic led state and local governments to see anti-corruption campaigns as a federal matter. Now, however, there are anti-corruption committees like the Public Accounts Committee (PAC) in both state and national assemblies as well as anti-corruption units or departments in various ministries and in parastatals like the Nigerian Port Authority and Nigerian Freight Forwarders. Other anti-corruption units are found in police forces and customs. In Lagos State, for example, the police command has a monitoring unit that checks the activities of all police officers in the state. Some who have been found guilty of bribery or other corrupt practices have been dismissed.



Members of Nigeria's National Youth Service Corps fill out a questionnaire on democracy and governance.  
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Some professional bodies in the country have also introduced anti-corruption measures. For example, the Chartered Institute of Accountants of Nigeria, the Medical Association of Nigeria, the Nigerian Union of Journalists, etc, have instituted disciplinary bodies that deal with members who are guilty of corruption or act against the ethics of their profession.

At the international level, the Nigerian Government is part of an anti-corruption drive called the Extractive Industries Transparency Initiative (EITI), introduced by UK Prime

Minister Tony Blair. The message is that governments should declare to the public all payments they receive from all extractive industries.

In addition to the programmes of Obasanjo's government, the 1999 Constitution of Nigeria itself contains elaborate provisions for ensuring transparency, accountability and good governance.

While all of these provisions and initiatives are laudable, commitment to implementation remains the big problem for the Nigerian Government, for corruption as a major practice has been confirmed under the leadership of President Obasanjo. In the Auditor General's report for the year 2001, for example, most of the ministries and parastatals together with the three arms of government were found to be corrupt.<sup>14</sup>

**"While all of these provisions and initiatives are laudable, commitment to implementation remains the big problem for the Nigerian Government."**

**The way forward**

Although one might expect all of the anti-corruption initiatives from the 1960s on to be enough to position Nigeria as the *least* corrupt country in the world, the lack of political will by a series of governments of Nigeria has instead led to repeated failure. The challenge facing civil society anti-corruption practitioners is to help the government with their anti-corruption measures and to offer alternative approaches.

Constitutionally, for example, there is an over-concentration of power at the federal level in the area of resources. Currently, the federal government is empowered to control and benefit from all major natural resources in the country irrespective of where they are located. This makes it difficult for the other two tiers of government to address the corruption they see or to enjoy any direct benefit from the natural wealth found in their

areas. A decentralization of some powers would definitely help and would at the same time give more meaning to the federal government's endorsement of the EITI.

Secondly, government-initiated anti-corruption initiatives need to be independent and properly funded. The simple reason why Nigerians have found that the EFCC has performed better than the ICPC is that the EFCC is adequately funded, thanks to the £3 million it received. If the ICPC had access to such resources, it too would perform well. In fact, Justice Akanbi, the Chairman of the ICPC, has complained of a lack of adequate resources to run his commission ever since it was established in 1999. Furthermore, if the government of President Olusegun Obasanjo is truly serious about combating corruption in Nigeria, both the ICPC and EFCC should be totally independent of the executive arm of government and they should be given healthy budgets with which to work.



Nigerian woman performs in a drama competition on democracy and governance.

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### **"It is important that Nigeria's official watchdogs should themselves be watched."**

Finally, anti-corruption civil society organizations -- like Zero Corruption Coalition, Transparency in Nigeria and others -- should come up with an annual evaluation of the official anti-corruption agencies in the country, and this evaluation must be published. It is important that Nigeria's official watchdogs should themselves be watched. If there were an evaluation of the official anti-corruption agencies on annual basis, they would wake up to their performance responsibility in order to avoid annual criticism. Such has been the case, for example, with the publicity brought by groups like Transparency International and by the reports of Nigeria's Auditor General. The Nigerian Government is aware of these reports, it sees them as instruments against corrupt practices, and elected representatives have been made conscious of their actions in order to avoid being named in such reports. Civil society groups will require more resources to accomplish this annual evaluative task, but the end result will definitely justify the expenditure.

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## CORRUPTION IN AFRICA

by Craig Dowler

It was with a certain hesitation that we chose corruption in Africa as our second theme for the At Issue Ezine. The first reaction among us was to say that such a topic was fine for the mainstream media, but our mandate is to support Africa and its people. Corruption is something used against Africa whenever debt cancellation, grants or investments are suggested as ways to help African people out of the poverty trap.

**"Corruption is something used against Africa whenever debt cancellation, grants or investments are suggested as ways to help African people out of the poverty trap."**

Two examples from the local press around the time of our discussion illustrate this point in the most benign way. A column in *The Toronto Star* (January 17, 2005) on Kofi Annan's Millennium Goals for Investment and Development had this to say: "It means fast-tracking aid to low-income countries with creditable poverty reduction strategies and *corruption-free governments* (emphasis added). Then in *The Globe and Mail* (World in Brief, January 18, 2005):

Ottawa cancels Madagascar's \$17m debt - Canadian Finance Minister, Mr. Goodale, said African nations that improve governance should be allowed "the opportunity to invest in their citizens rather than be compelled to divert their financial resources to interest payments."

Both these reports imply, in the friendliest way, that if African nations prove themselves "worthy" of our help they should get it. Would it not be better if no nations were compelled "to divert their resources to interest payments rather than invest in their citizens?" Why not, many of us ask, forgive debt for all low-income African countries? Much of it is odious debt anyway. The answer we get everywhere in the mainstream is "corruption". The money will end up in the pockets of corrupt officials. Instead of investments in health and education in African villages, there will be villas in France and bank accounts in Switzerland.

Africa's reputation for corruption, whether justified or not, does a great deal of harm to the people of Africa. Developed countries do not need this excuse to do less than they should in the name of economic justice. To counter this reputation is the best reason we can think of for taking on this topic.

We were further encouraged to overcome our hesitation by the receipt of two documents on the subject of corruption from civil society groups in Nigeria and Kenya, and by Tony Blair's Commission for Africa Report, which acknowledges that corruption is not just an African phenomenon, that there are givers of bribes as well as takers.

This more balanced view of corruption as "the single most important factor holding Africa back" is refreshing. It received this comment from Madeleine Bunting in her article "Taking on the Bribe Givers" (*The Guardian Weekly*, March 11-17, 2005):

At the very least, the Commission's attempt to take on the bribe givers, rather than simply blaming the bribe takers, might help shift public understanding and show that Africa is dogged by war, conflict and corruption not because of some curious continental incompetence, but because of how the West has preyed upon



Blaming bribe takers recognises only half the problem.  
C. Hincks

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its vulnerability.

She goes on to quote one of the Commissioners: "It's not enough to say Africans are corrupt, but to ask who are corrupting them. It's not enough to say Africans are stealing money, but to ask who is banking that money."

**"It's not enough to say Africans are corrupt, but to ask who are corrupting them. It's not enough to say Africans are stealing money, but to ask who is banking that money."**

None of this denies the culpability of the African elites who deprive their people of the benefits of such natural resources as oil, but there is a need to acknowledge the part everybody plays when economic injustice occurs. If an African official helps himself, the proceeds find a home in a Western bank or tax haven. If protection is sought from the people cheated, the weapons needed and the private security forces who use them bring profits to the West. As Hugh McCullum's article in this series will inform us, even when it comes to corruption Africa is underdeveloped.

In the documentary, *Enron: The Smartest Guys in the Room*, one scene shows a key Enron executive exhorting his employees to invest in more shares in the company. At this time, four months before the collapse of Enron, he had already begun to sell of all of his. At least Mobutu Sese Seko, the kleptocrat of kleptocrats, was upfront with his people. When they complained about corruption he exhorted them to help themselves (*Débrouillez-vous!*). "It was acceptable to steal a little so long as the theft remained within limits." (Michaela Wrong, *In the Footsteps of Mr. Kurtz*, 2000, p.147).



"Débrouillez-vous!": washing a car with water pilfered from a city council pipeline in Nairobi, Kenya.  
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Realistically it is very difficult to maintain that Africa is unusually corrupt in light of everything else we learn about the world of corporations and high finance. Africa has so little of the wealth the world produces, and even its wealthiest men are unlikely to make it into *Fortune's* list. Has it something to do with image rather than substance: for example, with Mobutu's string of Mercedes Benz limousines, his leopard-skin hat and carved cane, his marble palace in the middle of an African jungle and a runway long enough to accommodate a Concorde? The aeroplane and the man are gone, and the country he renamed is once again the Democratic Republic of Congo, but Africa's

reputation for corruption remains and Mobutu continues as its emblem. In 1999, two years after his death, Mobutu's image was still chosen for the cover of a book entitled *The Criminalization of the State in Africa*.

**"The irony in all of this, of course, is that Mobutu Sese Seko was not Africa's doing. He was a creation of the CIA, with help from Belgium and, later, France."**

The irony in all of this, of course, is that Mobutu Sese Seko was not Africa's doing. He was a creation of the CIA, with help from Belgium and, later, France. The Cold War produced him and others like him in Africa: Siad Barré in Somalia and Haile Mariam Mengitsu in Ethiopia, for example. He was sustained by the IMF and the World Bank and, like many others of his kind, even gained from structural adjustment, as suggested in Graham Hancock's *Lords of Poverty: The Power, Prestige, and Corruption of the International Aid Business*, written in the late 1989 in the heyday of structural adjustment:

For such people money has probably never been easier to obtain than it is today; the venal, the cruel and the ugly are laughing literally all the way to the bank. For them structural adjustment is like a dream come true. No sacrifices are demanded of them personally. All they have to do -- amazing but true -- is screw the poor [emphasis in the original] and they've already had plenty of practice at that. (pp. 59-60)

Up to this point I have attempted to establish how complex and unfair Africa's special reputation for corruption is. What comes through clearly, however, is the fact that it is

Africa's people who nevertheless suffer from corruption and who must overcome it. The process of overcoming has been underway for years, beginning with democratization movements in the early 1990s. These were followed, throughout the 90s and into the new millennium, by an end to apartheid in South Africa, the end to military dictatorship in Nigeria, and an end to full-scale wars in the DRC, Angola, Sierra Leone, and Liberia.



Grassroots transparency: counting the votes for a new judicial system in Rwanda.

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Coming out of all of this political activity has been a focus on *good governance* as the way to combat corruption, and the reputation for corruption. At one level there is the New Partnership for African Development (NEPAD) with its African Peer Review Mechanism (APRM), which holds up to scrutiny a country's human and economic rights practices. Also at this level, there is the African Union (AU) which has changed the OAU's emphasis on nations' rights to an emphasis on citizens' rights, with mechanisms to protect them from violence and corruption. As part of this intention, the AU may absorb what NEPAD began with the APRM. At another, more grassroots level, civil society groups are developing a stronger voice on governance issues.

As evidence for this last point, we have the documents referred to earlier. One is an article by a member of a legal rights NGO in Nigeria, which will lead off this series on corruption in Africa, beginning in August. The article will make the point that Nigeria has a series of laws and decrees against corruption, passed by every government, military and civilian, since independence – yet these same governments have not adhered to these laws and decrees. Although President Olusujan Obasanjo has promised changes, the writer accepts this only with the proviso that civil society groups like his get to monitor adherence. The other document is a booklet, from an ecumenical group in Kenya, entitled *The Monster Called Corruption*, which is available on the AfricaFiles website ([click here](#)). The basic premise of this booklet is that the fight against corruption is everybody's fight, not just a matter for governments and institutions. It is a moral issue that involves every person's "fight for dignity".



"The Monster Called Corruption": cover design by Samuel Muigai Goko.

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At the level of governments and institutions, leaders like Thabo Mbeki and Obasanjo have encountered a great deal of skepticism concerning their efforts to combat corruption and achieve good governance through NEPAD and the APRM. First, there is the question of motivation: was NEPAD simply cobbled together to please the G8, starting in Kananaskis, Canada in 2002 and, after a lull, now embedded in Blair's Commission for Africa Report for the 2005 G8 summit in Gleneagles, Scotland? Where do the people of Africa come in, since the partnership part of NEPAD seems to refer mostly to Western governments and corporations?

Then there is the question of effectiveness: how can NEPAD's commitment to neo-liberal economics benefit Africans? Can APRM be effective if there are no sanctions against those who fail the test? Should the 18 countries that signed up for the APRM be declared corruption-free by the Committee of Eminent Persons, would economic and infrastructural rewards begin to flow? Finally, would it make any difference to the process should NEPAD and APRM be absorbed into the AU, as many feel should happen?

Questions like these have greeted the NEPAD process since the beginning, especially among NGOs in the developed world. They doubt it is a genuinely African initiative and see its neo-liberal economics as leaving out the mass of the African people. In my observations, African NGOs and the African press seem less skeptical, and in some cases even hopeful. The AU has had a better reception among all groups as the way forward in combating corruption and clearing a path for a more prosperous, secure, and united Africa.

**"African NGOs and the African press seem less skeptical (about NEPAD), and in some cases even hopeful."**

In the meantime, as they have since the early days of colonialism and on through structural adjustment, the people of Africa have coped. They have not really needed anyone's advice to help themselves (*Débrouillez-vous!*) in conditions where none of the things that could help them were available. Janet MacGaffey, in what I consider the best book on the subject of the second (or parallel) economy in Africa, *The Real Economy of Zaire* (1991), speaks of health matters in Eastern Congo in the 1980s: "In rural areas of Beni and Luboro 80 percent of health services are supplied by private organizations. No one knows how they supply themselves with medicines." (p.67). The implied answer is the second (or parallel, or informal, or subterranean, or whatever) economy.

Labels for what the Peruvian writer, De Soto, defined as "The people's spontaneous and creative response to the state's incapacity to satisfy [their] basic needs..." (quoted in MacGaffey, p.12) are as varied as the countries that have strong unofficial economies. In Ghana, it is *kalabule*; in Uganda *magendo*, in Angola *candong*; people in Zaire say simply, "*Nous vivons mystérieusement*" (MacGaffey, p.8).



Working in the second economy: two girls in Burkina Faso sell wood fuel to urban dwellers.  
© 1984 Saskia Everts/TOOL Consult,  
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Though these references are 15 years old, nothing that has happened economically in Africa since then would suggest that the unofficial economy is no longer essential to the way people cope. In Nigeria, people in the Delta region have taken to "bunkering" -- helping themselves to some of the oil that pollutes their region but has brought them few benefits. Even in relatively prosperous South Africa, the government's last budget found it necessary to suggest ways to attract the second or parallel economy to enter the mainstream. And in Janet MacGaffey's recent book, *Congo-Paris: Transnational Traders on the Margins of the Law* (2000, co-authored with Rémy Basenguissa-Ganga), the second economy is found to be operating on jets between Kinshasa-Brazzaville and Paris.

During early discussions of this series on corruption in Africa, objections were raised to including the second economy at all. How can people's ways of coping with the effects of underdevelopment, through barter or other payment methods, be included under the heading of corruption? There are two answers: one is to say that corruption is, along with colonialism, neo-colonialism, and structural adjustment, one of the reasons why African nations have largely left their citizens to cope for themselves, to the degree that, in Zaire in the 1980s, the activity in the second economy was three times that of the first (MacGaffey, p.15). And the same is probably true for the majority of African countries, now as then.

**"The parallel economy in African countries involves many things, from tankers of oil or truckloads of coffee or timber to a case or two of beer. It is illegal to the degree that it avoids paying dues to governments that don't deserve such payments."**

The second answer follows the first: that much economic activity cannot come out of the simple barter of necessities (bicycle repairs for a basketful of vegetables or whatever). Taxes are avoided, import and export duties are unpaid, officials are bribed, wages are supplemented. The parallel economy in African countries involves many things, from tankers of oil or truckloads of coffee or timber to a case or two of beer. It is illegal to the degree that it avoids paying dues to governments that don't deserve such payments. Again I quote Janet MacGaffey:

In the second economy people are taking matters into their own hands and organizing an unofficial system: they are compensating for the inability of the state to supply the infrastructure, services and protection of the individual rights the citizens of any nation need and expect. (p. 39)

This last quotation, with the use of the word "system" seems to raise these activities almost to the level of what good governance could provide. Is it possible that proper education and health systems could come out of these self-help economic activities? Where would the security that sustainable improvements need come from?



Layers of the second economy: former sex worker Eunice opened a small shop with help from a micro-loan.

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Questions seem a good way to end this three part discussion. I began by raising the issue of whether Africa deserves its special reputation for corruption. Why should the takers of bribes be any more guilty than the givers? Why should a man in Lesotho spend 10 years in prison for taking a bribe when the Canadian company found guilty of giving it gets a slap on the wrist? Will Africa's attempts at good governance, whether undertaken by governments and institutions or by civil society groups, manage to erase the continent's reputation and win Africa the investment it needs? Finally, will the individual efforts of Africans to sustain themselves through years of

official neglect and venality contribute to winning them a decent quality of life?

### Select bibliography and links:

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3. **Corruption, Democracy and Good Governance in Africa: Essays on accountability and ethical behaviour** by Kwame Frimpong and Gloria Jacques (Gaborone: Lightbooks, Lentsue la Lesedi, 1999).
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9. **The Monster Called Corruption: A challenge to the leaders and citizens in the fight against corruption** by Barasa K. Nyukuri and Jephthah K. Gathaka (Nairobi: The Ecumenical Trust, 2004).
10. **The Real Economy of Zaire: The contribution of smuggling and other unofficial activities to national wealth** by Janet MacGaffey (London: James Curry, 1991).
11. Also recommended: many relevant articles in the **AU / NEPAD section** of AfricaFiles.

*This editorial is the first in a series of articles on Corruption to appear each month in At Issue Ezine.*

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