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Decentralization and Corruption In Sub-Saharan Africa

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DICKINSON COLLEGE

Decentralization and Corruption

In Sub-Saharan Africa

Maximilian Weylandt

Submitted in partial fulfillment of Honors Requirements
for the Department of Political Science

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Abstract: This paper examines the impact of decentralization on political corruption in Sub-Saharan Africa. Most of the recent literature finds that decentralization reduces corruption, an outcome which is often attributed to the ability of citizens to hold local officials accountable through the democratic process. However, no studies focus on this region in particular, a gap given the prevalence of neo-patrimonial politics, weak institutions, and a lack of democracy in many countries. Multiple regressions found no significant results, but indicated that decentralization might reduce corruption – albeit only slightly. Case studies of Uganda and South Africa illustrate difficulties in implementation. In Uganda, decentralization led to a decrease in corruption, because local democracy proved somewhat effective in disciplining corrupt officials. In South Africa, decentralization has increased corruption levels due to an overburdened bureaucracy and the lack of democracy at the local level. Seeing as the problems experienced by South Africa are common problems for many Sub-Saharan African countries, this paper argues that the enthusiastic embrace of decentralization by many international organizations might be somewhat overeager, and that findings on decentralization and corruption should not be generalized across contexts.

I would like to express gratitude to Professor Ruhl for shepherding me through this process, and challenging me to think about African politics in a nuanced and complex way since sophomore year.

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Introduction

Political corruption has plagued the African continent for a long time. In Transparency International's 2012 Corruption Perceptions Index, which indicates the extent to which countries are free of corruption, only two African countries place well enough to escape a classification of "serious corruption." In addition, a mere handful made the top half of the index (Transparency International 2012: 2). Graft¹ has undermined development as resources shift away from productive uses. Spending on basic goods such as infrastructure and human resources has suffered, and widespread corruption has discouraged investors. Even in Africa, however, corruption can vary widely. There is no country where there is no abuse of power – "but in some countries, the breaches of public honesty are the exception, not the rule," whereas in other countries "corruption is systemic and pervasive, an essential aspect of the way public business gets done" (Goldsmith 868). To effectively combat graft, policy makers have to know the factors that give rise to higher levels of corruption. Several of these variables have already been identified within the literature, including a country's level of economic development, the strength of law enforcement institutions, the political will of leaders to combat corruption, and different levels of cultural tolerance for what is termed corruption.

This paper investigates the impact of another variable, the extent of decentralization. Globally, "all but 12 of the 75 developing and transitional countries with populations over five million claim to be transferring powers to local units of government" (Ribot 1). Given the increasingly widespread implementation of decentralization, it is of vital importance that policy makers know how it interacts with corruption. A variety of international development organizations now champion decentralization (Ribot 1). Proponents of decentralization believe that decentralization can bring a greater "sensitivity to local needs" (Litvack and Seddon 4), increase political stability and promote national unity, and increase efficiency as local expenditure and government activities correspond more closely with actual need on the ground (Litvack and Seddon 5-6). At the same time, there has been a vigorous debate about the effects of decentralization on corruption. Some argue that, due to increased discretion granted to bureaucrats, and closer interactions between decision makers and ordinary citizens at the local level, opportunities for corruption increase – especially when the monitoring mechanisms of central governments fail. Others, on the other hand, stress competition between local governments for mobile residents, and point to the potential impact of local democracy in punishing corrupt officials.

While there have been other studies on this subject, few use a measure that accounts for the multiple facets of decentralization, and no studies focus on Sub-Saharan Africa² specifically. This is a significant oversight. Most obviously, this is a region that hosts a large number of

¹ Used here as a synonym for corruption.

² To be used interchangeably with 'Africa' in this paper.

countries (48, though the study here only investigates 30 of them), and accounts for some 850 million people (World Bank 2013). In addition, the question of whether decentralization reduces corruption is particularly pertinent here: African countries are among the most corrupt in the world, and many countries in the region are in the process of implementing decentralization policies. Many theorists have pointed out that assumptions implicit in decentralization theory may not hold in developing countries, where the population is generally poorer and institutions less developed than in developed nations. Also, many Sub-Saharan African countries are characterized by certain institutional features that could lessen the importance of formal decentralization in reducing corruption. Neopatrimonial systems, where personalism is rife and the state serves as a source of spoils for competing political factions, predominate. Many African cultures are strongly collectivist and encourage loyalty to individuals' personal networks rather than an abstract state. These features could impact strongly on whether decentralization serves to reduce corruption, yet no study has focused on this region.

This study investigates whether decentralization leads to a reduction in corruption, focusing on the Sub-Saharan African context and utilizing both statistical regressions (with a sample of 30 countries) and two case studies. The paper will begin with a definition of the concepts of political corruption and decentralization. It then offers a review of the literature – both theoretical and empirical – on the link between decentralization and corruption. It goes on to discuss the model used, the empirical results obtained, and potential methodological issues. To add evidence of another kind, this paper then offers case studies of efforts to decentralize government in two Sub-Saharan African countries, Uganda and South Africa, looking specifically at the extent of local accountability and the capability of central governments to monitor local government units. The case study format will also help to account for potentially important variables that are difficult to quantify, namely the cultural tolerance for corruption, and the political will of leaders to combat corruption.

Pearson's correlations showed a linear relationship between decentralization and lower levels of corruption ($r=0.466$, statistically significant at the 0.01 level) without controlling for covariates. Seeing as the Pearson's r only indicates association without indicating causality, a multivariate regression was employed to also examine variables the literature predicts have an impact on corruption. The model thus controlled for levels of democracy, the level of economic development, and the strength of law enforcement institution. While GDP was not normally distributed, it was still used in the regression analysis as there is a strong theoretical justification for including it. Results indicated that higher levels of decentralization might improve a country's performance in terms of corruption. However, the results were not significant – and the practical effect, even given significance, would be minute.

The case studies offer some evidence for why this may be so. Both countries struggled to various degrees with two problems: ensuring democratic accountability at the local level, as

well as monitoring and auditing local governments' performance. In Uganda, local accountability was strong enough to result in a decrease in corruption as the country decentralized, but in South Africa the combination of weak democracy at the local level and poor oversight resulted in an increase of corruption as government became more decentralized. Fragile democracy and weak government institutions characterize Africa as a whole, and so the supposed benefits of decentralization might not be realized in the region. In light of the lack of strong statistical evidence, and the difficulties in implementing decentralization illustrated by the case studies, the enthusiastic adoption of decentralization programs by many African nations is a cause for concern. Policymakers have to ensure that decentralization is carried out effectively. Given the constraints of the African state, success seems far from assured.

Corruption

Political corruption³ is most commonly defined as “the abuse of public office for private gain” (World Bank 1997: 8), “where the ‘private gain’ may accrue either to the individual officer or to groups or parties to which he belongs” (Treisman 2007: 211). The most common examples of political corruption are bribery and embezzlement. Public servants extract bribes to provide services they are supposed to offer, or give citizens preferential treatment in exchange for money. Those with control over spending often abuse that power by embezzling funds. Other types of political corruption include vote-buying by political machines and nepotism by officials with influence over hiring and government contracts. Corruption can further be classified into two categories: grand corruption, where larger sums are in play and higher-ranking officials are implicated, and petty corruption, which refers to more everyday forms of graft committed by low-level officials (Ruhl 35).

For a while, scholars argued that the effects of corruption on development indicators could be neutral or even positive,⁴ but by now the scholarly consensus states that higher levels of corruption severely inhibit development. Higher levels of corruption have been associated with greater inequality and poverty (Gupta, Davoodi and Alonso-Terme 1998), as well as lower levels of economic growth overall (Mauro 1995, Tanzi and Davoodi 1997). Sub-Saharan Africa has suffered from very high levels of corruption for a long time, and only a handful of countries score above the threshold for “serious corruption” in Transparency International’s most recent Corruption Perceptions Index (Transparency International 2012: 2). Policymakers must investigate the various factors that structure incentives in ways that give rise to the drastically different levels of corruption observed across countries.

³ Hereafter simply referred to as ‘corruption.’

⁴ Ostensible benefits included greater efficiency in the allocation of resources (Leff 1964), the circumvention of cumbersome red tape (Nye 1967), and the integration of minority political groups (Huntington 1968).

Corruption can be conceptualized as a principal-agent problem: the interests of the principal (voters) and of the agent (public officials) do not align, and the extent of corruption depends on the extent of discretion that public officials enjoy versus the power of citizens to hold them accountable (Goldsmith 868). Alternatively, it is possible to view it as a “crime and punishment” problem, where individuals weigh the benefits (monetary gain) and costs (potential loss of position or legal ramifications) of an action (Gurgur and Shah 49). It is also useful to regard corruption as rent-seeking behavior by those with discretion over the control of certain limited resources (Arikan 177, Goldsmith 868). Regardless, “corruption is regarded as a function of two major sets of variables: opportunities for corruption and controlling power of institutions” (Gurgur and Shah 50).

Several of the variables affecting the level of corruption have already been identified. A wide range of studies has investigated a multitude of factors, including the presence of protestant tradition, a history of British rule, the level of imports (Treisman 2000), the share of women in government, freedom of press, the level of democracy (Treisman 2007), various cultural factors (summarized in Lambsdorff 2005), political competition (Montinola and Jackman 2002), the extent of bureaucratic regulations (Treisman 2007, Ruhl 2011), and many more. However, the evidence for most of these variables has not been very strong. This study will focus instead on the factors that have been shown consistently to impact on the prevalence of corruption in a given country: the level of economic development, strength of law enforcement institutions, political will to combat corruption, cultural tolerance for corruption, and to a certain degree, the level of democracy.

Decentralization

Decentralization is “any act in which a central government formally cedes powers to actors and institutions at lower levels in a political-administrative and territorial hierarchy” (Ribot ii). Scholars of decentralization usually seek to distinguish between three types of decentralization: administrative, fiscal, and political decentralization.

Administrative decentralization is perhaps the weakest form of decentralization. It refers to a process where local bodies are tasked with implementing policies determined by the central state. Often, this form of decentralization merely shifts responsibility from officials in the capital to those in more remote areas (Litvack and Seddon 3). Under administrative decentralization, officials’ “primary responsibility is to central government” (Ribot iii), and as such the process lacks the downward accountability that characterizes fiscal and political forms of decentralization.

Political decentralization occurs when “powers and resources are transferred to authorities representative of and downwardly accountable to local populations” (Ribot ii). The goal of this form of decentralization is to give citizens more power in public decision-making (Litvack and Seddon 2). A regular “turnover of individual leaders should minimize the

opportunities for corrupt behavior” (Montinola and Jackman 154) as citizens vote out the public officials they know to be corrupt. Giving citizens a degree of control over decisions that affect them, coupled with superior information at the local level, could thus increase service delivery (Ribot ii).

No matter how much power local bodies ostensibly hold, their effective reach will be delineated by the extent of their resources. *Fiscal Decentralization*, “the decentralization of fiscal resources and revenue-generating powers” (Ribot iii) seeks to address this. Local governments must have adequate resources to carry out their functions (Litvack and Seddon 3), and fiscal decentralization provides various options for procuring funds, ranging from local taxation and user charges to transfers from the central government (Litvack and Seddon 3).

For a long time centralized, often authoritarian states dominated the African landscape. Decentralization, when it occurred, was characterized by tight central control of administrators at the local level. This arrangement “brought in most cases an increasingly unaccountable and corrupt system” (Brosio 322), and to speak of decentralization here would be a misnomer, given the extent of central control. After decades of development policy driven by a strong centralized state, many development agencies and international institutions now emphasize the purported benefits of local government (Ribot 1). Since the 1980s most African countries have initiated some sort of program of decentralization (Brosio 321). Today, several African countries have explicitly pro-decentralization constitutions (Ribot 1). Higher levels of decentralization are believed to lead to greater efficiency and equity in the provision of public services (Ribot 8), as well as greater levels of democratic participation (Ribot 11). Proponents also highlight the potential for more accountability, as close proximity between officeholders and voters makes it easier for the latter to monitor the former (Litvack and Seddon 2).

It is important to evaluate decentralization holistically. For example, spending might be controlled at the local level (there is high fiscal decentralization), but if citizens have no say over who exercises power locally (i.e there is a lack of political decentralization), then abuse is easy because there is no method of holding office holders accountable. Similarly, as outlined above, political decentralization without fiscal decentralization leaves officeholders without effective power (Ivanyina and Shah 11).

Literature Review

Theoretical Overview

Horizontal Accountability, or: Competition Between Local Governments

The theoretical benefits of localized government have been touted since the middle of the last century. In a seminal 1956 Paper, Charles M. Tiebout argued that decentralization could improve the quality of public service delivery, as local governments compete against each other to attract businesses and mobile citizens (Tiebout 424). This argument is advocated by others, including Montinola et al. (1995).

Several authors challenge this line of reasoning. Bardhan and Mookherjee argue that politicians have greater incentives to cater to more permanent residents of an area rather than those with high mobility (2006: 167). The incentives provided by mobile segments of the population might thus not prove powerful enough to create positive behavior from local governments. Other theorists have pointed out that “the assumptions required for the Tiebout model are... much too stringent, particularly for developing countries” (Bardhan 2002, 188). In developing countries, the vast majority of citizens cannot afford to simply move to a different region – and that is assuming they have the information to make such decisions, which is highly doubtful (Bardhan 188). In fact, competition amongst local governments may have the opposite of the desired effects: Cai and Treisman write that, in order to lure businesses, governments may offer them a way to get around regulations (Cai and Treisman 821). Thus, the competition between governments would be a competition to see who could offer the most illegal benefits, rather than a race to become more transparent.

Vertical Accountability, or: Local Political Pressure

A perhaps stronger argument for the benefits of decentralization holds that corruption will decrease because accountability is greater at local levels. This “fishbowl effect” (Goldsmith 874) partly derives from physical proximity: “everyone tends to know everyone else’s business in decentralized settings, making it harder to conduct under-the-table deals” (Goldsmith 874). Proponents of this view believe that holding local officials accountable is easier for citizens than controlling those in the distant capital. As Bardhan writes, “[local politicians] are answerable to the local electorate while [national politicians] have wider constituencies, where the local issues may get diluted” (Bardhan 191).

Again, critics point out that the situation in developing countries may be very different: local governments are highly susceptible to ‘capture’ from local elites (Bardhan 194). While it makes sense to decentralize powers and responsibilities to people who have the “requisite information and incentives and at the same time will bear responsibility for the ... consequences of their decision,” Bardhan cautions that “it is important to keep in mind that structures of local accountability are not in place in many developing countries, and local governments are often at the mercy of local power elites who may frustrate the goal of achieving public service delivery to the general populace” (Bardhan 201).

Other Perspectives

The ability of central governments to monitor their local units is a great source of concern, as “mechanisms of monitoring public bureaucrats are much weaker in low-income countries” (Bardhan 188). The literature on decentralization often assumes that money will reach its intended goal (Bardhan 188), but decentralization can make auditing and monitoring a lot more difficult. This is exacerbated by the fact that most skilled people are drawn to the national government, which is far removed from the remote localities in question (Bardhan 189). Some argue that the increased discretion accorded to officials, coupled with a weakening of central monitoring mechanisms, will result in more corruption (Ivanyna and Shah 3, Prud’homme 211). Carbonara writes that at local levels, monitoring might be more lenient in a decentralized system, because higher-ups lose the incentive to detect corruption (Carbonara 1).

In local government units, it would be easier for officials to manage the risk of being detected (Fjeldstad 19). Tanzi believes that corruption is higher locally than at the national level. This is mostly because “corruption is often stimulated by contiguity, that is, by the fact that officials and citizens live and work close to one another in local communities ... Contiguity brings personalism to relationships, and personalism is the enemy of arm’s length relationships” (Tanzi 1995, 301). However, the gains to be expected from corruption are lower at the local level (Carbonara 25). Prud’homme also argues that, especially in developing nations, decentralization can have detrimental effects on honest governance. He identifies several reasons for this: at lower tiers, government officials are subject to more pressure from local groups, and bureaucrats can easily establish unethical relationships with local residents. Further, the distinction between politicians and bureaucrats “is generally less rigorous at the local level,” and bureaucrats have less independence from politicians at the local level (Prud’homme 211). Finally, Bardhan and Mookherjee argue that larger governmental units would be more difficult to corrupt: “central governments are less likely to be captured by initial rent holders.” A single business’s threat to relocate, for example, is unlikely to sway a national government, but might well lead a local public official to reconsider the application of regulations (Bardhan and Mookherjee 2006: 169).

Overall, “the theoretical literature on decentralization and corruption points in different directions and provides no clear-cut conclusions” (Fjeldstad 17). While it recognizes the possible advantages of bringing government closer to the people, the literature also stresses the potential pitfalls of this approach. Many assumptions may not hold, especially in developing countries, which differ from developed nations in their institutional capacity to monitor public officials, among other factors. Other eventualities, such as the capture of local government by elites, may dilute or even erase the gains from decentralization. Nevertheless, if accountability can be achieved at the local level, and competent monitoring and auditing assured, positive results may follow.

Empirical Research

Theoretical perspectives on the impact of decentralization had been circulating for many years before data became available to test researchers' competing hypotheses. Goldsmith, using a dummy variable to indicate whether states are federal or not, finds that centralized states are perceived as more honest. Put differently, more decentralization is associated with higher levels of corruption (Goldsmith 1999, 877). Treisman (2000b) finds similar results. Using a dataset of 154 countries, he determines that countries with a greater number of tiers of government (his measure of decentralization) have higher levels of perceived corruption (Treisman 2000b: 16). He also confirms Goldsmith's finding that federal states have higher levels of corruption, though this was not significant when controls were factored in (Treisman 2000b: 17). Nevertheless, he provides further indication that more decentralization might be associated with higher levels of corruption. Kunicova and Rose-Ackerman (2005) and Gerring and Thacker (2002) also find that federalism correlates positively with corruption. The approach taken by the above studies has been severely criticized by several scholars (including Bardhan 2002, and Ivanyna and Shah 2010). In large countries such as Brazil, a federal state can be larger "than nation-states in many unitary countries" (Ivanyna and Shah 2). In these instances it makes little sense to speak about moving government "closer to the people," as the government can still be quite centralized and far removed from local accountability (Bardhan 186). Based on bribery experience surveys rather than corruption perception data, Fan et al. (2009) find that countries with more tiers of government have higher levels of corruption – an effect that was stronger in developing than developed nations (Fan et al. 32).

A larger body of work has found that decentralization correlates with lower corruption. De Mello and Barenstein examine cross-country data for 78 countries. Using the "share of subnational spending in total government expenditures" to indicate fiscal decentralization (De Mello and Barenstein 7), they find that higher levels of fiscal decentralization correlate with lower corruption (De Mello and Barenstein 14). Fisman and Gatti use the same indicator for decentralization, and confirm De Mello and Barenstein's results, finding "a very strong and consistent negative association between the two variables across a sample of countries" (Fisman and Gatti 9). Treisman, in a follow-up study, fails to confirm his previous results on the subject, concluding that "there is no robust relationship with political or fiscal decentralization" (Treisman 2007: 235). He believes that his previous results "probably reflected the limited number of countries available for those years" (Treisman 2007: 235).

Arikan finds mixed results. She uses four different measures of fiscal decentralization, including share of national expenditures at the subnational level (Arikan 183). While all coefficients are positive, indicating "that greater decentralization reduces corruption," she struggles to get significant results without dropping control variables (Arikan 188). She writes that while the results do not unequivocally show that decentralization reduces corruption, "the evidence they offer is hard to ignore," given that at least one measure does

perform well even considering all controls (Arikan 188). Ivanyna and Shah (2010) provide perhaps the best evidence in favor of the hypothesis that decentralization reduces corruption. For a sample that includes 182 countries, they construct an index of decentralization that accounts for fiscal, political, and administrative decentralization (Ivanyna and Shah 2). They use various measures of both perceived and reported corruption, and consistently find that higher levels of decentralization correlate with lower levels of corruption (Ivanyna and Shah 32). This correlation holds for the aggregate index of decentralization (Ivanyna and Shah 24), their measure of fiscal decentralization (Ivanyna and Shah 24), and their measure of political decentralization (Ivanyna and Shah 31).

This side of the literature is itself not without problems. For one, the measurement of decentralization is often one-dimensional. Many authors only investigate the extent of fiscal decentralization. Several (De Mello and Barenstein 2001, Fisman and Gatti 2002) use data on the share of national expenditures at the subnational level as provided by the IMF, a measure which Ebel and Yilmaz (2002) find lacking. They write that the statistics provided by the IMF fail to address various issues of importance,⁵ and in aggregate “overrepresent the degree of fiscal decentralization” (Ebel and Yilmaz 9). In principle alone, focusing only on one aspect of decentralization can lead to distortions. Not all countries implement decentralization holistically, and it is certainly useful to know how different types of decentralization impact on corruption. Nevertheless, it is misleading to speak of “decentralization” when one only measures one aspect of it.

Further, there have been no studies focusing on developing countries, or African countries specifically. This is perplexing: “given the complicated, interacting effects that theorists have posited, it seems quite unlikely *a priori* that there exists a simple, general relationship between decentralization and corruption that holds in different contexts and geographical settings” (Fan et al. 32). Many theorists point out that many of the assumptions affecting the models may not apply in developing countries. Mobility is limited, negating the argument for horizontal accountability. In addition, democracy is often fragile, and institutions weak, calling into question the ability of both citizens at the local level and the national government to discipline local governments. It stands to reason that decentralizing government functions will play out differently in Finland than Ghana. It seems unwise to study countries with such drastically different institutional frameworks without comment.

The Model

Political Corruption

⁵ Some of these criticisms are also applicable to the index of decentralization used in this paper, but it has other benefits that outweigh the concerns scholars have with the IMF measure.

This is the dependent variable to be studied in this paper. Measuring corruption is very difficult, as it is an illicit act. There are no official statistics, and actors are unwilling to admit to researchers that they engage in it. The measure to be used in this study is the *Corruption Perception Index* (CPI), compiled by Transparency International. The CPI uses 13 sources to create an index of perceived corruption in 176 countries (Saisana and Saitelli 8). This measure has some weaknesses. For one, it measures the *perception* of corruption in a country, as determined by experts, rather than the actual incidence of graft. Because it depends on evaluations by experts, it is vulnerable to the biases of those consulted, many of whom may not even have experienced conditions in the country first-hand (Seligson 385). The index also fails to disaggregate by type of corruption (Seligson 386), and thus mainly reflects opinions on bribery (Johnson 20).

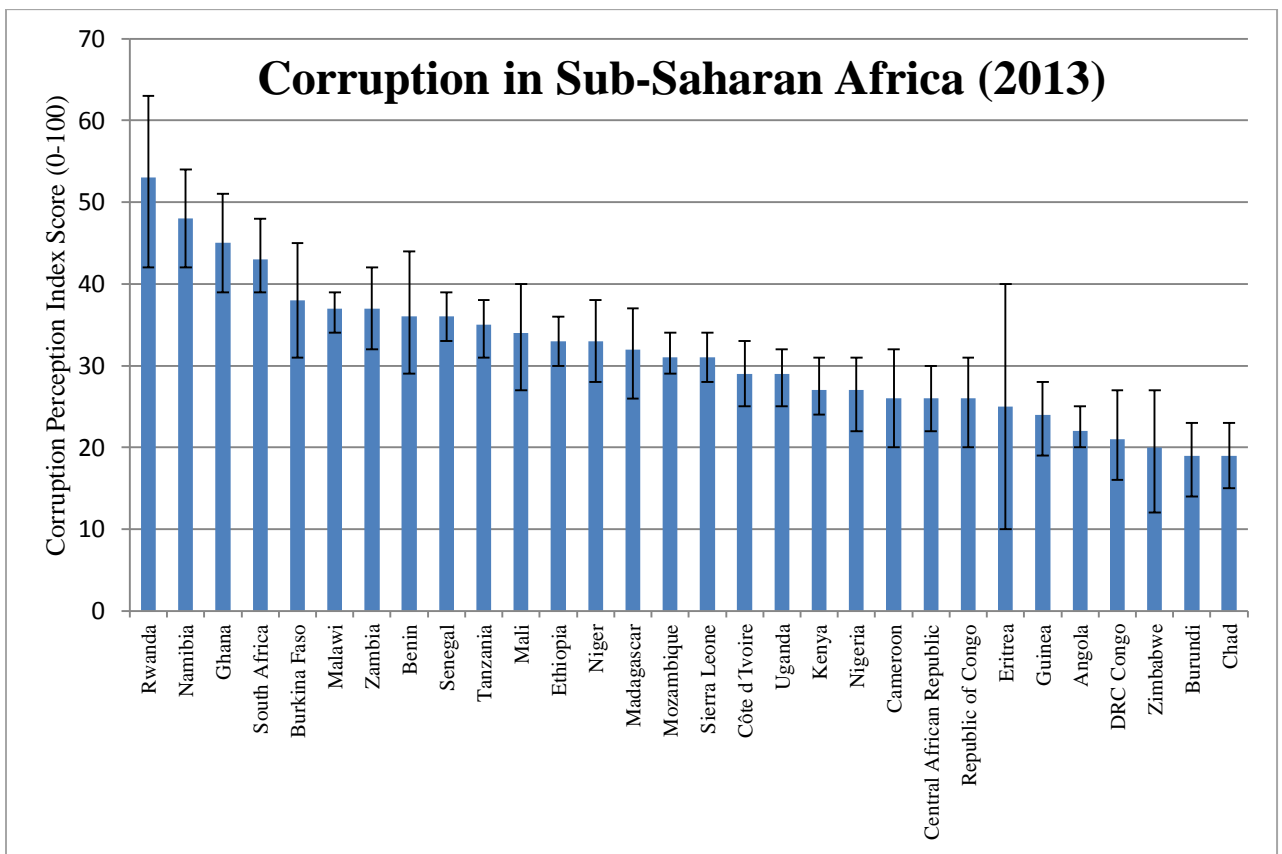


Figure 1. Corruption in Sub-Saharan Africa, using data from Transparency International. Error Bars represent the confidence interval that results from the various sources consulted in the construction of the aggregate index.

Despite its shortcomings, many consider the index to be the gold standard in measuring corruption. It is carefully calibrated from a variety of sources, and great efforts are made to ensure the validity of rankings (See the discussion in Ruhl 2011). The component surveys that make up the CPI have been shown to be consistent with each other, despite very different methodologies, and the CPI intercorrelates well with other indices of corruption

(Treisman 200a: 410-11). A higher score means a lower perceived level of corruption, with countries scored on a scale of 0-100. Rwanda and Namibia performed best in the index, while Zimbabwe, Chad and Burundi were rated as the most corrupt countries in the region. The ranking certainly has face validity: most observers of the region would agree that South Africa, for example, follows the rule of law more closely than the notoriously kleptocratic DRC Congo.

Decentralization

The independent variable in this study, decentralization, is difficult to measure for a variety of reasons. For one, there are different facets of decentralization: fiscal decentralization, political decentralization, and administrative decentralization. Stephen N. Ndegwa at the World Bank compiled an index of decentralization in 30 African countries in 2002. Eighteen countries are not accounted for – eight due to their small size, nine because of a “lack of data principally due to conflict situations” or incomplete data from respondents to the survey, and South Sudan because it only came into existence recently. Nevertheless, this group of countries is still reasonably representative. It comprises countries from a variety of regions (West, East, and Southern Africa), with a variety of colonial experiences (French, English, Belgian, and German). It includes both landlocked countries and an island (Mauritius). It contains countries at various stages of economic development and levels of democracy. Various geographical sizes are also incorporated, though the smallest countries were not – presumably because in very small countries, the distinction between central government and local government is not very meaningful. Overall, the countries captured by this index account for almost 90 percent of the Sub-Saharan African Population.

Ndegwa’s ranking is superior to other measures in that it accounts for all facets of decentralization. It was compiled from a detailed questionnaire filled out by country experts. While these experts may suffer from their own biases, they can also provide nuanced and realistic accounts of how decentralization has actually played out. Sometimes, formal measurements miss the realities on the ground. Separate Indices for political, fiscal and administrative decentralization were combined into an index of overall decentralization (Figure 2), and countries were scored on a scale of 0-4. South Africa and Uganda scored highest, while Sierra Leone and Chad scored lowest for overall decentralization. Ivanyna and Shah (2010) also construct an index that accounts for all types of decentralization, but it suffers from a lack of variability: almost half of the countries in Sub-Saharan Africa receive the exact same score, making regressions unfeasible.

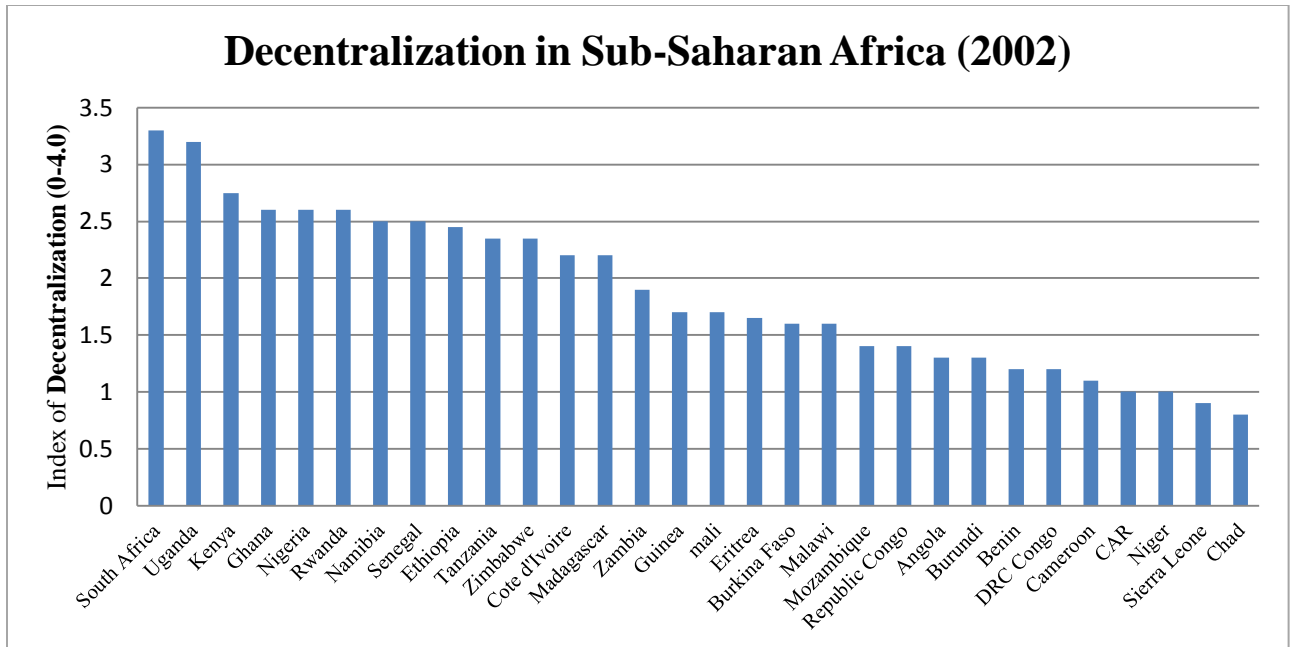


Figure 2. Index of Decentralization in Sub-Saharan Africa. Adopted from Ndegwa 12

Control Variables

Level of Economic Development

Perhaps “the strongest and most consistent finding” (Treisman 2007, 223) of empirical work is the correlation between corruption and a country’s level of economic development. Several studies have shown that wealthier countries tend to have lower levels of corruption (Treisman 2000, Treisman 2007, Lambsdorff 2005), and researchers have found “extremely robust” results in every region of the world (Treisman 2007: 225).

This relationship results from a variety of factors. One explanation is that wealthy countries can afford to pay civil servants higher salaries, making petty corruption less enticing (Ruhl 48, Treisman 2000: 404). In addition, wealthier countries often have a strong middle class which values clean government (Ruhl 47) and cannot be easily bought by party machines. Treisman also notes “the rationalization of public and private roles and the spread of education, which renders abuses harder to conceal” (Treisman 2000: 440). Finally, it is important to control for the level of economic development (as well as democracy) because both variables “are very likely to affect the quality of government and because both correlate with various indicators of decentralization. Richer and more stable democratic countries tend to be more decentralized on a number of dimensions” (Treisman 2000: 14).

In this study, as in many others (Treisman 2000, Fisman and Gatti 2002, Ivanyina and Shaw 2010, and many more), the measurement that will be used is GDP per capita for 2011, adjusted for Purchasing Power Parity. The Data have been procured from the International Monetary Fund, a widely respected and cited source.

Strength of Law Enforcement Institutions

Another strong correlate of corruption is the strength of law enforcement and legal institutions in a given country. For a public official contemplating the option of corruption, “the most obvious cost is the risk of getting caught and punished” (Treisman 2000: 402). Corrupt officials have to weigh the potential benefit from engaging in corruption against the chance that they will get caught, and the severity of the resulting penalty. In countries with a high quality of law enforcement, public servants know they are likely to be caught, and will be punished severely. In countries where law enforcement is lenient, the chance of getting caught is low, and punishment can often be evaded (Quah 176).

Other studies (like Ruhl 2011) have used indices of judicial independence to measure the rule of law. The index used here includes judicial independence among other factors. The measure is the “Rule of Law” governance indicator by the World Bank, which is compiled from 22 reputable sources (World Bank 2). The index collects information on “perceptions of the extent to which agents have confidence in and abide by the rules of society, and in particular the quality of contract enforcement, property rights, the police, and the courts, as well as the likelihood of crime and violence” (Kaufmann et al. 4). The authors believe that perception data are particularly useful because fact-based data often place too much weight on laws that are on the books, “which often [differ] significantly from the *de facto* reality that exists ‘on the ground’” (Kaufmann et al. 18). The index ranks countries on a scale of -2.5 to 2.5, where 2.5 represents the best possible score.

Democracy

Several studies have investigated the relationship between corruption and democracy. The link here is not as straightforward as it is with other variables. Treisman (2000a) argues that in democratic countries, freedom of the press and of association can lead to closer monitoring of public office holders. In addition, the political opposition has “an incentive to discover and publicize the incumbent’s misuse of office whenever an election beckons” (Treisman 2000a: 404). Further, in countries with established democracies, the distinction between public and private will be clearer (Treisman 2000a: 404).

Treisman does find a correlation between democracy and lower levels of corruption, albeit not as significant as with other variables (2000: 433). There is some evidence to suggest that it is not enough that a country is currently democratic.⁶ Treisman writes that “there appeared to be a threshold effect:” democracy only has significant corruption-reducing effects after a few decades (Treisman 2000: 434). Montinola and Jackman (2002) also write that the effects of democracy on corruption are nonlinear, and “corruption is likely to be slightly lower in dictatorships than in countries that have partially democratized” (Montinola and Jackman

⁶ Not just democracies have low corruption. Singapore, an authoritarian state, is among the cleanest countries in the world. And in Africa, Rwanda, rated by freedom house as not free, has the lowest levels of corruption. Democracy is not *necessary* to control corruption.

167). Many young democracies see slightly higher levels of corruption as political competition provides incentives for corruption: elections require large sums of money, and parties often seek ways to buy votes from poorer populations (Abdulai 391). As democratization becomes more complete, governance becomes more effective and corruption decreases again (Montinola and Jackman 167). In 2007, Treisman found a significant link between perceived corruption and political rights (Treisman 2007: 228), and presented more nuanced findings: at the extremes of Freedom House's democracy ratings, improvements in democracy had a great effect on corruption. But in the middle ground between autocracy and strong democracy, "among imperfect democracies or soft authoritarian states, small increases in freedom do not have a consistent effect on corruption perceptions" (Treisman 2007: 228).

This study will use an index compiled by the Economist Intelligence Unit (EIU), which ranks countries on a scale of 0.00 - 10.00, with 10 being the best score. It is based on 60 indicators in five categories: "electoral process and pluralism; civil liberties; the functioning of government; political participation; and political culture" (EIU 29). This index is superior to most others, in which "the elements of political participation and functioning of government are taken into account only in a marginal and formal way" (EIU 29).

The main alternative, the Freedom House rating, mostly focuses on civil liberties and political rights. While its three-tiered system of classification (free, partly free, not free) is useful to compare countries at a glance, the EIU's index allows for a nuanced accounting of regime type – a benefit, given Montinola and Jackman's argument that regime type should not be cast in dichotomous terms (Montinola and Jackman 168). The EIU index is more nuanced, but the results should not differ too much from a regression run using Freedom House's numbers. The Pearson's table in the appendix shows a high correlation between these two indicators of democracy ($r = -.763$).⁷

Uncontrolled Variables

Political Will

Political will is undoubtedly important in combating graft. A country may implement the best known policies for fighting corruption, but if those with political power are not prepared to enforce the law - and send public signals that no-one is immune from prosecution – efforts towards more transparent governance will be undermined. In fact, Quah believes that at least

⁷ Statistically significant at a 0.01 level. A higher number in the EIU index means more democracy; in the Freedom House index, democracy is denoted by a *lower* score. Hence the negative Pearson's r .

in Asia, political will is the most important factor in explaining the different levels of corruption between countries. (Quah 177).

Political will expresses itself in various ways. Government enacts thorough anti-corruption laws, and creates independent anti-corruption agencies with sufficient resources (Quah 177). A “consistent demonstration of genuine commitment on the part of the top political elite” (Abdulai 389) also includes a fair application of the laws to everyone, including the highest-ups (Quah 177). Important as political will is, it is difficult to quantify. The concept is difficult to define, and even more difficult to measure, especially across countries where politics play out in very different ways. The case studies will be better suited to examine the role of will.

Cultural Tolerance for Corruption

Some also cite various cultural factors as playing a role in facilitating or preventing corruption (including La Porta et al. 1997, Adsera et al. 2000, Uslaner 2004, Treisman 2000, summarized in Lambsdorff 18). Discussions about culture can be problematic: they are often reductionist, and can reinforce lazy stereotypes that portray inhabitants of less developed nations as inherently dishonest while those of developed countries are seen as trustworthy and competent. That said, it is undeniable that understandings of what is corrupt and what is acceptable are by no means universal.⁸ And while discussions of some sort of primordial culture are not warranted, different historical circumstances result in differing relationships between people and their political systems (Médard 381).

Most African countries are characterized by what is called a *neopatrimonial* political system. A patrimonial system is one where “power is concentrated in the personal authority of one individual ruler” (Thomson 117). The leader often personally makes the law, and is generally above it, treating the state like their private property (Thomson 117, Médard 381). Neopatrimonial states exhibit “a fusion between patrimonialism and legal-rational institutions” (Thomson 118). The state revolves around the private interests of the governing elite, but these interests are channeled through a façade of modern legal-rational institutions (Thomson 118).

That so many countries share this feature is a result of the common history of colonialism on the continent. While the colonial powers left legal-rational institutions behind, these were exceptionally weak. This is because “colonial structures were about control and expropriation at the lowest possible cost” (Thomson 21). The state created by the colonizers existed to coercively rule a subjected population and so had no legitimacy (Thomson 16). When

⁸ Sometimes, it is less appropriate to speak of cultural *tolerance* for corruption, and more apt to conceptualize this as different *definitions* of graft. The definition used here, while ubiquitous in the literature, is not universally accepted. Preferring a family member when filling a government position might be reprehensible to a Swede, but expected from a Nigerian. In this example, it is not that Nigerians *tolerate* corruption. Rather, they do not think it is occurring.

Independence came, “the post-colonial State, heir of the colonial State, could only benefit from a very precarious legitimacy” (Médard 381).

Unlike in European states, where society and state share a sort of social contract based on trust and shared values (Thomson 16), African governments needed to find other ways to maintain their hold on power. One method, an extension of the colonial strategy, is coercion (Thomson 16). Often, however, neopatrimonial states seek to buy legitimacy through a strategy of *clientilism*. Clientilism is “a mutually beneficial association between the powerful and the weak” (Thomson 121). Those who have political power make sure to distribute the resources they have control over (be it money, permits, or protection) to their clients, who offer political support in return (Thomson 121).

Unlike in Europe, many Africans feel no allegiance with the state, and value it only for the resources it can provide. In post-independence Africa, “lacking a national bourgeoisie, economic accumulation came necessarily, directly and indirectly, through the State” (Médard 381). Chinua Achebe describes the attitude many Africans had in his novel *No Longer at Ease*: “In Nigeria the government was ‘they.’ It had nothing to do with you or me. It was an alien institution and people’s business was to get as much from it as they could without getting into trouble” (Achebe 30). Often, “politics no longer bears any relation to competing ideas and policy, but rather, a battle to gain access to the state in order to exploit it for personal enrichment” (Emke 205).

This is further encouraged by certain cultural norms. It is quite common in many African cultures for people to have a strong sense of obligation to extended personal networks. These networks of people – based on family, kinship network, or even ethnic or language group – can be so extensive as to constitute “an almost general obligation of mutual assistance” (de Sardan 40). Thus in neopatrimonial systems, corruption is not the exception – it is “a common and routine element of the functioning of the administrative and para-administrative apparatus, from top to bottom” (de Sardan 28).

The state is seen as a source of resources, and using it for personal benefit or to benefit one’s networks is often expected and condoned. Those who do not take such actions become “an object of reproach in some cases or of mockery in others” (de Sardan 43), and refusal to help those in one’s network brings shame upon an individual (de Sardan 46).

Given how intrinsic corruption is to neopatrimonial systems, it stands to reason that more decentralization would lead to an upsurge in corruption. As Watt et al. write, “in a situation where access to the state is the principal means of acquiring wealth, the dispersal of the state’s functions through decentralization may be expected to open up political resources to a wider constituency” (Watt et al. 49). Francis and James agree, writing that “introducing decentralization into a political environment characterized by clientage risks strengthening ties of patronage and further entrenching local elites” (Francis and James 327).

Results

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. *(8 variables, 31 observations pasted into data editor)

. reg corruption decentralization democracyeconomist lawandorder gdpccapitappp

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Source	SS	df	MS			
Model	1714.21295	4	428.553238	Number of obs =	30	
Residual	388.987047	25	15.5594819	F(4, 25) =	27.54	
				Prob > F =	0.0000	
				R-squared =	0.8150	
				Adj R-squared =	0.7855	
Total	2103.2	29	72.5241379	Root MSE =	3.9446	

corruption	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]	
decentralization	1.678548	1.2024	1.40	0.175	-.7978412	4.154937
democracyeconomist	-1.5117	.8378355	-1.80	0.083	-3.237254	.2138548
lawandorder	17.44342	2.481142	7.03	0.000	12.33342	22.55343
gdpccapitappp	-.0000538	.0003632	-0.15	0.883	-.0008018	.0006941
_cons	48.81406	5.508628	8.86	0.000	37.46883	60.1593

Table 1: STATA output for multiple regression. Note: corruption is measured using a scale where higher numbers denote less corruption. In other words, a positive correlation means that governance improves.

A Kolgorov-Smirnov test of normality (see Appendix) indicated that all variables except for GDP/capita are distributed normally, which means they can be used for Pearson’s correlation and linear regressions. GDP/capita, due to its skewed distribution, required nonparametric methods of analysis (i.e. Spearman’s rho in Appendix).

Overall, the model (Table 1) explained a great deal of the variability of corruption. The r-squared value (0.815) indicates that the vast majority of the variation in corruption levels between countries in Sub-Saharan Africa can be explained by the variables examined here.

The results of this study showed that decentralization does not significantly reduce corruption when controlling for covariates. The signs of the coefficients suggest that higher levels of decentralization correspond to lower levels of corruption. However, the results are not strong. For one, significance was not obtained. Further, the size of the coefficient of the independent variable was minimal, which suggests that decentralization would have a very small effect – a one point increase on the decentralization score would only lead to an increase in the CPI rating by about 1.67 points.

Law and order, unsurprisingly, displayed a strong relationship with the level of corruption. The results were significant, and the large coefficient (17.44) indicates that the law and order variable has a large effect on corruption, even when controlling for covariates. This is hardly surprising, as “corruption” and “law and order” refer to the same thing to a certain degree.

Countries that have a strong rule of law do not have corrupt courts and police – and if they did they would not be classified as having a strong rule of law in the first place. The indicator used does not use overall corruption as part of its index, so it avoids directly measuring the same thing as the CPI. Instead it focuses on measures such as “independence of judiciary,” the enforceability of contracts, and the general prevalence of crime (World Bank 1). Nevertheless, problems of endogeneity, here as elsewhere, cannot easily be avoided.

Democracy fares less well. The Economist Intelligence Unit’s index actually showed a slight negative correlation –more democratic countries were slightly *more* corrupt. Again, however, the variable was not statistically significant. This is compatible with the existing empirical literature. Other authors have shown that democracy has an effect on corruption, but only after a few decades, once institutions have been thoroughly implemented (Treisman 2000, Montinola and Jackman 2002). Africa is still on the way to democracy. Using Freedom House’s classification scheme, only ten countries in the region are rated as “free,” encompassing a mere 13 percent of the population (Freedom House). Many democracies are very new, having been born out of the wave of democratization that swept the continent in the 1990s. It is too early for democracy to have had a great effect, and the data reflect this.

The measure for GDP per capita shows no significant relationship with corruption. This is highly surprising, seeing as GDP/capita is the most well-documented and consistently significant correlate of corruption in the literature. Because GDP is not normally distributed in this region of the world, regressions are not very useful. A Spearman’s rho rank-order correlation found some correlation between GDP/capita and level of corruption (Spearman’s $\rho=0.340$), though the correlation was not statistically significant, and does not control for other explanatory variables (See Appendix). This anomaly might be explained by looking at the wealth distribution in African countries. The theory of corruption predicts that wealthier countries are less corrupt for a variety of reasons: the government pays better wages, burgeoning middle class demands accountability, and in general there is enough wealth to finance functioning institutions and infrastructure, including for monitoring. However, more wealth does not automatically lead to these things. This is patently evident in some of the African countries that recently became wealthy on the back of resource wealth. Angola, the Republic of Congo, and Nigeria, for example, are very wealthy by African standards, but are some of the most corrupt countries in the region, and indeed the world. All three have economies based primarily on oil extraction, which can often be problematic. Countries that receive a sudden windfall of income often suffer from the “Resource Curse,” where a tiny elite enriches itself, while the country as a whole benefits little (Bulte et al 1031). Thus, in some countries the GDP per capita figure might be high, but there is no middle class and no strong institutions that would counteract corruption. The two wealthiest countries as measured by GDP per capita, Namibia and South Africa, are among the least corrupt in the region. But for many others, the connection between wealth and corruption does not exist.

Further, while the literature has demonstrated the link between higher levels of economic development and lower levels of corruption, it has done so for larger samples of countries that include much wealthier countries than those in this sample. Even the wealthiest countries in Africa are at best middle-income in global comparison. They thus perhaps still lack the large middle class, the ability to pay civil servants high wages or the capacity to build effective institutions. It is conceivable that the corruption-reducing effects of economic development only surface at a higher level of wealth than that currently achieved by even the wealthiest of African nations.

Discussion

The most obvious weakness of this study is its small sample size. For one, this meant that only a few variables could be controlled for: “the risk of controlling for too many factors simultaneously is that the data may not contain enough variation to distinguish clearly between them” (Treisman 2000: 408). Most importantly, the small sample means that it is very difficult to obtain significance, which is indeed what happened above. Nevertheless, even results obtained from small sample sizes can at least suggest a direction (Arikan 176).

A Pearson’s correlation table (see Appendix) shows that there is a positive correlation between decentralization and corruption, with a Pearson’s correlation coefficient of $r=0.466$ (Significant at the 0.01 level). This points in a useful direction, though establishing causality is more difficult. Troubles with showing causality are not limited to decentralization. Fjeldstad identifies a “problem of endogeneity” in the literature as a whole: with just about all of the variables used to explain corruption, it is almost impossible to identify a direction of causation (Fjeldstad 17). This problem extends to decentralization (Fan et al. 33). Confirming this, the Pearson’s correlation done for this study, as well as Spearman’s rho rank-order correlations, show a high intercorrelation for all variables used (Appendix 1). Treisman is concerned that the data themselves are a source of weakness: “Given the significant problems of measurement and imperfections of the data, it is possible that results that do not seem significant or robust are actually correct. So conclusions must be provisional and tentative” (Treisman 2007: 221).

A final concern is that the measure of corruption used here might not be able to capture the realities that occur on the ground. Some have argued that the CPI seems to measure grand corruption better than petty corruption (Ruhl 39). It is quite possible that what actually occurs under decentralization is less a reduction of corruption and rather a change in the type of corruption that occurs. Centralized states, where a large proportion of the resources are controlled by very few officials, lend themselves to embezzlement and bribery at higher levels. Perhaps in more decentralized states, *more* corruption occurs, but it occurs at a local level, with lower amounts involved, and where the experts who are surveyed for the index are not aware of it. As explained above, other measures of corruption exist, such as experience surveys that directly ask ordinary citizens whether they have personally been

asked to engage in corrupt practices. However, no comprehensive ones exist for this region of the world. Transparency International's Global Corruption Barometer, which asks respondents whether they have paid a bribe in the last 12 months, only provides data on a few African countries – not enough for any meaningful statistical work.

The various difficulties with quantitative studies of corruption lead Bardhan and Mookherjee to conclude that “it is hard in any case to make any firm inferences based on [cross-country empirical] studies. It is more instructive to seek empirical evidence on a more disaggregated and localized set of contexts” (Bardhan and Mookherjee 173).

Case Studies

The above discussion shows that while statistical analysis can be useful, it also has its limitations. Fjeldstad argues that “case studies may contribute to reject broad generalizations and assumptions made in the literature” (Fjeldstad 17). This section seeks to provide that kind of evidence, accounting also for political will to fight corruption and cultural tolerance for corruption. It looks at the effect of decentralization in two Sub-Saharan African countries, Uganda and South Africa. In Africa, several factors possibly impact the effect decentralization has on corruption. Ivanyna and Shah show that local accountability matters more than the ability to move to a different district, not surprising given the constraints on mobility in African countries (Ivanyna and Shah 3). A key question here is to what degree accountability can be ensured.⁹ For one, democracy is still weak in many states. This is a problem, because “fair and regular local elections ... enable citizens to signal their preferences efficiently and enforce leaders' compliance with their wishes” (Litvack and Seddon 15).

Many authors also stress “the importance of accompanying decentralization with a watchdog role for the central government with regard to monitoring the performance of local governments” (Bardhan and Mookherjee 2005: 185). This is partly a concern because decentralization may reduce the incentives for higher-ups to monitor the levels below them (Carbonara 25). In addition, many African countries still suffer from a lack of institutional capacity in terms of auditing and monitoring, which will make it difficult for central government to oversee its local units. Finally, the neopatrimonial politics that characterize many countries could mean that corruption is only shifted down to lower levels, where low-level officials now make use of their new-found opportunities in illicit ways.

⁹ There are of course many potential ways to hold a local government accountable: a proliferation of political parties helps, as does a strong civil society. Free media, and other ways of informing citizens, are also essential (Litvack and Seddon 97). While all of these are important, this paper will mostly focus on the extent to which there is competition at the local level, i.e. whether citizens can realistically punish whoever is in power at the local level by removing them from office.

The two countries discussed offer an interesting comparison. South Africa is one of the wealthiest countries in the region. In contrast, Uganda’s GDP per capita is slightly more than a tenth of South Africa’s. South Africa also does better in terms of democracy. Both have decentralized extensively, but South Africa has better law enforcement. Finally, Uganda epitomizes the neo-patrimonial system, while South Africa is one of the few countries in Africa that has (so far) avoided this mode of governance. Thus one would expect to find in Uganda both a higher acceptance of corrupt acts as normative, as well as less political will in fighting corruption, seeing as the political system itself is predicated on graft.

Table 2. Overview: South Africa and Uganda

Country	Decentralization ¹	CPI Score ²	GDP/capita (PPP)	Democracy ³	Law and Order ⁴
South Africa	3.3	43	10,970	7.79	0.1
Uganda	3.2	29	1385	5.13	-0.41

1: on scale of 0-4; 2: on scale of 0-100; 3: on scale of 0-10; 4: on scale of -2.5 to 2.5

Uganda

Brief Historical Background

Uganda, a country of 33 million people in East Central Africa, gained independence from Britain in 1962. Initially, observers were optimistic about the situation, given that the country’s campaign for independence occurred without conflict or bloodshed (Leggett 1). However, the peace rested upon a fragile base. When the nation was drawn up by colonial powers in 1894, it included a number of diverging people and kingdoms. The British colonial rulers “failed to build a single nation from these separate political units during 70 years of imperial rule” (Thomson 146). The largest of these pre-colonial kingdoms, Buganda, pushed for autonomy after independence. A power struggle soon ensued between the first Prime Minister, Milton Obote, and the Kabaka, the King of Buganda (Thomson 146). With help from the military, Obote sidelined the Kabaka. But the military itself sought more power, and in 1971 a coup under the leadership of Idi Amin overthrew the first government of Uganda.

What followed were years of violence, chaos and decline. Amin “effectively destroyed” the institutions of government (Leggett 21). He abolished parliament, arbitrarily dismissed civil servants, and restructured local government “to enable the government to keep an eye on its political opponents” (Leggett 21). Central government was in clear control, and ministers could appoint or dismiss entire councils at will (Leggett 21). This was local government in name only. Amin carried out a widespread purge, beginning with rivals in the armed forces. His ‘Public Safety Unit’ carried out politically motivated murders at an atrocious rate (Thomson 148), and his regime brought about the death of some 300,000 Ugandans (CIA).

Notoriously, Amin also expelled all Asians living in Uganda, regardless of their nationality, which played a great role in the collapse of the economy that followed (Leggett 22).

To restore army unity after factional infighting, Amin ordered an invasion of Tanzania. The Tanzanian army repelled his forces with ease, and marched on to Kampala, the Ugandan capital (Thomson 149). Alongside an umbrella group of Ugandan opposition forces, they brought Amin's rule to a halt in 1979 (Leggett 24). After a succession of brief, failed presidencies, Milton Obote took the helm once more in late 1980. Violence continued; Obote's army threatened the civilian population, and particularly the north-west, Amin's homeland, suffered "horrendous levels of violence" (Leggett 24). This violence, combined with the coup that would soon follow, killed another 100,000 Ugandans (Thomson 150).

The 1985 coup was led by Yoweri Museveni, the head of the National Resistance Movement (NRM). The armed wing of the NRM became adept at guerilla warfare, and captured Kampala in 1986, making Museveni the new president of Uganda (Leggett 25). Since then, the country has enjoyed "relative stability and economic growth" (CIA). In 1992, 56 percent of the population lived in poverty, a number that decreased to 25 percent by 2009 (IFAD 1). In the 1990s, the country had a ban on national parties, and candidates for any position stood on grounds of "individual merit" (Leggett 71). However, despite its proclamations on the virtues of non-party democracy, the NRM was accused by critics of having created a one-party state in disguise (Leggett 71). Under public pressure, a new constitution was adopted in 1995 that allowed for multiparty elections. Nevertheless, Museveni has won every election since, term limits having been removed in 2005 (CIA). The country as a whole is ranked as "partly free" by Freedom House.

Overview of Corruption

In the 2012 Corruption Perception Index, Uganda received a dismal score of 29, placing it at 130 out of 178 countries (Transparency International 2013). A score this low indicates rampant levels of corruption, and other reports corroborate this view. Uganda has made some progress in past years, but corruption remains endemic and severe. Various reports claim that well over a hundred million dollars are siphoned from the budget annually, a significant proportion of a budget that totals just over 2 billion dollars annually (Global Integrity 2006: 2). A 2006 World Bank Enterprise survey found that more than half of businesses expect to bribe public officials in order to facilitate the provision of services (Chêne 2). Procurement is one of the gravest areas of concern – it accounts for a majority of public spending, but 20 percent of money spent on procurement is lost to corruption (Chêne 3). In 2007, donors cut off Uganda from the Global Fund to fight Tuberculosis, AIDS, and Malaria due to misgivings about the handling of previous funds. Several high-ranking officials became embroiled in the scandal (Lambright 38).

Leaders' commitment to fight corruption is doubtful. Like many African leaders, Museveni has declared the combating of corruption a major priority, denouncing it as a "constant threat

to Uganda's political and economic stability" (Watt et al. 42). Uganda has good anti-corruption laws (Global Integrity 2011), and a variety of agencies that have some powers to investigate corruption. In late 2007, Museveni announced ambitious plans to improve Uganda's capacity to fight corruption, pledging millions in new funds for anti-corruption efforts (Global Integrity 2011).

However, the actions of the political elite often contradict these words. Museveni's 2007 announcement was aimed at procuring more funds: at that time Uganda was ineligible for Millennium Challenge funding, and would only receive funds if their anti-corruption track record improved (Global Integrity 2011). While Uganda has many anti-corruption agencies, funding remains short, and the Inspectorate of Government reported that various institutions have "not had 'a big impact' on the fight against corruption" (Watt et al. 55). The independence of the Inspectorate of Government, the most prominent anti-corruption agency, is limited "in a number of ways, including limited control over its budget and the fact that the president is responsible for appointing the auditor general" (Lambright 130).

Global Integrity reports that high-profile cases are often dropped due to political interference (Chêne 4). The previous vice-president had charges dropped mere days before his corruption trial was slated to begin (Global Integrity 2011). The powerful do not always escape accountability: for example, in 2011 three ministers resigned due to corruption allegations (Global Integrity 2011). Overall, however, "officeholders are not regularly and relentlessly prosecuted under established laws" (Bertelsmann Foundation 14), as they would be if political will were stronger.

Uganda's political system is characterized by deeply embedded patrimonial politics. The NRM "has pursued a timeworn political strategy of using the allocation of resources to build a constituency of supporters" (Lambright 148), and even today, "the political arena is thoroughly penetrated by informal clientelistic type relationships and ... those in office are expected to further the ends of their kith and kin" (Watt et al. 48-9). Corruption stems to a large degree from the "essentially patrimonial character of the Ugandan state," where nepotism and patronage networks predominate (Watt et al. 45).

Decentralization in Uganda

Uganda today has one of the most extensive systems of decentralized governance in the developing world (Francis and James 325), and the program enjoys strong support from the government. Decentralization has a long history in Uganda, going all the way back to British Colonial rule. Then, local administrators (District Commissioners) shared authority with traditional chiefs (Francis and James 327, Cammack et al 8). However, after independence, and especially under Amin, local government lost much of its autonomy (Francis and James

327), and was used instead as a means of enforcing central power – a common trend across Africa during that period (Thomson 111).

This changed with the ascent of the National Resistance Movement. In fact, decentralization formed a crucial part of the NRM’s military strategy. During the conflict against Obote’s forces, the NRM created local resistance councils at the village level (Cammack et al 8). These councils were democratically elected and helped fill a power vacuum in rural areas, in addition to creating some stability and maintaining law and order (Cammack et al 8). From the beginning, the NRM “emphasized democracy, especially participatory local democracy” (Kauzya 81). After Museveni became president, the system was extended to the whole country.

Uganda now has a five-tiered hierarchy of local governance, confirmed by the 1995 constitution, and enshrined by a series of laws in the late 1990s (Ahmad et al 9). There are “local councils (LCs) ... at the village (LCI), parish (LCII), sub-county (LCIII), county (LCIV) and district levels (LCV)” (Golola 258, see figure 4). This adds up to a lot of local government: Uganda counts “45,000 villages, 5,000 parishes, 900 subcounties and 170 counties,” with each county getting a parliamentary seat (Golola 274). Some of these units are fully-fledged governments, while the lower levels tend to focus on administrative issues (Steiner 45, see figure 1). Nevertheless, even village-level councils play an important role. LC1s are tasked with providing security in their areas, and they are “the courts of original jurisdiction for virtually all petty and noncapital crime in Uganda” (Wunsch and Ottenmoeller 189).

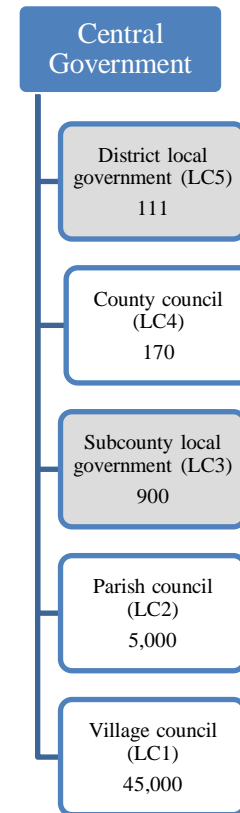


Fig. 4: Government in Uganda. Adopted from Lambright 26. Shaded areas represent government entities, other levels are mostly administrative.

Local government receives its revenues almost exclusively from central government (Wunsch and Ottenmoeller 195). Seeing as most unconditional grants from the central government are used for fixed administrative costs, locally raised money remains the only way to fund discretionary spending (Wunsch and Ottenmoeller 196). However, local governments have seen their ability to raise funds strongly curtailed since the elimination of the highly unpopular, but effective ‘Graduated Income Tax’ in 2004 (Lambright 29).

The NRM has continued to be supportive of decentralization, proclaiming it “a necessary condition for democratization” (in Francis and James 327). Indeed, there is “significant evidence of commitment at the very top to participatory and local governance” (Wunsch and Ottenmoeller 183). This stance is not wholly selfless: decentralizing governance allowed the

NRM “to sideline political parties, the traditional chiefs, and the majority ethnic groups ... that wanted autonomous status” (Azfar et al. 224). The decentralized structures allowed the NRM to exercise power at every level without alienating citizens by appearing to impose governance from afar (Azfar et al. 224). Since coming to power, the government has consistently increased the number of local government units, arguing that this helps bringing government closer to the people (Kavuma). Critics have interpreted this as an example of patronage politics at work, as a larger number of districts results in more jobs and a greater spread of resources (Lambright 150).

Several features of the decentralized system aim at enhancing accountability. Funds from the central government are no longer channeled through ministries; rather, they are disbursed directly to districts’ accounting officers. The disbursements are published in local newspapers to enhance accountability (Golola 263).¹⁰ In addition, “the principal oversight bodies at the national level ... have direct jurisdiction over local government units” (Azfar et al 231), a situation markedly different from other countries where such agencies often have to gain permission to investigate, a rule which tends to impede investigative efforts. In the education and health sector particularly, the government has stepped up its data collecting and reporting requirements to make corruption more difficult (Azfar et al. 229). Political checks and balances are also in place: “lower-level enactments must be forwarded for constitutional review to higher levels, and lower-level governments are charged with monitoring the performance of higher-level public officials working in their areas” (Azfar et al. 225).

The system was designed in a way that seeks to maximize participation. All citizens over 18 become members of the village council (Lambright 26, Steiner 45), and an executive committee is elected (Kavuma). This emphasis on participation has its benefits: “The ‘face to face’ democracy practiced at the lowest levels of the LC system assures that elected LC1 [i.e. village] committees are more politically legitimate than the appointed chiefs” (Wunsch and Ottenmoeller 193). LCs at higher levels of the system are made up of elected representatives – citizens directly elect chairpersons to the subcounty and district councils, and directly elect representatives to serve on councils (Lambright 197). While Azfar et al. caution that there is “no reliable information” on the extent of local political competition, they do write that local councils have traditionally been viewed by Ugandans as an instance of genuine participatory democracy (Azfar et al. 251).

The Impact on Corruption

¹⁰ In an interesting paper, Reinikka and Svensson report that schools in Uganda received only about 20 percent of the funds they had been allocated in the budget (260). The government began publishing the fund allocations in local newspapers, and by 2001 “the average school received more than 80% of its entitlement” (Reinikka and Svensson 262).

From the beginning, there have been competing arguments about the effects of decentralization in Uganda. Early on, critics feared that the policy would result in a “decentralization of corruption” (Watt et al. 48), merely shifting corrupt acts further down the hierarchy. Given the patrimonial politics that characterize Uganda, the fear was that introducing decentralization would risk “strengthening ties of patronage and further entrenching local elites” (Francis and James 327). After all, writes Médard, “there is no reason to believe that the local elite behave in a different way than the central authority” (Médard 390).

Local elites seem to have managed to capture government to a certain extent. Francis and James report that LC1 councilors “are drawn almost exclusively from households in the highest income tercile” (329). (They presumably speak of the executive committee). Executive bodies at various tiers are vulnerable to pressure from local constituents (Ahmad et al 10). This capture is felt in the distribution of government contracts. It appears that “successful tenderers are friends, relatives or protégés of the political class,” not a surprise given that the District Council is responsible for making appointments to the body that allocates tenders (Francis and James 333).

It also appears that Uganda lacks, to some degree, the institutional capacity to effectively monitor public officials. Many areas “have been plagued by a lack of resources, skills and experience” (Watt et al. 47). This means that “in many cases districts have been incapable of enforcing accountability checks to monitor the use of funds and resources” (Watt et al. 48). Some degree of capture at the local level, as well as difficulties in monitoring, mean that corruption in local governments seem likely.

Quantitative evidence supports the notion that corruption exists at the local level. A 2003 report by the Inspector General found very high bribery levels at local tender boards (Oshabe 109). Transparency International’s 2012 East African Bribery Index reports that 54 percent of Ugandans had been asked for a bribe from “city and local councils,” and almost 30 percent reported actually paying (Transparency International 2011: 45-47).

These numbers seem less exorbitant when put in perspective, however. It is undeniable that corruption exists at the local level. It is still possible, however, that levels are *lower* in decentralized settings than overall. The TI report cited above compares different institutions in Uganda. While only one other institution saw more requests for bribes, city and local councils were ranked only 5th on the list of institutions where citizens actually had to pay, and 6th in the ranking of institutions where citizens thought bribes were necessary to get the service, rather than incentives to speed up delivery (Transparency International 2011: 46). Even more telling, city and local councils account for only 1.9 percent of the share of the national bribe – “the proportion of bribes an institution accounts for relative to the total amount of bribes recorded by the survey in a particular country” (Transparency International 2011: 47). The impact of bribes at the local level is lower, too: again, city and local councils

rank dead last. The average bribe amount is half that of the next lowest, and less than one twentieth of the highest average bribe reported (Transparency International 2011: 47).

The distinction between petty and grand corruption is very relevant here. While there are many incidents of corruption at the local level in Uganda, the type of corruption is limited in scope. One could even hypothesize that Uganda's recent improvements in the CPI rankings reflect a shift from grand to petty corruption in Uganda. It has been argued that the CPI mostly reflects grand corruption (see Ruhl 39). Siddle and Koelble also point out that the index does not do a good job of accounting for local governments as opposed to central government (Siddle and Koelble 191). It is possible that, as more resources are shifted to lower tiers of government, opportunities for corruption at the top have decreased – hence the improvement in the CPI ratings over time. While corruption still occurs at the local level, it is more circumscribed, and clearly subject to local accountability.

Adding further evidence to the idea that corruption, while prevalent everywhere, is lower at more local levels, Steiner cites a National Service Delivery Survey, which found that “misuse was a larger problem at the sub-county level than at village and parish levels” (Steiner 59). Fifteen percent of respondents reported being asked for a bribe at the sub-county level, but only ten percent at the parish level and five percent at the village level (Steiner 59). A 2006 IMF paper also singled out local authorities for making “modest improvements” in an environment of generalized corruption (Ahmad et al 20).

Other scholars are less ambivalent. Leggett writes that “there is ... an almost unanimous view that accountability has been enhanced” under decentralization (Leggett 74). Similarly, in a paper on the Rakai district in southern Uganda, “Semakula (1999) is categorical that the institution of local government ... has resulted in improved efficiency, accountability and transparency” (Golola 263). Such findings cannot necessarily be generalized to the whole country. But the Inspector General's report cited above also found a continued decrease of corruption at a local level. This was attributed to people becoming more knowledgeable about local matters (Oshabe 109). Semakula argues that a main reason for the decline is that lower-tier public servants are accountable to the local population (in Golola 263).¹¹

It appears reasonable that in Uganda, decentralization has helped in reducing corruption somewhat – at least as measured by the CPI. While there is corruption at the local level, several sources indicate it is less severe than at the national level. This reduction in corruption is no mean feat in a strongly patrimonial society. While politically,

¹¹ Perhaps even more encouraging, it appears that at least in the Rakai district, Ugandans are taking ownership of their government. “People no longer say ‘This is a government bore-hole.’ They now refer to the bore-holes as ‘our bore-holes,’ and there is now a great deal of zeal in contributing towards the maintenance of such projects” (Semakula 1996). Revenues have also gone up drastically, as residents are beginning to see the state as representative of their interests (Semakula 152). The increased legitimacy of state institutions bodes well for Uganda's future.

decentralization has had its downsides – namely some degree of capture by local elites – it appears that democratic mechanisms have been sufficiently strong at the local level to lead to a certain degree of improvement. And while institutional capacity lacks sometimes, some monitoring mechanisms clearly seem to have worked in increasing information flow and keeping local governments transparent.

South Africa

Brief Historical Background

South Africa was one of the first African countries to become colonized, and was one of the last to achieve fully democratic independence. The nation became a Union in 1910, independent from Britain but under the rule of the white minority (Ross 87). The disenfranchisement of South Africa's nonwhites sharpened in 1948 with the electoral victory of the National Party (NP).

The NP, which would be in power for more than half a century, set about installing a system of institutionalized segregation called *Apartheid*. Under *Apartheid*, there was a clearly delineated hierarchy based on race. Whites had full political representation and essentially ran the country. Indians and “coloureds¹²” had minimal representation at some stages (Ross 147), whereas blacks were completely disenfranchised. Segregation was also enforced socially, and spatially. Miscegenation was forbidden, and interaction on equal terms discouraged. There was a “strict division of ... public amenities” (Ross 126), ranging from train stations to restrooms. Each of the four official racial groups was designated areas to live in, especially after the “Bantustan” policy introduced in the 1960s created miniscule, resource-poor tribal “homelands” that were supposed to house all blacks. Black South Africans were often evicted from prime land to make room for whites, and forced removals displaced 3.5 million people – ten percent of the population (Ross 146). In urban areas, blacks had to carry permission passes at all times (Ross 126).

For a long time, the economy experienced strong growth, as South Africa expanded mining operations and built up industrial strength on the back of exploitative labor practices. The state grew increasingly autocratic. Having ensured electoral victory by disenfranchising nonwhites, the NP moved to control the media through an extensive system of censorship (Ross 144).¹³ Mired in poverty, deprived of rights, and frequently subject to abuse, nonwhites naturally resisted the state. This had little effect for decades, but in the 1980s protests and strikes on a massive scale, in conjunction with international sanctions and strikes by guerilla forces, brought the *Apartheid* government to its knees (Beinart 236-45).

¹² In Southern Africa, this refers to people who have both European and African ancestry, but form a somewhat homogenous ‘racial’ group.

¹³ This sometimes had absurd results. In one incident, the body responsible for censoring materials banned the book “Black Beauty” based on its title – perhaps not quite realizing this was a story about a horse set in 19th century England.

A transitional process began, and in 1994 Nelson Mandela became the first democratically elected president of South Africa. The country faced a plethora of problems: widespread poverty, gaping inequality between the races and widespread social unrest threatened to derail the peace. In addition, the new government had to build democratic institutions, trying to strip previous institutions of their inherent injustice while trying not to cause the disintegration of the system as a whole.

The country has survived this massive upheaval rather well. Today, it boasts one of the largest developing world economies. The country is rated as democratic by Freedom House. However, grave problems still remain: unemployment is grotesquely high at an official rate of 25 percent (Statistics SA), crime is rampant, and corruption is on the rise. South Africa is still one of the least corrupt countries in Africa, with a CPI score of 43, not to a small degree because the country is one of the very few countries in Sub-Saharan Africa that is not characterized by neo-patrimonial politics. At least culturally, corruption here is still the exception rather than the norm. Nevertheless, the negative trend has been disconcerting, and several critics have pointed to the country's efforts at decentralization as one source of this problem.

Overview of Corruption

South Africa ranked at 69th in the world in the 2012 CPI, with a score of 43. This is below the threshold for serious corruption (at 50), and the country is still one of the highest-ranked in Sub-Saharan Africa. However, while corruption in Uganda has decreased to some degree, in South Africa the trend has been the reverse. Direct comparisons between different years of CPI data can be misleading due to changes in methodology, but it is clear that South Africa has not improved its performance relative to other African countries.

As in Uganda, the procurement process accounts for much corruption. Compared to other countries in the region, South Africa is relatively wealthy, and much money is to be made by winning government contracts. These opportunities have given rise to a new class of "tenderpreneurs," politically connected entrepreneurs who use their leverage to ensure success in business (Emke 204). A 2009 study of the Eastern Cape Province found that "three quarters of all government contracts ... were awarded to companies owned by government officials or their relatives" (Horand and Puhl). The 2007 World Bank Enterprise Survey found that 32 percent of South African firms expected they would have to pay bribes to win government contracts (World Bank 2007).

In recent years, a stream of high-profile cases has kept the issue at the forefront of national discourse. In 2009, Police Chief Jackie Selebi was removed from office due to allegations of corruption; he was later sentenced to 15 years in prison (Economist). A senior official at the Passenger Rail Agency, the mayor of Pretoria, the head of the police's crime intelligence

division and the chief executive of the Post Office have all recently come under fire for alleged corruption (Economist). Many recent corruption cases center on the current president Jacob Zuma or those close to him. Bheki Cele, a close ally and National Police Commissioner, was suspended following allegations that he had received bribes. The Public Works minister was fired, as was the Traditional Affairs minister (in a different case) (Political Risk Services U-5). Perhaps the largest corruption scandal to date saw Zuma's financial advisor convicted for accepting bribes in an arms procurement deal (Berning and Montesh 6). Mr. Zuma was himself later charged, but managed to have charges dismissed on a technicality shortly before his election as president (Economist).

This does not indicate a great deal of will by political leaders to fight corruption. With so many close to the President seemingly corrupt, doubts about the government's commitment to accountability abound. However, there are some signs that corruption will not be allowed to grow unfettered. While Mr. Zuma has been "reluctant to act against political bigwigs and friends" (Economist), he has set up "a plethora of anti-corruption bodies" and authorized many special investigations into government departments (Economist). Remarkably, he has authorized another inquiry into the controversial arms deal that brought him close to a conviction on corruption charges. While many feared he would dilute the inquiry's powers, he appointed a widely-respected judge to head the investigation (Economist). It is true that the country's elite anti-corruption investigative unit (dubbed the "Scorpions") was dismantled shortly after Zuma entered office. However, they had acted outside of constitutional boundaries, and have been replaced with a new unit (the "Hawks"). Some have feared that this unit lacks teeth, but it has already conducted a few high-profile cases (Political Risk Services 8).

Decentralization in South Africa

The current decentralized system of governance initially emerged as an attempt by the National Party to retain some power. As the apartheid era came to an end, the NP knew it would stand no chance in a national election. A system that featured more potent regions would give them the chance of at least winning power in some areas of the country. The ANC, actually in favor of strong centralism, reluctantly agreed to some measures (Siddle and Koelble 71).

The current system is fairly straightforward. In simple terms, South Africa has four levels of government: the national government, provincial governments, district councils and municipal governments (Wittenberg 336). Forty-four 'district municipalities,' contain 226 'local municipalities' (Media Club SA). Eight large metropolitan municipalities do not fall under a district (Wittenberg 336). Elected officials lead all levels of government (Dickovick 189). The decentralization framework is set out by a host of legislation (Siddle and Koelble 82-4), and the power of the regions is guaranteed by the constitution (Siddle and Koelble 89).

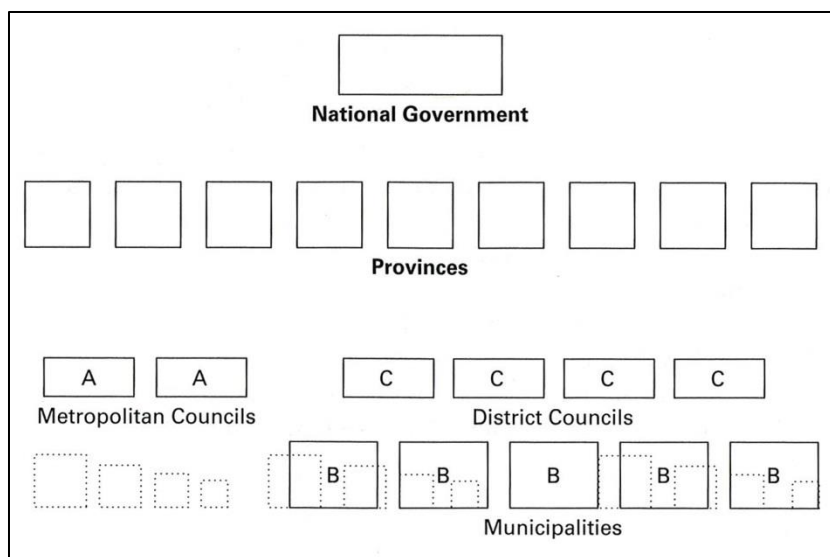


Fig. 5. *Government in South Africa. Wittenberg 337. Dotted lines symbolize previous municipalities.*

Decentralized governments usually finance themselves using a combination of revenue-raising activities and transfers from the central government. In South Africa, provincial governments rely very heavily on the national government, and 95 percent or more of their budgets originated from central government in 2002 (Dickovick 192). Provincial governments have been hamstrung by this fiscal reliance. Through a variety of methods, including earmarks and “national performance standards,” the national government exerts a great deal of control over provincial spending (Dickovick 197).¹⁴ Central control is further cemented by the president’s “virtual control over the appointment and dismissal of premiers” (the executives leaders of provinces, Dickovick 201)¹⁵, and section 100 of the constitution grants government the power to intervene in provinces under certain circumstances (Dickovick 201).

Municipal governments, on the other hand, predominantly raise their own revenues (Dickovick 192), relying on rates, user charges and property taxes (Siddle and Koelble 162-3). This has not been to their advantage, however. Already at the time the policy was drawn up, “two-thirds of municipalities were financially distressed and one-third were not financially viable, with no hope of generating income to cover their service commitments” (Siddle and Koelble 80).

The size of local government units is not conducive to accountability. Decentralization is supposed to bring government closer to people, but in spatial terms this has not occurred.

¹⁴A great deal of the grants local government receives is used to pay salaries. But these salaries are set at the national level, meaning that local governments really do not have much control over the disbursement of this large portion of their funds (Wittenberg 341).

¹⁵ This derives from the President’s concurrent status as the head of the ANC, which usually wins all provincial elections save for those in the Western Cape.

Before new municipalities were demarcated in 1999, South Africa had 843 municipalities (Siddle and Koelble 93). It now only has 232 (Media Club SA). As a result, “many of South Africa’s municipalities are, by global standards, vast in geopolitical extent and population” (Siddle and Koelble 93). For example, the Nama Khoi Municipality in the north of the country encompasses a population of 64,000 over an area of slightly below 6,000 square miles (Dimension Data 1).¹⁶ Uganda, on the other hand, has 45,000 village councils at the lowest level of interaction. On a perhaps more appropriate level of comparison, Uganda has 900 subcounty local governments – and this in a country one fifth the size of South Africa (Golola 258).

The Impact on Corruption

Every single source consulted in the course of this research concluded that decentralization has impacted negatively on the levels of corruption in South Africa. In fact, Siddle and Koelble write that “[corruption at the municipal level] is so notorious that we do not consider it necessary to dwell on it at great length” (183). As discussed above, a major source of corruption in local governments is the procurement process. Corruption in awarding government tenders is extremely widespread (Siddle and Koelble 184). Other scholars consider it to be almost endemic: in one survey, 33 percent of public officials reported seeing nepotism, 29 percent reported witnessing theft of public resources, and 23 percent thought all or most of fellow government officials were corrupt (Atkinson 67).

To a large extent, the difficulties in achieving accountability can be traced back to the fact that the system in South Africa, despite its superficially simple structure, is governed by a vast web of complex regulations that local governments struggle to cope with: “the picture that clearly emerged was that of institutions which had become fatigued by the technocratic overload that had been placed on them, which in turn had resulted in inertia, in the failure of policy, and, ultimately, in the erosion of good local governance” (Siddle and Koelble 194). Local governments, especially more remote ones, suffer from a lack of institutional capacity to conduct government business appropriately, and to audit and monitor performance. As one spokesman for a regional government explained, “We never even knew what a tender board was before we came to power” (cited in Lodge 183). Allan also points out the institutional shortfall, arguing that “this context of weak financial management and poor oversight serves to facilitate acts of corruption by acting to reduce the risk of detection and, in the unlikely event of such acts being detected, by reducing the prospect of having to face any disciplinary or criminal sanction” (Allan 4-5). Indeed, officials fired from one municipality very often get re-employed at a different one (Siddle and Koelble 119).

Another problem is the lack of true democratic accountability for local politicians. The ANC has a near-guarantee on winning most municipal elections, and tends to garner upwards of 66

¹⁶ This municipality was chosen at random. There are certainly smaller ones, but larger ones, too. A complete list of all municipalities can be found at the Statistics South Africa website.

percent of the vote (Siddle and Koelble 200). Positions are filled using party lists, which are drawn up behind closed doors (Horand and Puhl), so there is no direct accountability. Voters do not elect individuals, but the party, and one individual's behavior, no matter how egregious, is unlikely to dissuade large enough numbers from voting ANC for there to be any effective democratic disciplining mechanism. The ANC, while paying lip service to decentralization, often 'deploys' party members to serve as mayors in different areas of the country (Atkinson 64). Siddle and Koelble bemoan the scarcity of taxpayers' associations in many areas, which means that "most of the spending in rural municipalities is not subject to the potential oversight of an active civil society ... [and thus] accountability for funds spent is lax to non-existent" (Siddle and Koelble 200). Ward committees, which are supposed to represent the public in municipal decision making, record poor attendance at meetings, and attendees believe that "their attendance has no impact" (Siddle and Koelble 134). It is not surprising that "at a municipal level, protesters have regularly complained about the unresponsiveness of officials and councilors" (Atkinson 63).

Corruption at local levels reflects a worrying trend in South African politics. Atkinson writes that municipal processes can be captured by small informal groups (as cited in Siddle and Koelble 183). Indeed, it appears that, encouraged by new opportunities, clientelism and patronage are on the rise (Siddle and Koelble 200). A tragic story provides evidence to support this claim: in South Africa, "dozens of officials, including ward councilors, party leaders and mayors, have been killed in what has become a desperate, deadly struggle for power and its spoils" (Polgreen). A 2012 *New York Times* article reported that, driven by high unemployment rates, many new contenders for political positions are attracted to a great extent by the potential for "earnings from bribes or surreptitious deals" that come with even the most modest local political positions (Polgreen). This intense competition for political positions has led to nearly 40 deaths in the KwaZulu-Natal Province since 2010 alone, and highlights the lure of government resources in a country starved for opportunities (Polgreen). In South Africa, decentralization has clearly not worked to reduce corruption. Unlike in Uganda, neither central government oversight nor local democracy have been effective in counteracting the increased opportunities for corruption that come with decentralization.

Cases Compared

It is interesting to note that in Uganda, despite the lack of political will to fight corruption, despite patrimonial politics, decentralization seems to have had an effect in reducing corruption. This effect is not large, but given all the factors that work against it – networks of patronage that enable corruption at the local level, a lack of political will and even culture of corruption among leading politicians – it seems significant that several scholars think institutional reform has made a difference. Uganda sometimes struggles with a lack of institutional capacity, especially at lower tiers of government. Nevertheless, several features of the system aim to enhance transparency and accountability within government. In terms of the potential benefits of decentralized democracy, Uganda has also done well. Democracy

could be stronger at the local level, and local government is often captured by elites. Nevertheless it appears that local governments are subject to some pressure from citizens, and have cleaned up their acts to a certain degree. Statistics comparing local government to other institutions confirm this view.

In South Africa, decentralization has not worked. In fact, it seems to have made matters worse. Local governments, overwhelmed by a complex institutional framework, have been unable to institute effective monitoring practices, which are also not forthcoming from the central government. Local political accountability does not exist to a meaningful degree, because the ANC is virtually guaranteed victory and the party list system precludes any direct accountability for individual politicians. South Africa is not a patrimonial country, and its leaders have arguably shown more will than those of Uganda (though the trend is not encouraging). Nevertheless, decentralization has not brought a reduction in corruption. Rather, it has helped in encouraging a slow rise in patronage politics as illustrated by the new class of 'tenderpreneurs,' a disturbing development in a country that had previously been mostly free of this sort of system.

Context and implementation matter. Even in an environment that theory predicts will be conducive to better governance, decentralization can increase corruption, as the case of South Africa shows. At the same time, Uganda showcases that even in a country with extensive patronage networks and weak monitoring institutions, decentralization can decrease the levels of corruption.

One might argue that time plays a role. Institutions take a while to take hold and function properly, especially complex ones. It could be that decentralization takes a while to show beneficial effects. Perhaps, as with democracy, corruption initially gets worse before it decreases. The two case studies do not offer conclusive evidence in either direction. Uganda and South Africa implemented democratic decentralization around the same time, in the late 1990s. Authors studying South Africa bemoaned the negative impacts from the beginning, and this viewpoint continues to dominate the literature. In Uganda, early sources (such as Watt et al. 1999 and Francis and James 2003) often thought decentralization made things worse, but more recent assessments have been more positive. So it is possible that decentralization initially brings detrimental effects before the situation improves. However, one case cannot provide evidence for this hypothesis. So far there is no way to investigate this statistically, as CPI data are not comparable across years, and data for decentralization are also sporadic. Future studies will be better suited to investigate the effects of decentralization over time.

Conclusion

This paper has looked at the impact of decentralization on political corruption in Sub-Saharan Africa. This is a region that suffers disproportionately from graft, and has also begun

to implement extensive decentralization schemes, and so it is important for policymakers to know the interplay between the two. The literature on decentralization and corruption has so far been divided. On the one hand, there are those who claim that greater interactions between citizens and officials at the local level, paired with increased discretion for bureaucrats and weaker monitoring mechanisms, will increase corruption under a decentralized system. Others argue that corruption decreases – be it because local governments compete among themselves to attract mobile residents, or because local democracy results in enhanced accountability as corrupt officials are punished via the electoral process. The empirical literature, while showing evidence for both sides, recently has tended to support the view that decentralization decreases corruption.

No study, however, has investigated Africa in particular. This is an oversight for several reasons: apart from the sheer size and population of the region, countries also share some features that might counteract theorists' predictions. Mobility is limited, mooting the argument for competition among governments. Often, democracy is weak, which could negatively impact on efforts to increase accountability at the local level. Finally, African states often lack the institutional capacity to monitor local government units from the center. All of the above factors indicate that decentralization may work differently in Africa, meriting a study to investigate this region specifically.

This study ran a statistical regression, controlling for the factors most commonly known to impact corruption. While the signs of the coefficients suggested that decentralization may reduce corruption, the results were not significant. Even if they had been significant, the impact of decentralization would be very small. The case studies show why this is so: while decentralization in theory could reduce corruption, it faces many challenges in practice. Specifically, “problems of capture and lack of accountability of local governments appear common in many transition and developing countries” (Bardhan and Mookherjee 184). Due to low levels of democracy and a lack of institutional capacity to monitor from above, these countries often struggle to transcend the difficulties of implementing decentralization. Uganda has managed, to a certain degree, owing mostly to the strength of local democracy and somewhat better monitoring mechanisms than those in South Africa. There, the combination of an overburdened bureaucracy and a lack of democracy at the local level led to an increase in corruption as decentralization became implemented.

The enthusiastic embrace of decentralization by much of the international community thus seems somewhat overeager. Decentralization cannot be recommended unequivocally for all nations. And, when it is implemented, it relies on several other factors to make it work. There has to be political accountability to local populations, which in turn relies on free flows of information and political participation (Bardhan and Mookherjee 184). There must also be controls from the center, which require institutional capacity for monitoring and auditing, as well as political leadership coupled with a commitment to true decentralization that

empowers the local sphere rather than just enforcing central dictums. This is a delicate balance to strike, and many countries in Sub-Saharan Africa will struggle to fulfill these requirements. Policymakers might believe that other benefits of decentralization, such as greater efficiency in service provision, outweigh the costs of corruption. But they should be aware that when it comes to decentralization and corruption, there are no simple answers.

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Appendix

Test of Normality:

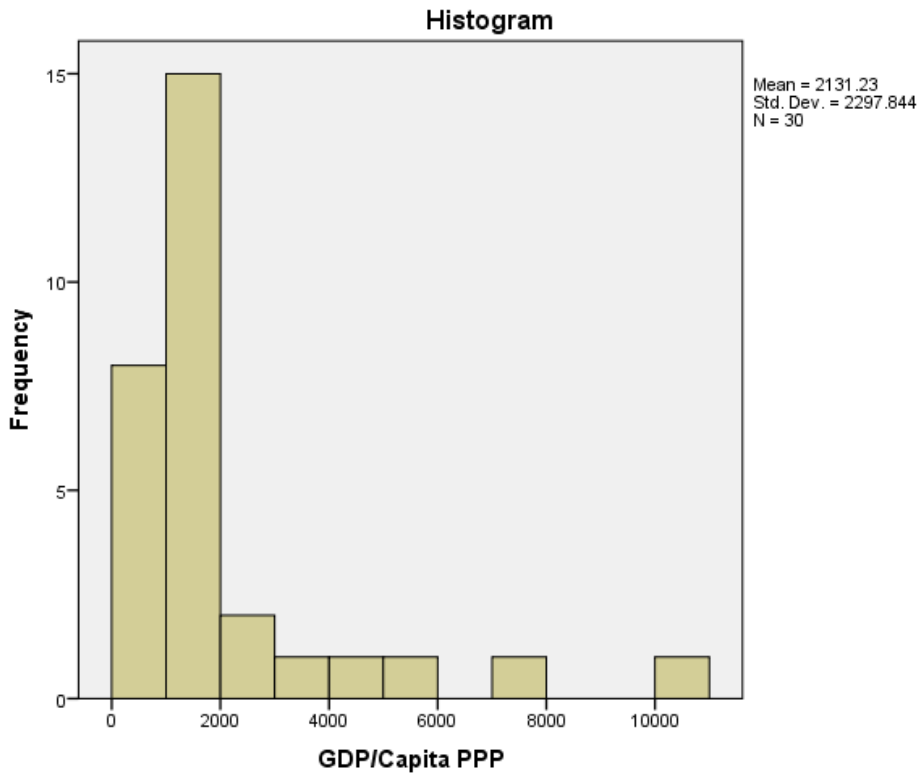
	Tests of Normality					
	Kolmogorov-Smirnov ^a			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Decentralization	.133	30	.185	.946	30	.132
Corruption	.097	30	.200*	.957	30	.263

GDP	.295	30	.000	.648	30	.000
Democracy Econ	.095	30	.200*	.970	30	.535
Democracy Free House	.155	30	.064	.944	30	.116
Law and Order	.116	30	.200*	.970	30	.546

a. Lilliefors Significance Correction

*. This is a lower bound of the true significance.

Distribution: GDP/capita



Pearson's Correlations

		Correlations				
		Decentralization	Corruption	Democracy Econ	Democracy Free House	Law and Order
Decentralization	Pearson Correlation	1	.466**	.463**	-.275	.437*

	Sig. (2-tailed)		.009	.010	.141	.016
	N	30	30	30	30	30
Corruption	Pearson Correlation	.466**	1	.642**	-.574**	.884**
	Sig. (2-tailed)	.009		.000	.001	.000
	N	30	30	30	30	30
Democracy Econ	Pearson Correlation	.463**	.642**	1	-.763**	.816**
	Sig. (2-tailed)	.010	.000		.000	.000
	N	30	30	30	30	30
Democracy Free House	Pearson Correlation	-.275	-.574**	-.763**	1	-.667**
	Sig. (2-tailed)	.141	.001	.000		.000
	N	30	30	30	30	30
Law and Order	Pearson Correlation	.437*	.884**	.816**	-.667**	1
	Sig. (2-tailed)	.016	.000	.000	.000	
	N	30	30	30	30	30

** . Correlation is significant at the 0.01 level (2-tailed).

* . Correlation is significant at the 0.05 level (2-tailed).

Spearman's Rho Correlations

			GDP
Spearman's rho	Decentralization	Correlation Coefficient	.338
		Sig. (2-tailed)	.068

	N	30
Corruption	Correlation Coefficient	.340
	Sig. (2-tailed)	.066
	N	30
Democracy Econ	Correlation Coefficient	.375*
	Sig. (2-tailed)	.041
	N	30
Democracy Free House	Correlation Coefficient	-.380*
	Sig. (2-tailed)	.038
	N	30
Law and Order	Correlation Coefficient	.366*
	Sig. (2-tailed)	.046
	N	30