

# Introduction

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There are many reasons why there are differences across the globe in terms of how well opportunities for development and a good life are secured. One of the things we know, however, is that *grabbing*, and perceived risks of grabbing, distort many interactions and exchanges in a society, largely because it reduces trust and perverts allocation mechanisms. The consequences are particularly detrimental in developing countries, where institutions and structures in place to prevent and counter it are often weak. We also know that the extent of grabbing in a society correlates with its government's ability and willingness to secure framework conditions that are conducive to development. What we need to know more about is what we can do to more efficiently curb propensities to grab and hinder its harmful impacts on development, including in societies where government representatives themselves benefit from some form of grabbing. With this volume we want to reinforce awareness of grabbing as an obstacle to development.

## GRABBING

Grabbing is when someone seizes something that he or she is not entitled to, or takes *more* than what is his or hers formally, informally or tacitly allocated share. Stealing, embezzlement, corruption and fraud are obvious forms of grabbing, while also being acts that are usually regulated by penal law. Cheating, swindling and deceiving can be illegal in some situations and legal in others, but are all acts that we associate with grabbing. The term refers to clearly legal acts as well. It would be seen as grabbing if someone takes too large a share of a cake, although the allocated share is not defined by the host. Securing for oneself too big a share is a selfish act conducted at the expense of others and thus seen as a violation of social norms, regardless of legal definition. The inclination to grab is one of the bad traits of human nature and therefore difficult to eradicate. It can be observed among children in a kindergarten, among

neighbours, at sporting events, among civil society activists, elected politicians, civil servants at all levels of state administration, in all sectors of the economy and in all countries.

From the perspective of evolutionary psychology, natural selection would be expected to favour selfishness, in other words, grabbing. Given free rein, a selfish mutant would quickly outproduce altruistic competitors, as explained by Pinker (1997: 337). Evolution of selfless behaviour is what requires special explanation, an explanation which, according to Trivers (1971), has to be reciprocation, in other words, the mutual benefits obtained by trading favours with other members of a society, including recognition of ownership and other rights. However, these benefits outweigh the 'benefits of grabbing' primarily in societies with a high level of group identity. In societies with weak cohesion and a general distrust, the lack of group identity may stimulate selfish behaviour and grabbing.<sup>1</sup>

Our tendency to define some acts as grabbing reflects our sense of fairness. Members of any society have some common views on what is fair, which indeed can vary across cultures, for example because of different views on how power and rights should be allocated between gender, ethnicity, caste and age. What is grabbing in one culture can be accepted in another. The meaning of grabbing is nevertheless the same, since it can be understood as a violation of the specific fairness norms that have developed in a given society.

However, our views on what forms of self-seizing acts are acceptable or not is shaped also by the idea of a 'social contract', which allows someone to rule on behalf of society at large simply because this usually secures better framework conditions than anarchy. The idea refers to the fundamental agreement about how society is organized, including how political, legal and physical power should be allocated to certain institutions steered by individuals who are selected through more or less agreed upon procedures. These individuals are entrusted to oversee state operations and institutions, and given bureaucratic hierarchy; their responsibilities are delegated and shared by a large number of trusted individuals. For society as a whole there are usually clear benefits in the existence of such a state organization, particularly if it offers protection, essential services and an allocation mechanism for rights and scarce resources. The downside of accepting these benefits is the risk that some (or many) of those entrusted individuals cannot be trusted after all, because they are in a position to grab. Hence, when the power to administer state functions and rule on behalf of society is misused for personal benefit, facilitating grabbing instead of hindering such behaviour, it violates the underlying agreement in society, as well as laws that

are even more fundamental than a country's constitution.<sup>2</sup> This perspective on society implies that serious violations of these norms by those entrusted with political power are illegitimate, regardless of how the acts are legally defined. Grabbing at this level can make a government illegitimate, even if its grabbing occurs within its self-designed legal framework. These are logical and well-known arguments and yet, governments around the world are recognized and treated as legitimate despite their grabbing, particularly if they control important resources or if friendship is strategic in other ways. The question of high-level grabbing is thus a complex one and not necessarily a question of country-specific responsibilities only.

When grabbing refers to the bribes demanded by decision-makers entitled to allocate resources on behalf of others, we call it *corruption*. It is often defined as the misuse of office for personal benefit, a definition that largely overlaps with what we have characterized as *grabbing*. An important characteristic of corruption, more specifically, is the element of a 'deal'.<sup>3</sup> A decision-maker demands or accepts bribes for offering services or decisions that he or she controls, usually involving some divergence from official procedures. The bribe compensates the decision-maker for the risk and moral cost of deviating from what he or she would otherwise decide. If this 'otherwise' would have been consistent with development, corruption is harmful to development. Grabbing focuses on the selfish act of seizing benefits, while corruption is typically an illegal trade in decisions, usually with the same motivation as grabbing, and thus, the words are close synonyms.<sup>4</sup> The term corruption is in many contexts less applicable than grabbing, however. Corruption is a legal definition that reflects the opportunity to pursue a violation of rules in the judicial system. The word is also used more loosely, describing a situation where institutions cannot be trusted and where benefits are unfairly allocated, although alleged acts of corruption cannot necessarily be identified or proven. Its dual meaning combined with recognition of the legal principle that no individual, company or institution is guilty unless otherwise proven, should imply caution in how we use the word. We should not bandy about unverified allegations of grabbing either, but since grabbing is not a legal definition, this term is perhaps less sensitive when referring to the misuse of authority for personal benefits and the unfair allocation of rights and values.<sup>5</sup> The term is imprecise, and still, it refers quite specifically to the act of selfishly securing benefits at the expense of others.<sup>6</sup> It is also clear that when grabbing occurs at scale and affects the function of important institutions and norms, it harms the development of a whole society.

## A COLLECTION OF CASE STUDIES

This book is a collection of 16 case studies of various forms of grabbing. The cases are studied and presented by highly qualified experts, most of them from academic institutions and development organizations. The authors have studied how the phenomenon distorts development in specific sectors and the functions of state institutions. Many of them have been responsible for or advisors to research and/or development aid programmes, and have chosen to present some of their experiences and policy recommendations in this volume. All cases are studied in an analytic perspective with an aim to understand the underlying mechanisms at play and use this understanding to propose policy recommendations. We hope this collection of case studies will be useful for government representatives seeking solutions to their own challenges, students with an academic interest in governance, researchers of several social science disciplines, as well as representatives of the development aid community.

We have categorized the chapters in four sections according to what form of approach and level of governance is addressed. The first category describes how certain characteristics of some sectors and state functions create opportunities for grabbing. As the chapters explain, we see similar mechanisms at play in many countries, and the challenges discussed are not primarily context specific. Change may demand a new way of thinking about organization or regulation of the functions or services exposed to risk, and the solutions found in one country may thus be applicable to others.

The second category of chapters presents cases of grabbing in a country-specific context. These cases point primarily to how a solution to grabbing needs improvements at the level of sector governance or the administration of state functions. Political will is always a condition for change, particularly if representatives of the top level of governance themselves benefit from grabbing. In this category of cases, the challenges and solutions are nevertheless described without relating them to political level characteristics.

The third category of chapters addresses cases where grabbing at the political level is indeed the main challenge and must be addressed to curb grabbing at the sector level or within state functions. In these cases, the challenges are likely to continue regardless of how the administration or sector is organized or reformed and, therefore, bottom-up approaches to secure development may easily be wasted.

The fourth category of chapters includes cases when interaction with international players, who are present in a country with the intention of promoting development, creates opportunities for grabbing. Even if we have known for some time that aid is exposed to rent-seeking behaviour, we still struggle with balancing the modes of financial support, external control and independence needed to create sustainable solutions and promote accountability. The chapters in this category present examples of how these challenges can occur and what solutions may need to look like.

All the chapters explain a specific phenomenon of grabbing and present unique proposals for development. We will now briefly point out some of their arguments and results, following the categories just described.

### **Grabbing Explained by Characteristics of a Sector or State Function**

In the first chapter, Jill Wells explains why grabbing is a challenge in the construction sector. To some extent explanations are found in the fact that contracts in this sector are particularly large, and often involve political decisions and complex financial solutions that are difficult for outsiders to evaluate. Adding to these factors, Wells explains how construction sector regulation and decision-making procedures rely on certain conditions which in practice are not necessarily met. When it comes to procurement procedures, for example, it is assumed that construction designs can be completed before the bidding procedure begins. It is also often assumed that bidders can calculate costs ahead of start-up, and that governments have budgeted sufficient resources. In practice these criteria may not have been fulfilled, and thus, contract management procedures can easily be manipulated since they will in any case need to deviate from original intentions and formal procedures in order to adjust to project realities. Moreover, the pressure on contractors to make unreasonable promises about prices when the true expenses are unknown, may nurture tolerance for collusion and corruption. In her policy debate, Wells points to a need for rethinking how large construction contracts are awarded, in particular by making better use of information that is available to decision-makers. More weight can safely be placed on contractors' past performance when ranking candidates, she argues, and payments can be tied up to *ex-post* reviews of work done.

Chapter 2, by Gaël Raballand and Jean-François Marteau, describes challenges in the port sector. It is well known that ports in many countries are inefficient and a typical arena for facilitation payments, for example in the form of bribes demanded from ships when they arrive to

unload freight. Based on empirical studies of ports in sub-Saharan Africa, Raballand and Marteau provide a far more nuanced picture. Analysing decision-making procedures, asymmetric information and incentives along the sector value chain, they describe the opportunities for various forms of collusion between players in the private and public sector, which in turn explain very long average cargo dwell times and rampant corruption. In fact, weak performance in ports can be very much subject to collusion among private players in the clearing and forwarding profession; and is not explained by corruption on the side of civil servants alone. What they also find is that delays in ports are used strategically to keep competitors away in various domestic markets, and is thus applied as an informal form of trade protectionism. The illegal benefits accruing to civil servants in the port sector, who are paid to condone weak performance or actively demand bribes, have made such positions attractive, and therefore, handy for politicians involved in patrimonial barter games. However, by offering such positions because of the informal benefits associated with them, these politicians also have to make sure the grabbing can take place, regardless of complaints or controls. For this reason, the control system for ports is impeded so that there are few, if any, consequences for those involved if the corruption is revealed.

In Chapter 3, Philippe Le Billon adds important nuance to the characterization of how governance failure distorts the returns to society from natural resource production. Instead of relying on macroeconomic figures and broad generalizations, he depicts an unholy trinity consisting of corruption (often at political or regulatory level), illegal exploitation of resources and tax evasion. Combined, as he argues they often appear to be, these challenges amount to the creation of a ‘resource grab’ – a phenomenon that has meant lower income countries with significant natural resource deposits have still failed to benefit from a recent boom in commodity prices. Le Billon explains that the main beneficiaries are not only corrupt governments. Tax evasion may benefit parent or holding companies while illegal resource exploitation is often the business of domestic firms. Moreover, the different risks of corruption, illegal exploitation and tax evasion play out very differently at different stages of the sector value chain. Anti-grabbing initiatives should depend on what forms of risks are more pronounced at different stages, and match an understanding of who the players and beneficiaries are. These insights are not enough for reform, however. Change depends on the willingness of players who may benefit from the status quo. Pressure from international players, for example in the form of the Extractive Industry Transparency Initiative (EITI), improved taxation capabilities, sector

regulation, financial reform and corporate responsibility is critically important in many countries. Yet concrete gains in terms of preventing *resource grabbing* and holding those who engage in such activity accountable still appear too distant in some countries

Muriel Poisson, in Chapter 4, focuses on multiple forms of grabbing in the education sector in developing countries, drawing on cases and research she has engaged with while working to support developing countries' education systems. The discussion of grabbing mechanisms is illustrated by three cases: the misallocation of funds in a school improvement programme in Indonesia, the uncovering of the use of 'ghost teachers' through an educational reform programme in Sierra Leone and corruption in the purchasing of textbooks in the Philippines. The severe implications of these types of grabbing are clear: educational goals are undermined, which in turn undermine national development prospects. Yet, in the search for effective policy solutions, the author stresses we should be mindful of a number of trade-offs. Finding the right balance between equity and transparency in the process of allocating educational resources, for instance, is not straightforward. Decentralizing procedures to empower local and schools authorities and thus improve their accountability, can introduce local bias. While fostering community participation – often regarded as a key tool for promoting social control – can also inadvertently mean fostering the interplay of local influence. Flexibility is therefore needed that allows for simple and easy control, while making initiatives match the needs of end users of education. The importance of strong education management information systems to limit grabbing opportunities is emphasized throughout.

In Chapter 5, the last chapter in this category, Siri Gloppen describes the risk of grabbing in the justice system. In order to serve their function in society, courts are given authority to judge independently. However, those who are trusted with this authority are also individuals who can sometimes be persuaded to let a certain legal decision be steered in exchange for personal benefits. The scale varies, Gloppen explains, from facilitation payments, charged as informal fees, to substantial bribes offered by powerful members of political or private sector elites in search of immunity. Moreover, judges are subject to extortion, and sometimes used in dirty power games instructed by politicians as well as mafia leaders. They also engage in self-censorship knowing that adverse rulings may jeopardize their future career. While all forms of corruption in courts will leave societies in doubt about how rules will be enforced and rights protected, we must separate between forms of judicial corruption when designing policy initiatives. It is important to see the difference between (1) corruption in interactions between judicial personnel and society,

(2) pressure on judges by political power-holders seeking personal or party benefits, and (3) undue pressure by the judicial leadership on lower rank judges. Gloppen explains how the role of courts as a pillar of integrity can be strengthened through reforming the process of appointing judges, the rules regarding terms and conditions of tenure, and the regulation of finances, including judges' salaries and benefits – while it also requires changes in professional norms and attitudes. She explains how more professional collaboration across borders can strengthen norms of judicial independence and integrity by facilitating learning and creating professional communities where reputation matters.

Gloppen's analysis of weaknesses and proposals are general in character, and thus relevant to any country that wants to strengthen the integrity of its courts. The next category of chapters addresses cases where challenges in state functions or sectors are studied and understood in a specific country context, although the analysis of challenges and solutions may apply to other countries as well.

### **Grabbing at the Level of Sector and State Functions in a Country Context**

Law enforcement is also the theme in Chapter 6, by Jens Andvig and Tiberius Barasa, who describe the problem of police corruption in Kenya. While crime in general is a significant challenge in the country, grabbing-related forms of crime like theft and robbery, in particular, reduce general trust in the police. It is not uncommon that police officers misuse their authority to demand bribes, for example in exchange for administrative assignments (like registering a crime), in exchange for the release of an offender or by blaming innocent citizens for crimes and letting them go only if they pay a bribe. Andvig and Barasa explain the police corruption in light of the country's colonial past. The police force, as an institution, was introduced by the British. With the intention of discouraging violent rebellion, they ensured police officers were placed in areas where they were strangers to local citizens, and thus assumed to be less sympathetic towards them. For the same reason, police officers were also rotated frequently around the country. According to Andvig and Barasa, it is exactly this intended detachedness that has nurtured a culture of police grabbing. Emotional distance from victims keeps the moral costs associated with such corruption low. The benefits accruing to the police officers have become an expected bonus, the illegal practices a norm. Largely, the police force in Kenya has failed to develop a sound sense of accountability to the citizens they patrol. The illegal benefits have become lodged in

the whole law-enforcement system, and reforms will need to address the whole sector's accountability pyramid.

Blessings Chinsinga and Liam Wren-Lewis explore, in Chapter 7, the role that grabbing in Malawi plays in creating a highly unequal and frequently inefficient distribution of land. They focus on various forms of malpractice, corruption and opportunistic behaviour associated with land transfers, and show how the present land framework still closely resembles that which existed under colonial rule. Pernicious forms of grabbing, they argue, are perceived to include the allocation of public lands based on considerations other than need and date of application. Common allegations surrounding customary land involve petty bribes given to community leaders to settle local conflicts, echoing Muriel Poisson's concerns about the potential for unpredictability in decentralization reforms. Characteristic of this form of grabbing, however, is that it is very visible in society who has obtained land-related benefits through grabbing, and this problem will easily trigger the negative consequences associated with reduced trust in politics and state administration. The authors discuss how policy changes are difficult; since a more transparent and understandable land allocation system would probably worsen the terms on which elites presently obtain this resource. Civil society and international donors have important roles to play in this regard, by transmitting information on land use and telling the stories of the dispossessed.

Ida Lindkvist, in Chapter 8, presents a sophisticated analysis of data collected on informal payments in the Tanzanian health sector. Informal payments have been known for some time to lower demand for health care, reduce trust in health workers and switch their attention from patients' health to their ability to pay informal fees. A common policy prescription to address these problems has been to increase health worker salaries: a wage differential supposedly increases the opportunity costs of engaging in corruption. But evidence to support the effectiveness of such policies has been mixed. One explanation for this is that previous studies have not controlled for the skill level of health workers, an important omission given that highly skilled workers may both have better opportunities to engage in corruption and have higher salaries. Lindkvist finds that the correlation between salary and informal payments crucially depends on the inclusion of skills. More broadly, her analysis illustrates the difficulties of using higher salaries for anti-corruption purposes, showing how the intended impact may depend on how such policies are combined with performance-based promotion mechanisms.

In Chapter 9, Karen Hussmann and Juan Carlos Rivillas describe how growing levels of grabbing in the Colombian health system contributed to

a profound crisis of legitimacy and financial sustainability in the early 2000s. Analysing the case of the public health insurance fund, the authors find that the unjustified use of health-care reimbursements through the fund grew rapidly between 2002 and 2010, depleting the health-care system of scarce resources. Early warning signals went unheeded by relevant public and private actors, leading to questions concerning why. The story portrays a conflict in which the country's checks and balances are challenged. Specifically, the Colombian Constitutional Court addressed the country's government with clear requests for better audits and control of the health sector and demanded investigations and arrests. From the side of the government, there have been some responses, including further investigations, an updating of the health insurance package, and the design of a strategy to control future reimbursements. But, according to the authors, there are also mixed signals of political will. Several early warning signals were not reacted to, investigations of high-ranking civil servants were stopped and there is still a clear need for further policy actions. In their view, these actions should include guidance on how information relating to resource flows for health reimbursements is to be made available to the public.

### **When Political Grabbing Prevents the Performance of a Sector or State Function**

We now turn to cases where grabbing can be understood only as a result of incentive problems in politics. In Chapter 10, Germà Bel, Antonio Estache and Renaud Foucart describe over-spending on infrastructure in Spain as the result of a 'somewhat incestuous relationship' between politics and the construction industry. Spurred by World Bank loans in the 1960s and 1970s, when infrastructure upgrading was vitally needed, a period of huge government investment began. The political will to invest in infrastructure persisted, eventually, and Spain is now one of the countries with the most comprehensive infrastructure networks in the world. According to Bel, Estache and Foucart, this infrastructure has not only been excessively expensive and overly subsidized, it has also been constructed without enough thought for users' needs. This failure has left many transport routes inefficient, too expensive and/or hardly used. The characteristics of the construction sector, as discussed by Jill Wells, make it easy to hide corruption in complex financial schemes, procurement rules, and a general lack of competence with regard to technical or financial solutions. However, even if several grand-scale corruption cases involving politicians have been revealed in Spain, particularly over the last two decades, Bel, Estache and Foucart find it likely that collusion

between large construction companies and politics still occurs within legal terms. Whether this will change depends on voters' ability to recognize how the grabbing distorts sector governance.

In Chapter 11, Inge Amundsen discusses the phenomenon of buying parliamentary nominations and seats in Bangladesh. He argues that this *political grabbing* has led to an influx of businessmen into Bangladeshi politics. This is a challenge for the proper functioning of parliament, including its ability to secure development benefits for the country at large. The problem is not the fact that the individuals in question are businessmen per se; it is the general impression that they are seeking their positions primarily to facilitate their own personal enrichment. One important reason why these rent-seekers get these positions is the country's lack of direct public funding for political parties. While there are hardly any public sources of funding for election campaigns, these aspiring candidates pay for their candidature, and thus, they offer a welcome short-term benefit for the party in question. These financial challenges contribute also to explaining a tendency to manipulate political campaign expenses, a challenge addressed by Svein-Erik Helle and Lise Rakner in Chapter 13 too. Though rules and laws exist to regulate such expenses, they are not necessarily put into proper operation. The main policy challenge here, according to Amundsen, is that the general rules of the political game in Bangladesh have yet to be defined: the exercise of politics exists in a confrontational climate and is viewed by those involved as a zero-sum game. Properly defined and enforced rules and sanctions for misbehaviour are needed.

Lucy Corkin, in Chapter 12, draws on her research into the mechanisms and implementation process of the China Exim Bank credit line in Angola to argue that the Angolan political elite has used the credit to enhance its grip on power. Although the credit line has indeed helped underpin the rebuilding of physical infrastructure in the country after years of conflict, it has not, the author contends, allowed for the general participation of Angolans in reconstructing their nation. Corkin explains severe constitutional distortions in the Angolan government, directed by the president himself. High-ranking officials have been allowed to misuse public authority as long as they have had the president's support.<sup>7</sup> The author describes how corruption has become institutionalized, and how, for example, government officials use their position to direct contracts to their own companies. What becomes clear, is that Angola's *resource curse*<sup>8</sup> is not a result of the revenues from the oil sector alone; the misuse of revenues must also be understood in light of the huge loans from abroad and the space for political manipulation of infrastructure contracts in the country's highly needed reconstruction process. As a consequence

of this grabbing, only a small and select group appears to be benefitting from the economic gains brought about by the reconstruction process, with the rebuilding of 'soft infrastructure' (in the form of institution and capacity building) taking a back seat. Existing political and economic elites have retained a monopoly on credit-backed rebuilding projects to reduce the potential threat posed by other economically empowered actors. Under these circumstances, fiscal reforms (which are in any case under way) cannot be expected to bring about much change. It is difficult, too, to see how pressure from ordinary citizens could lead to reform. At the same time, preventing the country's unemployed youth from accessing the economic benefits associated with reconstruction may, in the long run, prove even more detrimental to political stability.

In Chapter 13, Svein-Erik Helle and Lise Rakner show how the integrity and quality of electoral processes can be threatened by the role of money in politics. Drawing from their research into the 2011 parliamentary, presidential, and local elections in Uganda, they argue that vote buying and the use of state resources for partisan purposes had both damaging economic and political consequences. These forms of *election grabbing* affected, in the case of Uganda, not only electoral accountability, but also the country's financial and political stability through higher rates of inflation and related social unrest. The chapter points at how an incumbent political party, which exploits its discretionary authority to use state revenues for its election campaign, may not only enhance its opportunities to win the next election, but also contribute to bolster its power, and for each election, make it increasingly more difficult for the opposition to take over. In light of their findings, the authors propose that national and international stakeholders must pay attention to the quality and not only to the quantity of elections in Uganda. This reminds us that the steps towards greater democratization are many and should include an enhanced appreciation of the principles and not just the mechanisms of democratic accountability.

### **Risk of Grabbing Due to Interaction with International Players**

International players, particularly in the development aid community, have a clear goal of preventing crime, corruption and other forms of grabbing. Despite their ambition to support governments in their development goals, however, their actual presence and the funds they provide often create circumstances that may in fact aggravate grabbing-related challenges. Cases of such unforeseen consequences are presented in this last category of chapters.

Arne Strand explains in Chapter 14 how the intervention of NATO (North Atlantic Treaty Organization) forces in Afghanistan, coupled with huge amounts of donor money and a tendency to accept governance weaknesses if necessary to maintain dialogue with the government, laid the foundations for a case of large-scale fraud and political corruption. Drawing on his long experience as a researcher and development practitioner focused on Afghanistan, Strand tells the story of how the first Afghan private bank, Kabul Bank, which administered the salaries of about 80 per cent of Afghan public officials and which was financed by donors through the Afghan Reconstruction Trust Fund, became a vehicle for the illicit enrichment of the country's small and interconnected elite. He points to how, once the scandal broke, the same elites managed to protect themselves by placing the blame on those actors and institutions who did not uncover the wrongdoing earlier. The NATO forces, with their extensive intelligence analysis, may have known about this collusion between the banking sector and the political elite, but were apparently unable to react.<sup>9</sup> This bank fraud and related political grabbing had wide-ranging implications for the country's political stability and economic future. The main policy implication is that international military and development aid actors must be aware that buying short-term peace may not be conducive with long-term state-building goals.

In Chapter 16, Eirik G. Jansen addresses the difficult balance of controlling the use of funds transferred for specific development purposes while at the same time, encouraging accountable governance by allowing recipient responsibility. The chapter presents a specific case where Norway offered around USD 60 million for a natural resource management programme in Tanzania over a period of 12 years. A careful audit of the programme revealed weak documentation of the spending, significant fraud in terms of misreported travel expenses, and large sums transferred to the Ministry of Natural Resources without good explanation. Jansen describes inadequacies in the Norwegian government's response to the alleged fraud, and lists reasons why a development partner may have weak incentives to conduct efficient oversight of programme performance, and thus, be in position to reveal and address such crime. Norway, as a development partner, places significant weight on recipient responsibility and the start-up of new projects, rather than implementation and control of initiated projects, and the question is if it goes too far in protecting its good dialogue with partner governments. Like Arne Strand, Jansen argues that integrity has to be expected from the first dollar offered, and practised with independent audits and hands-on involvement in the implementation processes of large development programmes.

In Chapter 16, the last chapter of the volume, Ingvild Aagedal Skage, Tina Søreide and Arne Tostensen detail how aid money offered for competence-raising programmes, like the Tanzania programme described in Chapter 15, are exposed to grabbing. The chapter presents a qualitative study of the uses and abuses of travel compensation systems in the state administrations of three developing countries: Ethiopia, Malawi and Tanzania. For efficiency purposes, the travel compensation systems use standard per diem rates supposed to cover most daily expenses, and civil servants can pocket the difference between actual expenses and per diem payments. However, there are also numerous opportunities for mis-reporting, and civil servants can easily obtain higher reimbursements than they are supposed to receive. According to Skage, Søreide and Tostensen, such practices are often condoned by the manager, sometimes to offer an extra bonus, or to buy loyalty, for example if he or she has more serious offences to hide. While cases of per diem abuse seem trivial when considered in isolation, the problem is widespread and likely to cause significant distortions both in terms of how aid money is spent and how civil servants spend their time. Skage, Søreide and Tostensen explain why development partners tend to reinforce such malpractices. The reason is not only negligent controls and a lack of will to react, but also due to some donors offering high per diem payments and sitting allowances, simply to attract civil servants to attend their training.

## LESSONS LEARNED FOR GOVERNANCE AND SECTOR REGULATION

In principle, the problem of grabbing should not be too difficult to combat. The risk of grabbing can usually be explained as the result of information asymmetries, weak allocation of responsibilities, failed accountability mechanisms, lack of functioning markets, or some kind of coordination failure. For each of these diagnoses we have solutions in the literature, and a good approach would be to prioritise anti-grabbing strategies according to the seriousness of the consequences of grabbing. What the cases presented in this book suggest, however, is that the development of strategies to combat many types of grabbing is tricky in practice. Standard solutions will not necessarily work. The challenge observed might be only one among multiple obstacles to development and it may be difficult to isolate and categorize the issue in order to determine counter-measures from an analytic perspective. Efficient reform depends on a comprehensive understanding of contextual realities.

However, there are also cases where we have a good understanding of the challenges and we are still unable to provide clever guidance.

For the most clearly delimited cases of grabbing, the authors list policy recommendations very much in line with recommendations in the existing literature. For example, in Chapter 1, Jill Wells argues increasing information about firms' past performance in fulfilling construction contracts is likely to lead to improved contracting decisions. In Chapter 9, Karen Hussmann and Juan Carlos Rivillas suggest enhancing information flows to remedy grabbing, this time in terms of guidance on how resources for health reimbursements are to be made publically available. Muriel Poisson, spells out in Chapter 4, however, that even when introducing the most obvious anti-corruption remedies, there are trade-offs in implementation, or even counter-intuitive effects. Ingvild Aagedal Skage, Tina Søreide and Arne Tostensen explain in Chapter 16 how the introduction of a standard travel compensation system, supposed to enhance administrative efficiency, has in fact created opportunities for grabbing and mismanagement. Likewise, Ida Lindkvist in Chapter 8 points at nuances in the use of compensations schemes, since in practice civil servants' motivation is steered by a relationship between several factors, and not monetary benefits alone. Eirik G. Jansen explains in Chapter 15 how development partners' intentions of promoting sector governance accountability may weaken their own control of the funds transferred. Hence, even in cases when an anti-corruption initiative appears to be wise when considered in isolation, there can be framework conditions or indirect effects which hamper the intended impact of the initiative or even lead to counter-productive impacts.

We all recognize the fundamental importance of ensuring law enforcement systems function in an accountable way. But, as described by Siri Gloppen in Chapter 5 and Jens Andvig and Tiberius Barasa in Chapter 6, this challenge has few straightforward solutions. Also for these state functions there might be a complex set of reasons why grabbing occurs. In particular, many of the chapters present examples of situations where members of the political elite and other influential players in society have likely been informed about the problem, but they have chosen not to intervene, possibly because there are direct or indirect benefits for them to tacitly condone or actively support grabbing. Consider for example the cases of apparent constitutional weaknesses and grand collusion, as described by Inge Amundsen in Chapter 11 on Bangladesh and Arne Strand in Chapter 14 on the grand fraud and corruption connected to Kabul Bank in Afghanistan. Very relevant examples of high-level incentive problems are the case of Angola presented by Lucy Corkin in Chapter 12 and the governance of resource production discussed by

Philippe Le Billon in Chapter 3: here grabbing seems to distort a range of mechanisms and involves a set of powerful players. In such cases, the true power structures might be blurred, grabbing has been allowed to continue and several societal integrity pillars malfunction.<sup>10</sup> If the law has also been altered to facilitate grabbing, it can be difficult to differentiate between what is legal and what is illegal, and thus, who can be held legally responsible for what.

Even if many of the *sector problems* presented appear defined, and apparently solvable, reform very often depends on the political willingness to act. Problems that are well understood and explained, such as in the chapters by Blessings Chinsinga and Liam Wren-Lewis in Chapter 7 on land grabbing and Gaël Raballand and Jean-François Marteau in Chapter 2 on governance failure in the ports sector, can be solved if governments decide to do so. The obvious challenge is the governments' monopoly on political power, which may be a challenge even in well-developed democratic countries. This explains why the narrow interests behind infrastructure priorities in Spain, as described by Germà Bel, Antonio Estache and Renaud Foucart in Chapter 10, seem to make the authors somewhat disillusioned, as they conclude with a need for better-informed voters and democratic reaction to signs of governance failure. Likewise, Jens Christian Andvig and Tiberius Barasa explain in Chapter 6 that while the problem of grabbing in Kenya's police forces can be somewhat reduced with certain practical initiatives, the sector as a whole has a long way to go to secure accountability, actions for which have to start at the top. A main lesson from the volume is therefore that standard anti-corruption strategies targeted at specific and usually isolated forms of grabbing, may not be enough. Grabbing as an obstacle to sector development is rarely *one* challenge; it is a complexity that must be understood from the perspective of many different players. The obstacles to reform must also be analysed and addressed, and this is where anti-corruption starts to get really difficult. Several of the chapters in this volume more or less explicitly accentuate the inadequacy of familiar policy approaches – like better control, transparency, auditing, checks and balances, civil society and democracy – while the main reason why they fail to deliver might be that they are not implemented well enough or comprehensively enough.

Most of the guidance we have in the literature on underlying incentive problems at high levels of governance is referred to as *political economy*. A practical side of this literature tells us how to map incentive problems, how to understand them analytically, what terms we can use to describe what we find, and how we might find directions towards reforms.<sup>11</sup> How to actually implement reforms in cases of fundamental dysfunctions is

usually not so clear. Economic regulation theory adjusted for institutional weaknesses offers solutions (see Laffont, 2005, and Laffont and Tirole, 1991), but its application to politics is not sufficiently spelled-out in the literature, and besides, it tends to assume a benevolent principal. New institutional economics (see North, 1986, and Williamson, 2000) is rarely specific enough on how to actually address governance complexities. Mancur Olson (1996) and Ellinor Ostrom (2000), in their different ways, explain collective action problems, and how improved collaboration is needed for a society to escape a bad equilibrium, but again, we are missing a more practical view of how to go about escaping such an equilibrium.<sup>12</sup>

In order to bring us further on the more complex governance challenges, Susan Rose-Ackerman has developed a useful typology for analytic understanding of options for anti-corruption reform and explains how the choice of initiatives should be determined by the traits of government dysfunctions. She (1) provides logical categories of consequences of corruption and explains their implications for anti-corruption priorities (see Rose-Ackerman, 1999); (2) reviews anti-corruption solutions presented in the literature and describes how their relevance depends on macro-institutional characteristics (see Rose-Ackerman and Truex, 2013); and (3) provides an analytic discussion of how and when international players can make a difference, depending on given circumstances and goals (see Rose-Ackerman, 2013). With these contributions she provides a good starting point for a constructive approach, including for the most serious forms of anti-corruption challenges, and depicts a direction for further thinking and research. Since the real challenges are often related to implementation and reform processes, and not so much the design of optimal institutions, we need more research that outlines the steps towards improved state functions or sector governance. More specifically, we need sophisticated advice that addresses combinations of governance failures and weak framework conditions, and describes the dynamics of reform under imperfect circumstances. We hope this volume will motivate more research in such a direction.

## NOTES

1. The term *rent-seeking* is much applied to describe investment of time and money to secure benefits for oneself in ways that are not beneficial to society at large. Among important contributions to the literature on rent-seeking are Krueger (1974), Rose-Ackerman (1978), Buchanan, Tollison and Tullock (1980) and Bhagwati (1982). While rent-seeking behaviour overlaps with our grabbing terminology, rent-seeking includes many legitimate acts like lobbying and marketing. The word *grabbing*,

- however, refers more strongly to selfish acts in securing benefits for oneself and are, informally or formally, illegitimate acts. See Lambsdorff (2002b) and Harstad and Svensson (2011) for analyses of these nuances.
2. The Genevan philosopher Jean-Jacques Rousseau, who presented the idea of a social contract more than 250 years ago, said in his classic text that these laws '*are such that, though perhaps never formally stated, they are everywhere the same, everywhere tacitly admitted and recognized; and if ever the social pact is violated, every man regains his rights and, recovering his natural freedom, loses that civil freedom for which he exchanged it*' (Rousseau 1762 [2004]: 15).
  3. Lambsdorff (2002a) explains how this deal requires reciprocity and therefore significant trust between those involved in the corruption.
  4. The correlation between corruption and development has been studied and largely verified by econometric analyses, see among others Svensson (2005) and Aidt (2009).
  5. Perhaps this is why Andrei Shleifer and Robert W. Vishny used the term in their much cited book, *The Grabbing Hand* (2002).
  6. Grey zone areas could be to skip volunteer work for a neighbourhood ('grabbing the benefits while others make the effort') or playing music too loudly in a public area (which could be thought of as 'grabbing the atmosphere and the choice of music').
  7. According to the author, the president replaces high-ranking officials frequently and in that way prevents any other individual from gaining too much influence. The 2010 Constitution secures for the president wide authority to replace and recruit civil servants, including all high-level positions in government and the judiciary.
  8. See Chapter 3 by Philippe Le Billon for an explanation.
  9. Many allegations in the media support this assumption. See, for example, the *Financial Times*, 30 April 2013, for the story 'Karzai admits CIA sent cash to Afghan intelligence agency'.
  10. Transparency International has conducted National Integrity System (NIS) studies in many countries, in which *integrity pillars* in society, meaning the many checks, balances and controls in governance, are examined in terms of how they should operate in theory and in terms of actual practice. The results for European countries were disappointing, particularly since the studies revealed that corruption at the top level of states can take place far more easily than many of us had expected. See Transparency International's website for the studies.
  11. Drazen (2000), Mueller (2003) and Besley (2006) among others present relevant theories. Sturzenegger and Tommasi (1998) offer experience-based explanation of challenges. There are also sector-specific literatures, such as for natural resource production, see Estache and Wren-Lewis (2009), see Frankel (2010) for a review. The World Bank offers practical guidance on how to identify and assess governance challenges, see their website for reports.
  12. See Andvig and Moene (1990) for an explanation of the dynamic mechanisms at play behind good and bad corruption equilibria.

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