# Informal networks and anti-corruption

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Why do many countries still struggle with high levels of corruption, in spite of years of investment in anti-corruption programmes and even where the right laws, rules and institutions are in place?

We believe one reason is that anti-corruption laws and policies are too often focused narrowly on individuals, rather than networks of individuals. In our research, we see repeatedly how high levels of corruption are rarely the result of individual behaviour – some isolated rotten apples transgressing the formal legal order and leading others astray. Rather, corruption more frequently springs from the social norms and group dynamics of well-articulated and resilient informal networks.

And it's those networks that have much to lose from integrity and ethics. Their behaviour as a group entrenches corruption, and they block attempts at reforms. This quick guide takes a look at what this means and the implications for anti-corruption programming.

## What is an "informal network" in the context of corruption?

By informal network, we mean networks of individuals and groups that informally mobilise and redistribute access to public resources or facilitate corrupt and criminal behaviours.

As illustrated by our research on informal governance, the term "informality" comprises a multitude of social and cultural phenomena. It describes unwritten rules and hidden practices that members of a particular network tacitly understand and use to solve problems and achieve specific goals. Criminal networks are a type of informal network, as they involve individuals and groups coming together in the "shadows" to achieve criminal goals.

Held together by strong but flexible bonds and relationships between individuals, informal networks are adaptable and resilient to changes and damage. They resist efforts to break or neutralise them. They evolve quickly to adjust to new political, economic, social and technological circumstances. This holds true whether we are looking at networks of political and business elites or at organised criminals.

## Informal networks can yield benefits – but to whom?

Informal networks can be found in all societies and in many different spheres. In some contexts, they can generate positive social interactions and effects, ranging from increased civil society participation in political life to cooperation between stakeholders in the field of business.

But informal networks can also have a darker side, whereby the benefits are reserved exclusively for those within the network:

- **For citizens**, building informal networks can help them gain access to public services or career opportunities from which they would otherwise be excluded.

  For example, our research on the role of informal networks in East Africa for the Global Integrity Anti-Corruption Evidence (GI-ACE) programme and our related Research Case Study 2 show that citizens pay bribes not only to solve immediate problems (e.g. to obtain a driving licence), but also to expand and cultivate their networks over a longer period. This amounts to a significant investment of time and money, and shows that citizens expect to obtain further benefits or favours from the network in the future.

- **For political elites**, networks can help win and maintain political power. Cultivating informal networks helps to reward supporters, demobilise opponents and collect resources and information, thus promoting regime survival. During elections, links to business interests can be mobilised to finance campaign costs. Patronage networks can be activated to secure votes.

  In addition, informal networks connect powerful politicians with relatives, friends and acquaintances, who can help them to more safely manage and launder the illicit proceeds of corruption. Our analysis of a <u>corruption and money laundering case</u> involving the construction company Odebrecht and former Peruvian President Alejandro Toledo illustrates this type of informal network vividly.

- **For business people**, informal networks involving powerful political figures provide access to profitable government contracts, "special" tax exemptions and other financial benefits.

  Sometimes entrepreneurs build their networks by sponsoring aspiring politicians who, when successful, are obliged to use their decision-making authority to look after the interests of their benefactors.

## Anti-corruption interventions should target networks, not just individuals

The pervasiveness of social networks helps us understand why conventional anti-corruption instruments have often limited impact.

Mainstream anti-corruption instruments mostly address the actions and (monetary) incentives of individuals. However, informal networks promote and perpetuate behaviour patterns that transcend the individuals who constitute the network.

Anti-corruption initiatives that focus purely on adding formal controls to high-risk processes, like audits and sanctions, can backfire. This is because they add complexity while not addressing the informal mechanisms underlying the corrupt acts.

We know that informal networks are flexible and resilient structures. This is not least because they can quickly replace arrested leaders and key players. In this way, they avoid the destabilising effect of a power vacuum that may follow law enforcement and judicial activities.

## Shifting the focus from individuals to networks

The logical question that stems from the above considerations is:

> *What would anti-corruption practice look like if we shift the focus from individuals to networks?*

This is a central focus of our anti-corruption research, as we seek to improve the effectiveness of anti-corruption interventions implemented by governments and organisations around the world.

The shift in focus, from individuals making rational decisions in isolation to dynamic informal networks, comes across in much of our work:

- Our Policy Brief 8: It takes a network to defeat a network – What Collective Action practitioners can learn from research into corrupt networks shows that where business people resort to corruption because they feel they have no other choice, Collective Action initiatives have the potential to offer a transparent, non-corrupt alternative.

- For a GI-ACE project on addressing bribery and favouritism in the Tanzanian health sector, we have tested the effectiveness of a network-based intervention using a peer-led approach to tackle social norms of reciprocity that fuel bribery in health facilities in Tanzania. Our research empirically showed a reduction in gift-giving intentions and attitudes among hospital users.

- We have applied social network analysis and network ethnography techniques to a variety of cases, from illegal wildlife trade in East Africa to grand corruption schemes in Latin America. The insights have allowed us to dissect how criminal networks operate. From this, we have distilled actionable findings for practitioners and law enforcement authorities.

## Informal networks and behavioural change

This new lens also underpins our work to design interventions that harness the network concept to promote changes in attitudes and behaviour. The idea is that views on attitudinal and behavioural change are more likely to be accepted and adopted when they are disseminated by trusted members from one's social network. Our work in this area includes:

- the previously mentioned research on the role of informal networks in East Africa for the GI-ACE programme in Tanzania and Uganda and the associated Policy Brief 9,

which highlights how to harness informal networks for anti-corruption;

- our research into <u>behaviour change interventions to reduce the acceptability of wildlife trafficking</u> and our <u>advice to practitioners</u> on the application of behavioural science to enhance anti-corruption and conservation efforts;

- as well as our <u>Research Case Study 5</u> summarising how Social Norms and Behaviour Change (SNBC) approaches are a promising complement to conventional anti-corruption strategies.

## Leveraging the network approach going forward

Looking ahead, we will continue to pursue our ideas to fight corruption by using the network lens. Our work as part of the EU consortium research FALCON aims to <u>fight large-scale corruption and organised crime networks</u>. We will also explore where and how social norms and informal networks spur corruption and can be leveraged to fight it in a new GI-ACE research project analysing <u>corruption risks in Malawi's health emergency response,</u> as well as in our efforts to address <u>sextortion.</u>

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