



Level, Pattern and Trend of Corruption in Nepal

**(Analysis Based on the Corruption and Improper
Conducts' Cases Published by Commission for the
Investigation of Abuse of Authority)**

**-Anil K. Gupta
-Shiva Hari Adhikari
-Gyan Laxmi Shrestha**



Outlines

- Introduction
- Purpose and Research questions
- Theoretical Perspectives
- Study Methods
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Introduction

- Anti-corruption laws and policies
- Nepal has a score of 27 out of 100
- Placed the country in 130th position in the rank list of 168 countries. **(CPI, 2015)**
- Higher level of corruption in bureaucracy and politics
- Deep roots in infrastructure- related projects and programs like building, roads and hydropower plants

(Yadav, 1999 cited in Khanal, Rajkarnikar & Karki, 2007).



Introduction

- Public believe: No official work can be undertaken without paying a bribe (Koirala, Khadka & Timsina, 2015)
- Corruption has always been in existence:
 - ▣ Decreasing in fear among the officials,
 - ▣ Corrupt officials go unpunished,
 - ▣ Bosses often share in the proceeds,
 - ▣ Weak public pressure to stop corruption, and
 - ▣ Ineffective implementation of anticorruption measures.



Introduction

Purpose of this Study

- Analyze the prevalence (level, trend and pattern) of corruption in Nepal.

Research Questions

- What are the level, pattern and trend of corruption and improper conduct in Nepal?
- What is the relation between corruption and gender, and corruption and decentralization?



Theoretical Perspectives

- Abuse of public power for private benefit (World Bank, 1999).
- Synonymously with bribery
- Not all act of corruption result in payment of bribe but much more than bribe
- E.g.. Public employee who claims to be sick but goes on vacation is abusing his public position for personal use (Tanzi, 1998)

Gender and Corruption: Two schools of thoughts

- More women involved in government or parliament are also less prone to corruption (Dollar, Fishman and Gatti, 1999; Swamy, Knack, Lee & Azfar, 2001).
- No sufficient evidences to claim that women in government reduces corruption (Sung, 2003; Frank, Graf & Boehm, 2011)



Theoretical Perspectives

Corruption and Decentralization: Two school of thoughts

- Larger subnational share of government expenditure is associated with lower corruption levels

(Mello & Barenstein, 2001; Fisman & Gatti, 2002; Arian, 2004 & Freille et al., 2008).

- Fiscal decentralization in government expenditure is strongly and significantly associated with lower corruption *(Fisman & Gatti, 2002)*
- Fiscal decentralization and administrative decentralization are associated with lower level of corruption in democracies and higher corruption in authoritarian countries *(Karlström, 2015)*



Theoretical Perspectives

- Decentralization brings officials closer to the citizens' contact which promotes personalism that in turn raises corruption
(Tanzia, 1995; Prud'homme, 1995; Fan et al., 2009)
- Closer interactions at the local level can substitute the formation of corruption networks (Fan et al 2009)
- Decentralization is likely to increase corruption
 - Greater influence of concern groups at the local level
 - Long tenure of local officials at the same place makes it easier to establish unethical relationship with interest groups (Tanzia, 1995)
- **No significant relationship** at all in between fiscal decentralization and corruption (Treis-man, 2007; Sánchez, 2014)



Study Methods

- Currently 3 methods applied in empirical studies on corruption
- **Subjective survey method:** design, distribute and collect information from target groups to get their views on corruption issues
- **Case statistics method:** Uses statistics of corruption cases discovered and punished each year
- **Case statistical analysis method:** instead of merely analyzing numbers of cases discovered and punished each year, it studies each and every case in detail and then carries out statistical analysis

(Guo, 2008)



Study Methods

- **Focused:** All the corruption cases exposed by CIAA during the last ten years – 2006 to 2015
- **Quantified** all the information regarding the corruption and improper conducts' cases and carry out statistical analysis.
- **Telephone interview** from a key-informant, a CIAA official to generate clear picture about corruption.



Study Methods

- ❑ Six data sets with three broader category
 - ❑ Category 1: A and B;
 - ❑ Category 2: C and D; and
 - ❑ Category 3: E and F
- ❑ Dataset A: Corruption and improper conducts' cases of male
- ❑ Dataset B: Female
- ❑ Dataset C: Senior and mid-level officials
- ❑ Dataset D: Lower level officials
- ❑ Dataset E: Officials working in Central level
- ❑ Dataset F: Officials working in Local level.



Study Indicators

Table 1: Study Indicators	
Category	Indicator
Basic information	Gender [Male and female] Working Place [Central (Kathmandu Valley) and (local level) out of Kathmandu Valley]
Sector	Ordinary and Development
Career information	Position (Officer and Non-officer)
Corruption	Type (Illegal Benefits and Illicit Earnings, Fake Documents Related, Misuse of Public Property, Procurement and Construction, Bribery and Fraud)



Limitations and Assumptions

- Purely based on corruption cases published by CIAA
- No biasness in exposing the corruption cases by CIAA
- All the corruption cases have to pass the certain level of screening process
- Fix-rate of the corruption problems has not been analyzed
- No sector, district and region have been in priority for M & E during 2005 to 2015



Findings

Corruption in Nepal

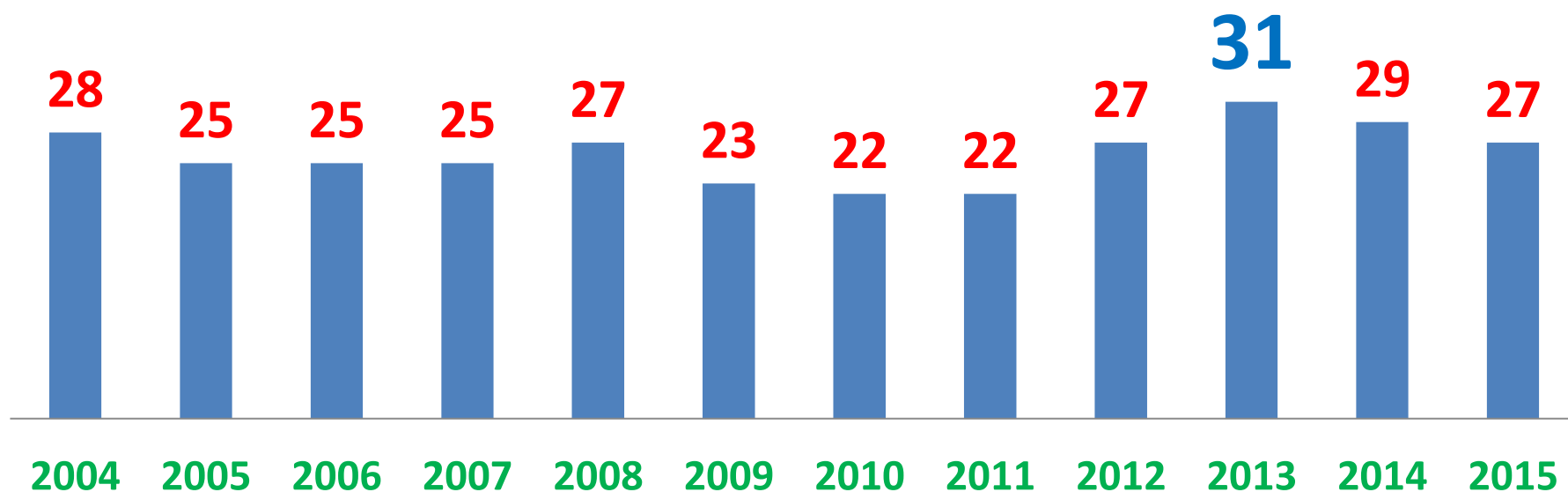


Figure 1: CPI Score of Nepal, Year 2004 to 2015

Source: TI reports.

Note: The CPI scores from 2004 - 2011 were measured in the maximum of 10. For this study purpose all such values have been converted into 100



Findings

Corruption and Improper Conducts

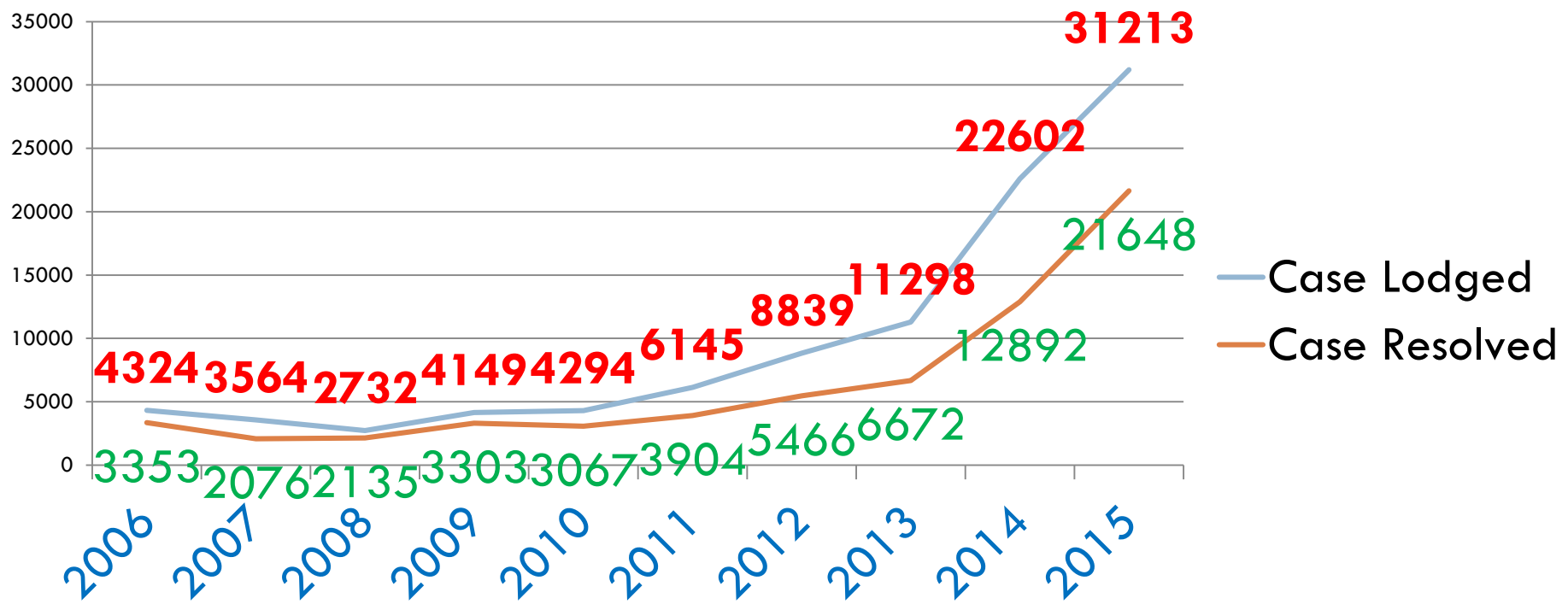


Figure 2: Trends of Corruption and Improper Conduct Cases Lodged and Case Resolved

Source: CIAA Annual Reports.



Findings

Corruption Complaints by Sectors

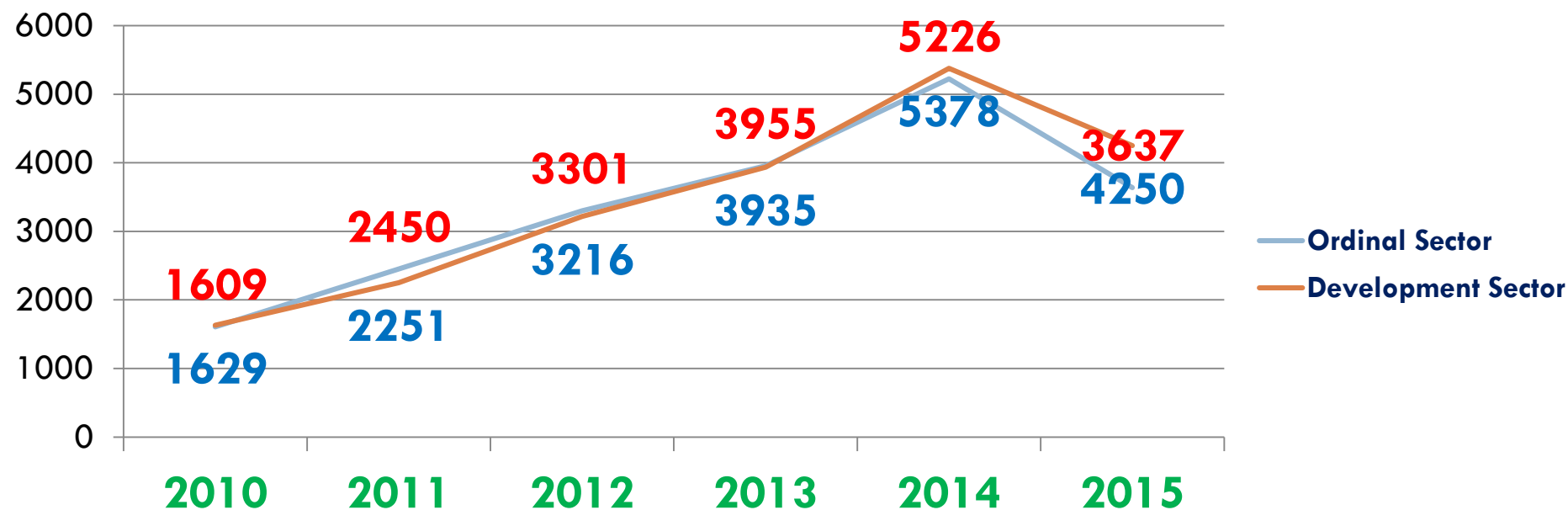


Figure 3: Trend of Corruption and Improper Conducts' Complaints in Ordinary and Development Sector

Source: CIAA Annual Reports.

Note: Data generated, for the study purpose, based on the complaints lodged concerning **Ordinal sector [education, health, land administration and agriculture]** and **development sector [physical planning; home affairs; forestry; finance; energy; urban development; information and communication; and culture and tourism.]**



Findings

Corruption Complaints by Sectors

Table 2: Rank of Sector-Wise Complaints on Corruption and Improper Conducts (Top 10 Ranked Sectors), Year 2010 to 2015

Rank	2010	2011	2012	2013	2014	2015
1.	Education					
2.	Local Development					
3.	Land Administration					
4.	Health			Home Affairs		Health
5.	Home Affairs			Health	Finance	Home Affairs
6.	Finance				Health	Finance
7.	Forestry				Urban Development	
8.	Physical Planning and Development			Culture and Tourism	Forestry	Culture and Tourism
9.	Energy	Agriculture			Culture and Tourism	Forestry
10.	Agriculture	Information and Communication	Industry	Urban Development	Energy	Agriculture

Source: CIAA Annual Reports.

Note: Rank has been calculated based on number of corruption complaints received.



Findings

Corruption and Improper Conducts by Development Regions

Table 4: Rank Order of Development Regions Based on the Number of Corruption and Improper Complaints Lodged, Year 2005 to 2015

Rank	2005	2007	2009	2011	2013	2015
1.	CDR	CDR	WDR	CDR	CDR	CDR
2.	WDR	EDR	CDR	MWDR	MWDR	EDR
3.	EDR	WDR	MWDR	WDR	WDR	MWDR
4.	FWDR	MWDR	EDR	EDR	EDR	WDR
5.	MWDR	FWDR	FWDR	FWDR	FWDR	FWDR

Source: CIAA Annual Reports



Findings

Corruption and Improper Conducts by Districts

Table 6: Districts Recording Highest Number of Corruption and Improper Conduct Complaints (Top 10 Ranked), Year 2005 to 2015

Rank	2005	2007	2009	2011	2013	2015
1.	Mahottari	Lalitpur	Bara	Saptari	Saptari	Jajarkot
2.	Dhanusha	Saptari	Saptari	Bara	Bara	Panchthar
3.	Saptari	Mahottari	Mahottari	Mahottari	Rautahat	Khotang
4.	Kathmandu	Banke	Dhanusha	Dhanusha	Kathmandu	Sankhuwasabha
5.	Parsa	Dhanusha	Siraha	Kathmandu	Dhanusha	Sindhupalchowk
6.	Siraha	Sarlahi	Sarlahi	Rupandehi	Sarlahi	Nuwakot
7.	Rupandehi	Chitawan	Kathmandu	Sunsari	Sunsari	Jumal
8.	Banke	Siraha	Dolakha	Sarlahi	Accham	Okhaldhunga
9.	Sarlahi	Parsa	Sunsari	Rautahat	Kapilvastu	Mugu
10.	Chitawan	Rupandehi	Khotang	Dolakha	Siraha	Gorkha

Source: CIAA Annual Reports.



Findings

Table 8: Level, Pattern and Trend of Corruption (in percent), Year 2006 to 2015

Year	Illegal Benefits and Illicit Earnings	Fake Documents Related	Misuse of Public Property	Procurement and Construction	Bribery	Fraud
2006	10.59	31.36	4.24	49.58	2.12	2.12
2007	0.00	43.09	9.04	45.74	2.13	0.00
2008	2.90	78.26	8.70	5.80	4.35	0.00
2009	6.33	45.57	40.51	0.00	7.59	0.00
2010	0.00	47.50	27.50	0.00	17.50	7.50
2011	0.00	34.07	42.96	3.70	13.33	5.93
2012	0.00	40.38	35.21	0.00	8.92	15.49
2013	50.00	13.86	0.40	32.73	2.41	0.60
2014	37.19	12.35	1.39	29.48	18.21	1.39
2015	10.96	10.63	57.92	0.00	16.72	3.77

Source: CIAA Annual Reports.

Note: Data are generated based on the details of the cases published in annual reports.



Bivariate Analysis

Corruption and Gender

Table 9: Cross-tabulation of Gender and Types of Corruption

Types of Corruption	Gender				Total	
	Male		Female			
	<i>f</i>	%	<i>f</i>	%	<i>f</i>	%
Fake Document Related	447	69.7	194	30.3	641	100
Illegal Benefits and Illicit Earnings	555	89.4	66	10.6	621	100
Bribery	334	97.4	9	2.6	343	100
Fraud	94	98.9	1	1.1	95	100
Misuse of Public Property	689	92.7	54	7.3	743	100
Procurement and Construction	513	90.6	53	9.4	566	100
Total	2632	87.5	377	12.5	3009	100
Chi Square	252.102***					
Phi and Cramer's V	0.289*** (Moderately strong)					
Level of significance	0.001***					



Bivariate Analysis

Corruption and Position in Public Service

Table 10: Cross-tabulation of Position and Types of Corruption

Types of Corruption	Position				Total	
	Officer		Non-Officer			
	<i>f</i>	%	<i>f</i>	%	<i>f</i>	%
Fake Document Related+	69	11.0	561	89.0	630	100
Illegal Benefits and Illicit Earnings+	190	66.4	96	33.6	286	100
Bribery+	111	42.7	149	57.3	260	100
Fraud+	28	56.0	22	44.0	50	100
Misuse of Public Property+	243	50.1	242	49.9	458	100
Procurement and Construction+	162	53.1	143	46.9	305	100
Total	803	39.8	1213	60.2	2016	100
Chi Square	353.835***					
Phi and Cramer's V	0.419*** (Strong)					

+ During the Year 2006 to 2015 total number of illegal benefits and illicit earnings 621(officer 69, non-officer 286 and others 335); bribery 343 (officer 111, non-officer 149 and others 83); fraud is 95 (officer 28, non-officer, 45 others);misuse of public property 743 (officer 243, non-officer 242 and others 258); Procurement and Construction 556(officer 162, non-officer 143 and others 261;

Level of significance 0.001***



Bivariate Analysis

Working Place and Types of Corruption

Table 11: Cross-tabulation of Public Officials Working Place and Types of Corruption

Types of Corruption	Working Place				Total	
	Central		Local		f	%
	f	%	f	%		
Fake Document Related	315	49.1	326	50.9	641	100
Illegal Benefits and Illicit Earnings	129	37.9	211	62.1	340	100
Bribery	130	77.8	37	22.2	167	100
Total	574	50	574	50	1148	100
Chi Square	71.756***					
Phi and Cramer's V	0.250*** (Moderate)					
Level of significance 0.001***						



Conclusion

The CIAA has a clear mandate to conduct inquiries, investigation and prosecute on corruption and improper conducts of public officials. However, the performance of CIAA is not satisfactory. There is a flood of public complaints and they expect immediate actions from anti-corruption agencies. However, performance indicators like cases handled and resolving corruption complaints are not that much encouraging. On the other hand, this study validates a debate in scientific community regarding the relationship between gender and corruption; position of officials and corruption; and working place of officials and corruption.



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Thank You