



# The Integrity Commission of Jamaica

# Anti-Corruption and Good Governance Sensitization Workshop Series

# Anti-Corruption and Good Governance Sensitization Workshop Series

## **The Problem of Corruption”**

# Overview of Presentation

- Definition of Corruption
- Types of Corruption
- Broad Costs of Corruption
- Monetary Costs of Corruption
- Warnings Against Corruption
- Why Must Corruption be Confronted
- Where Does Jamaica Stand
- Matters to Consider
- What Can Be Done

# List of Workshop Modules

- Overview of Jamaica's Anti-Corruption Framework
- The Problem of Corruption
- Principles of Good Governance and Integrity in Public Life
- Public Procurement Overview
- Other Critical Areas Involving Integrity Commission Oversight
- IC Process - Filing of Statutory Declarations
- IC Process - Protected Disclosures Act - Whistleblowing
- IC Process - Reporting Allegations of Corruption
- IC Process - Investigating Allegations of Corruption
- IC Process - Prosecuting Allegations of Corruption
- IC Process - Overview of Corruption Offences in Jamaica
- International Best Practices in Anti-Corruption and Anti-Bribery

# Definition of corruption

Transparency International (TI) defines corruption as “the abuse of entrusted power for private gain”

- Public servants demanding or taking money or favors in exchange for services.
- Politicians misusing public money or granting public jobs or contracts to their sponsors, financiers, friends or families.
- Corporations bribing public officials to get lucrative deals.

# Definition of corruption

## Conventional understandings of corruption

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graph TD; A[Conventional understandings of corruption] --> B["Corruption involves behavior on the part of officials in the public sector, whether politicians or civil servants, in which they improperly enrich themselves, or those close to them, by the misuse of power entrusted to them." -- Transparency International]; A --> C["Corruption involves behavior on the part of officials in the public and private sectors, in which they improperly and unlawfully enrich themselves and/or those close to them, or induce others to do so, by misusing the position in which they are placed." -- Asian Development Bank];
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# Definition of corruption

Conventional understandings of corruption



**The “monetization” of one’s public office is corruption.**

- Characterization used by U.S. Federal Prosecutors in the recent bribery case of former Maryland Lawmaker, Cheryl Glenn, who was convicted and sentenced to prison in July 2020, for taking bribes to grant legislative favors

# Types of corruption

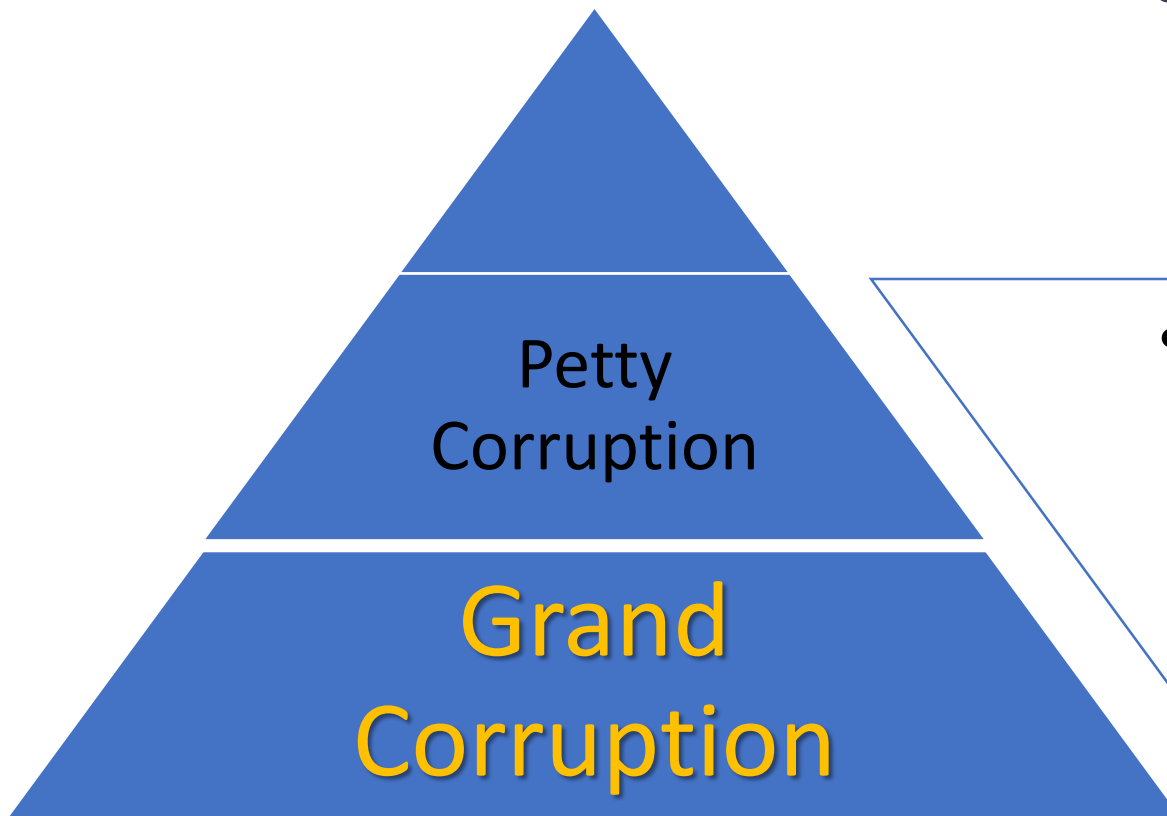


Corruption can  
take many forms

- Bribery
- Extortion
- Kickbacks
- Fraud
- Blackmail
- Embezzlement
- Nepotism
- Cronyism
- Influence peddling
- Abuse of one's office for personal gain or to benefit another
- Abuse of one's office for political gain
- Abuse of one's office to pervert the course of justice

# Types of corruption

There are also degrees of corruption



- They are differentiated primarily by the amounts of money that are involved.

# Types of corruption

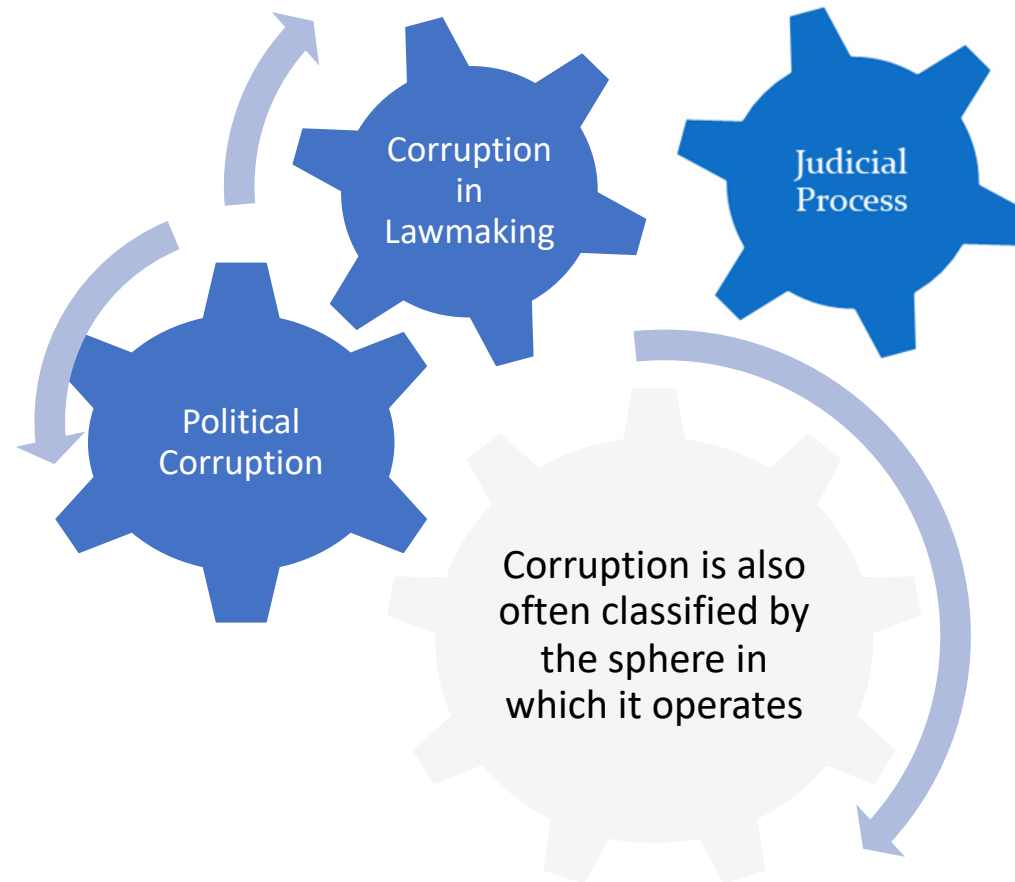


- Petty corruption
  - TI says that petty corruption refers to the everyday abuse of entrusted power by low and mid-level public officials in their interactions with ordinary citizens, who are often trying to access basic public services.
  - It will typically arise in instances in which relatively small sums of money are paid to corrupt public officials, to cut through bureaucratic red tape, to simply ‘grease the wheels’, or to forego enforcement action for minor infractions.

# Types of corruption

- Grand corruption
  - Grand corruption, on the other hand, according to TI, consists of acts committed at a high level of government that distort policies or the central functioning of the state, thus enabling leaders to benefit at the expense of the public good.
  - It is typically exhibited in instances in which huge sums of money are fraudulently paid to politicians, or to top-ranking public officials, in order to win high value government contracts or state licenses, to secure the divestment of lucrative state assets, or to influence the abuse of state power.

# Types of corruption



# Types of corruption

- Political Corruption

- TI defines this as the manipulation of policies, institutions or rules of procedure in the allocation of resources, or financing by political decision-makers, who abuse their position in order to sustain their power, status or wealth.
- Political corruption will occur when politicians abuse their authority to direct state resources, under their control, to benefit supporters, constituents, or voters, in an effort to garner support or to re-enforce their power.



# Types of corruption



- Political Corruption

- Political corruption also occurs when politicians, once elected to office, in return for campaign finance donations, abuse their power in such a way as to specially favor the special interests that supported them.
- Political corruption also occurs when politicians abuse their power to set government policy for the benefit of certain special interests in return for bribes.

# Types of corruption



- Judicial Corruption

- Judicial corruption occurs in a country's Justice system. Corrupt Judges or Prosecutors or other Law Officers will pervert the course of justice and, in so doing, undermine not only the effectiveness of, but confidence in, one of the state's most critical institutions.
- This happens, for example, when Judges or Law Officers accept bribes to hand down favorable rulings, whether in civil, commercial or criminal matters, or to refrain from proceeding with a criminal investigation, arrest, prosecution or conviction.

# Types of corruption



## • Corruption in Lawmaking

- Corruption in lawmaking happens when Lawmakers abuse their positions, or peddle their influence, by accepting bribes to pass or to skew, or to refrain from passing laws in favor of special interests.
- This type of corruption is often insidious in the way that it operates.
- Such cases have been widely documented in the United States.
- Their detection, investigation and prosecution require strong and independent law enforcement institutions.

# Broad costs of corruption


- In the developing world, corruption is Public Enemy #1

“Let us not mince words. In the developing world, corruption is Public Enemy #1”.



- | Mr. Jim Yong Kim, World Bank President; December 19, 2013.

# Broad costs of corruption



## In the developing world, corruption is Public Enemy #1

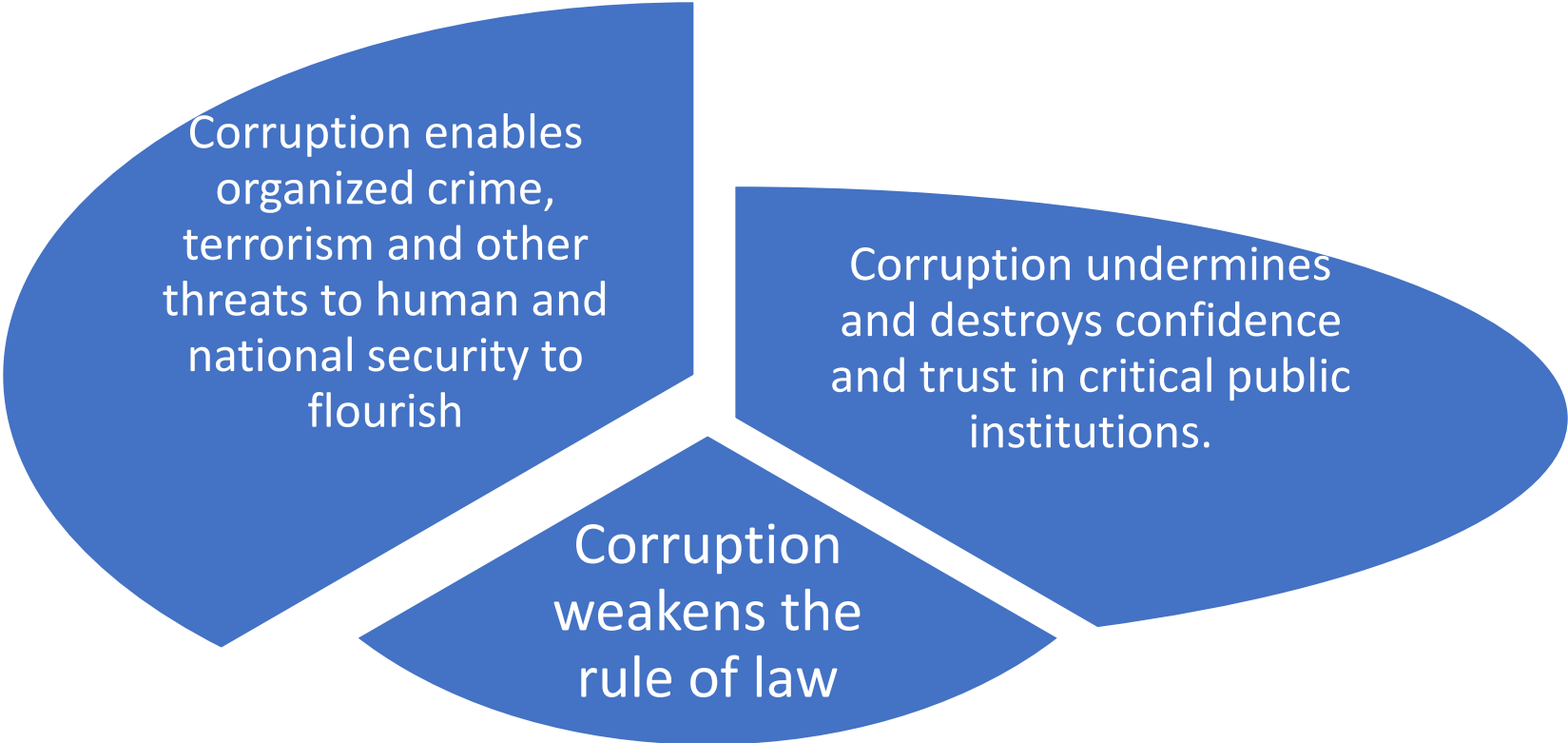
Corruption erodes the quality of the life of the citizenry. It diverts scarce public funds away from the provision of critical social necessities, such as healthcare, education, water, roads, electricity and security.

“Corruption erodes trust, weakens democracy, hampers economic development and further exacerbates inequality, poverty, social division and the environmental crisis”. | Transparency International

Corruption steals political elections, leads to human rights violations, drives away foreign investors, increases the costs of goods and services, deters business activity, obstructs economic development and growth, obliterates jobs, leads to brain drain, and entrenches poverty.

# Broad costs of corruption

In the developing world, corruption is Public Enemy #1



Corruption enables organized crime, terrorism and other threats to human and national security to flourish

Corruption undermines and destroys confidence and trust in critical public institutions.

Corruption weakens the rule of law

# Broad costs of corruption

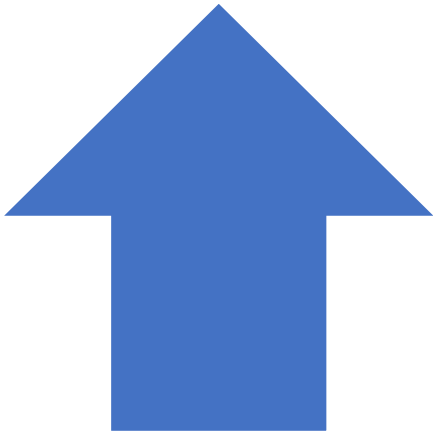
Corruption is public enemy #1 for all the right reasons

Unrestrained and institutionalized corruption will eventually lead to civil unrest and uprising.


And, yes, corruption also kills!

Corruption prevents a country and its people from attaining their full socio-economic potential.

# Monetary costs of corruption

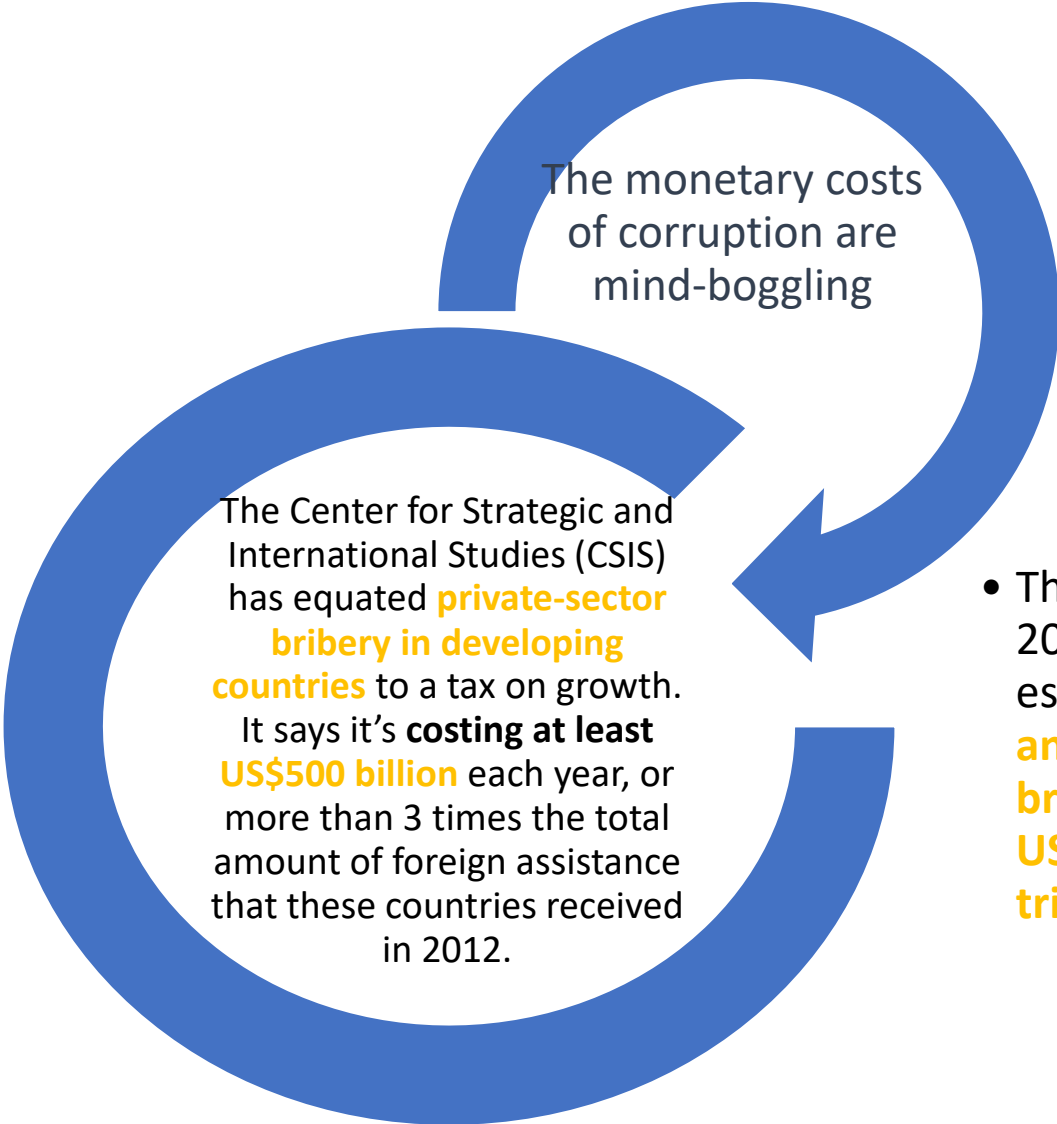


The OECD, in 2014, estimated that the cost of corruption equals more than **5% of global GDP**, or approx. **US\$2.6 trillion**, with over **US\$1 trillion paid in bribes** each year.



The World Economic Forum (WEF), as well as the Commonwealth Secretariat, in 2020, have said that corruption, bribery, theft and tax evasion, and other illicit financial flows, cost developing countries **US\$1.26 trillion per year**. That's enough money to lift the 1.4 billion people who get by on less than \$1.25 a day, above the poverty threshold, and keep them there for at least 6 years.

# Monetary costs of corruption



The monetary costs of corruption are mind-boggling

The Center for Strategic and International Studies (CSIS) has equated **private-sector bribery in developing countries** to a tax on growth. It says it's **costing at least US\$500 billion** each year, or more than 3 times the total amount of foreign assistance that these countries received in 2012.

- The IMF, in a May 2016 news article, estimated the **annual cost of bribery** at a massive **US\$1.5 to US\$2 trillion**, globally.

# Monetary costs of corruption

The impact of corruption upon economic growth is deleterious

It is estimated that **5% of Jamaica's GDP** is lost to corruption annually.

As much as **US\$132 billion** is lost to corruption every year throughout the European Union's member states, according to the **EU** Commissioner for Home Affairs.

UNCTAD, in a September 2020 report, said that corruption and tax evasion were robbing **Africa** of **US\$89 billion** each year.

# Monetary costs of corruption

Deep-rooted corruption makes a country undesirable to credible, compliant and risk-averse foreign investors. They will simply go elsewhere.

- The WEF estimates that **corruption increases the cost of doing business by up to 10% on average.**
- Other studies have estimated that the cost of **corruption is akin to a 20% regressive tax that foreign investors must face.**

# Monetary costs of corruption

The economic growth gains to be derived from fighting corruption are phenomenal and should not be ignored by a country's leaders

The World Bank estimates a **4X increase in a country's per-capita income**, in the long run, when it fights corruption.

# Why must corruption be confronted?

Simply review the costs of corruption and the warnings against corruption, in the preceding slides, and therein will lie the answer.

# Where does Jamaica stand

Transparency  
International says  
Jamaica is corrupt

- Jamaica is currently ranked by Transparency International (TI) at position **#74 out of 180** countries, in its **2019** global Corruption Perception Rankings.
- Jamaica, in **2019**, received a **CPI score of 43 out of 100**, where 0 means 'Highly Corrupt' and 100, 'Very Clean'.

# Where does Jamaica stand

Transparency  
International says  
Jamaica is corrupt

- **2019 was the second consecutive year, in recent times, that Jamaica has fallen** in TI's global corruption perception rankings.
- Jamaica fell 2 places from position **#68 in 2017**, to **#70 in 2018**, and then to position **#74 in 2019**.
- **Jamaica's 2018 CPI score of 44 also fell to 43 in 2019.**

# Where does Jamaica stand

Transparency  
International ranks  
Jamaica as having a  
'serious' corruption  
problem

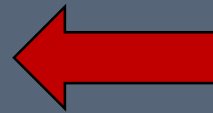
- In the **18 years (2002-2019)** that TI has been ranking **Jamaica**, the country has **averaged a CPI score of only 37.18 out of 100.**
- Prior to its 2017 and 2018 CPI scores of 44, Jamaica had never scored higher than 41 – its CPI score in 2015. **Jamaica's lowest score ever was 30, recorded in 2009.**
- **A CPI of under 50 means that a country has a serious corruption problem.**
- **Jamaica is firmly planted in this category. A poor CPI means prevalent bribery, lack of punishment for corruption, and public institutions that do not respond to citizens' concerns.**

# Where does Jamaica stand

Transparency International  
says Jamaica is the 3<sup>rd</sup>  
most corrupt country in  
the English-speaking  
Caribbean rankings

- TI's 2019 English-Speaking Caribbean CPI Country Rankings: Country Rank (out of 180) and CPI (out of 100)

Bahamas 29/64  
Barbados 30/62  
St Vincent 39/59  
Dominica 48/55  
St. Lucia 48/55  
Grenada 51/53  
**Jamaica 74/43**  
T&T : 85/40  
Guyana 85/40



# Where does Jamaica stand

Does corruption have an impact upon the rule of law?

The World Economic Forum in its 2019 Global Competitiveness Report, released on October 8, 2019, ranks Jamaica, out of 141 countries, as follows:

**#140/141**

on **“Homicide”** – 2<sup>nd</sup> highest murder rate in the world

**#135/141**

on **“Organized Crime”** – 7<sup>th</sup> worst country in the world on organized crime

**#131/141**

on **“Security”** – 11<sup>th</sup> worst country in the world on security

# Where does Jamaica stand

On global murder rates? #2

Countries  
with the  
world's  
highest  
murder  
rates in  
2019 - WEF

- El Salvador
- **Jamaica** 
- Venezuela
- Honduras
- Cote d'Ivoire
- Lesotho
- South Africa
- Democratic Republic of the Congo
- Trinidad and Tobago
- Brazil

# Where does Jamaica stand

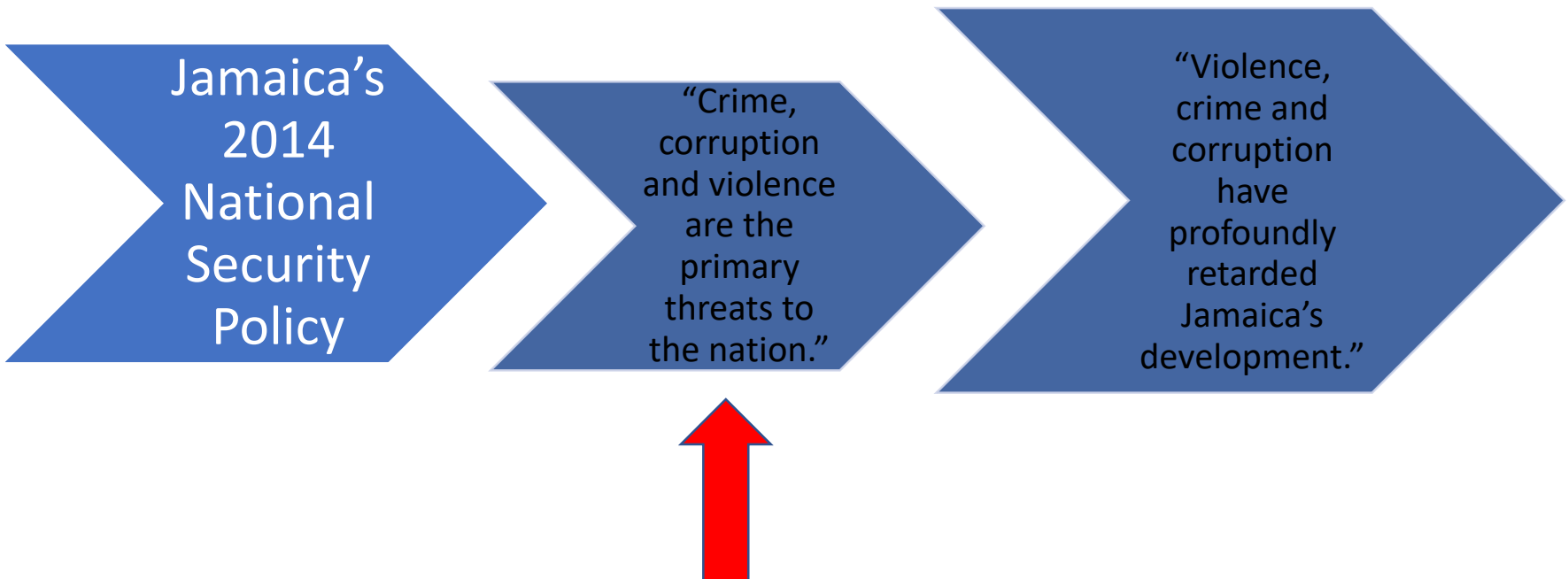
On global organized crime? #7

**World's  
Worst  
Countries On  
Organized  
Crime in  
2019 –  
WEF**

- El Salvador
- Mexico
- Venezuela
- Haiti
- Guatemala
- Honduras
- **Jamaica** ←
- Peru
- Madagascar
- Brazil

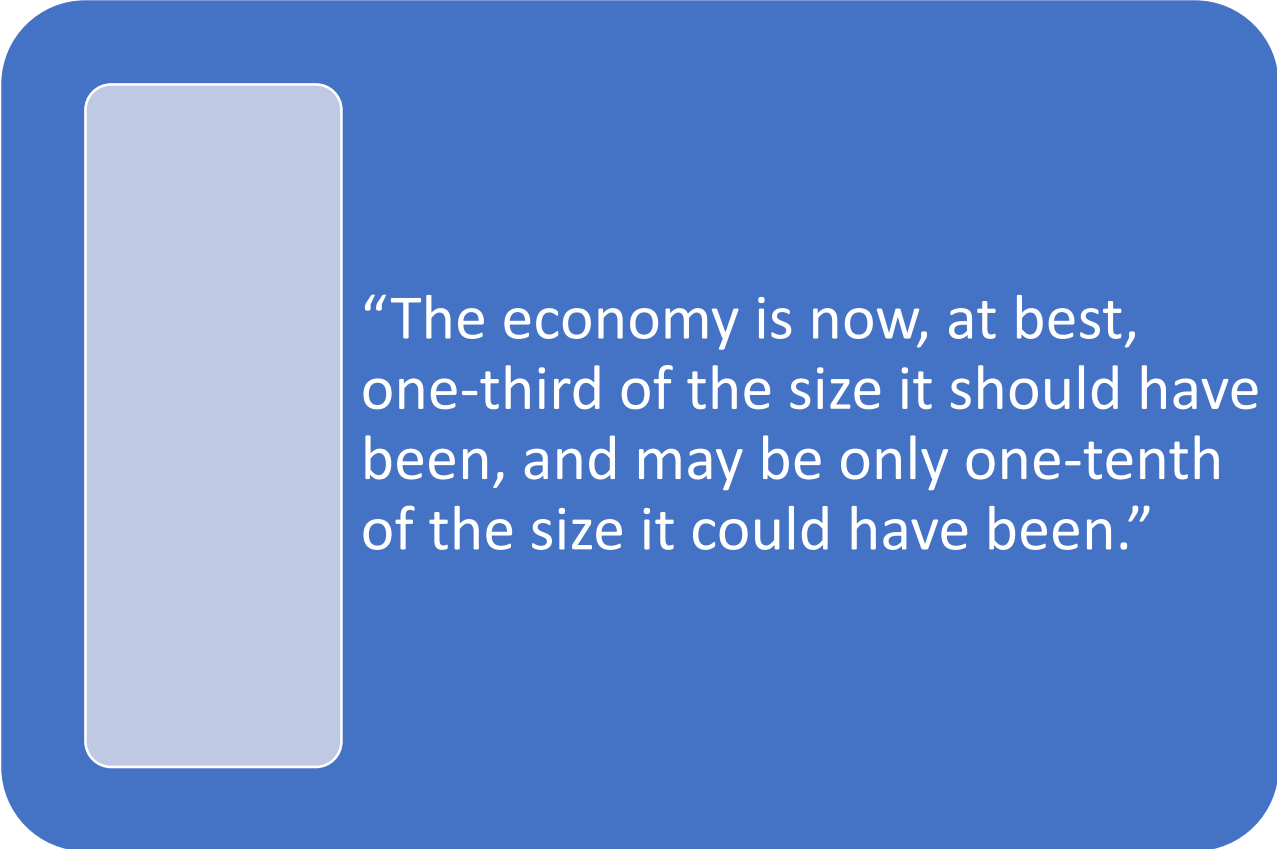
# Where does Jamaica stand

In its own words, the Jamaica Government says “crime and corruption are the primary threats to the nation”



# Where does Jamaica stand

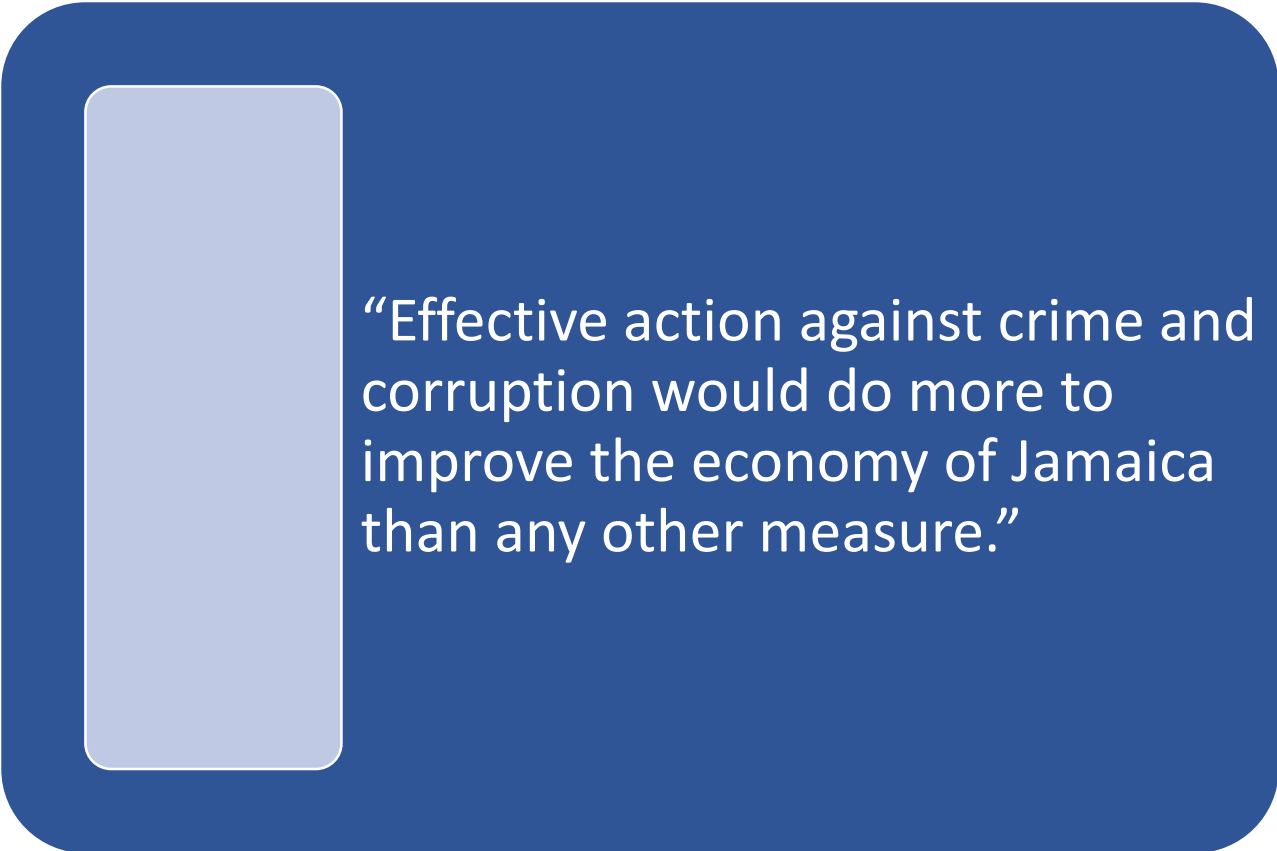
- Jamaica's 2014 National Security Policy



“The economy is now, at best, one-third of the size it should have been, and may be only one-tenth of the size it could have been.”

# Where does Jamaica stand

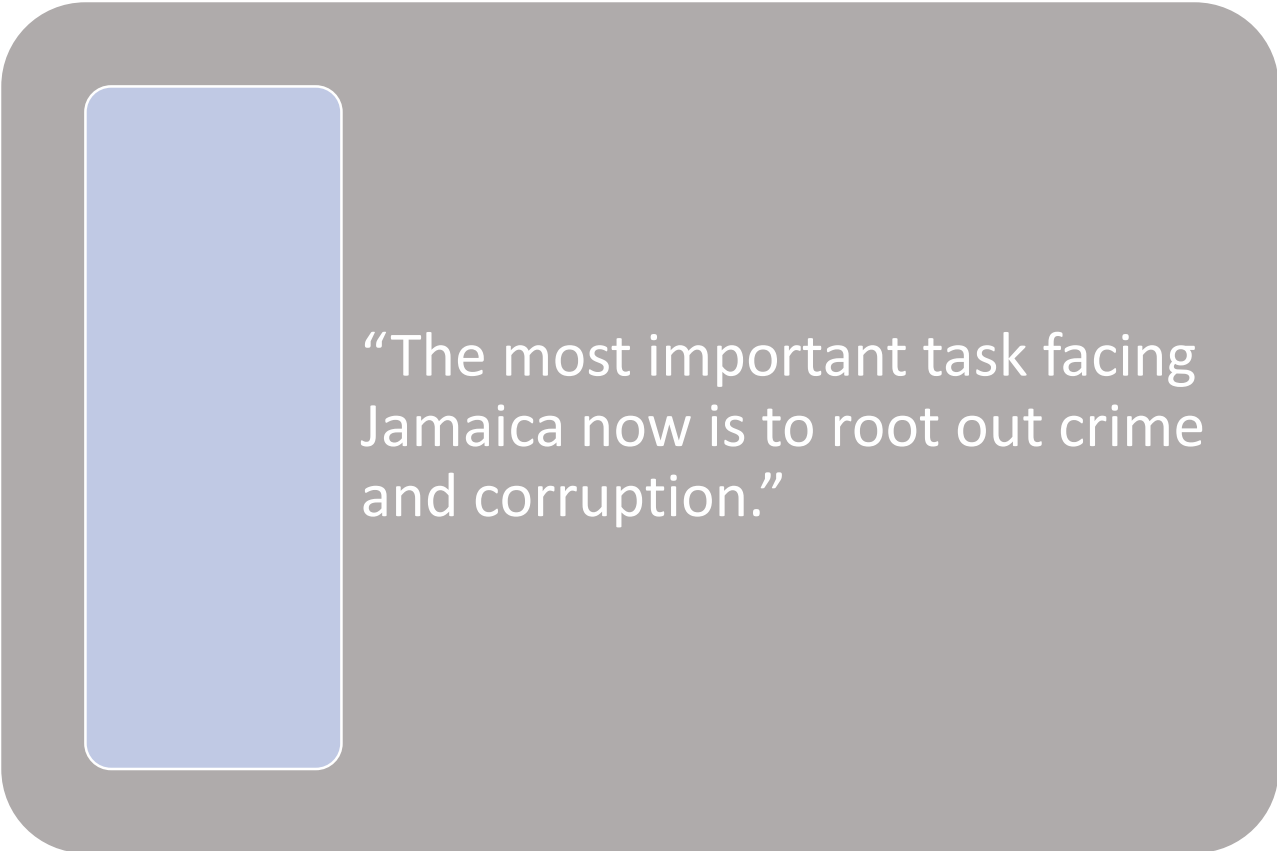
- Jamaica's 2014 National Security Policy



“Effective action against crime and corruption would do more to improve the economy of Jamaica than any other measure.”

# Where does Jamaica stand

- Jamaica's 2014 National Security Policy



“The most important task facing Jamaica now is to root out crime and corruption.”

Thank you!

# Questions