



The Integrity Commission of Jamaica

Anti-Corruption and Good Governance Sensitization Workshop Series

**Specially Developed by the Integrity
Commission for the Cabinet of the Government
of Jamaica**

Anti-Corruption and Good Governance Sensitization Workshop Series

Module #2 – November 16, 2020

“The Problem of Corruption”

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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

“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

“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**

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

Definition of corruption

- Corruption offences under Jamaica Law will be addressed in another module

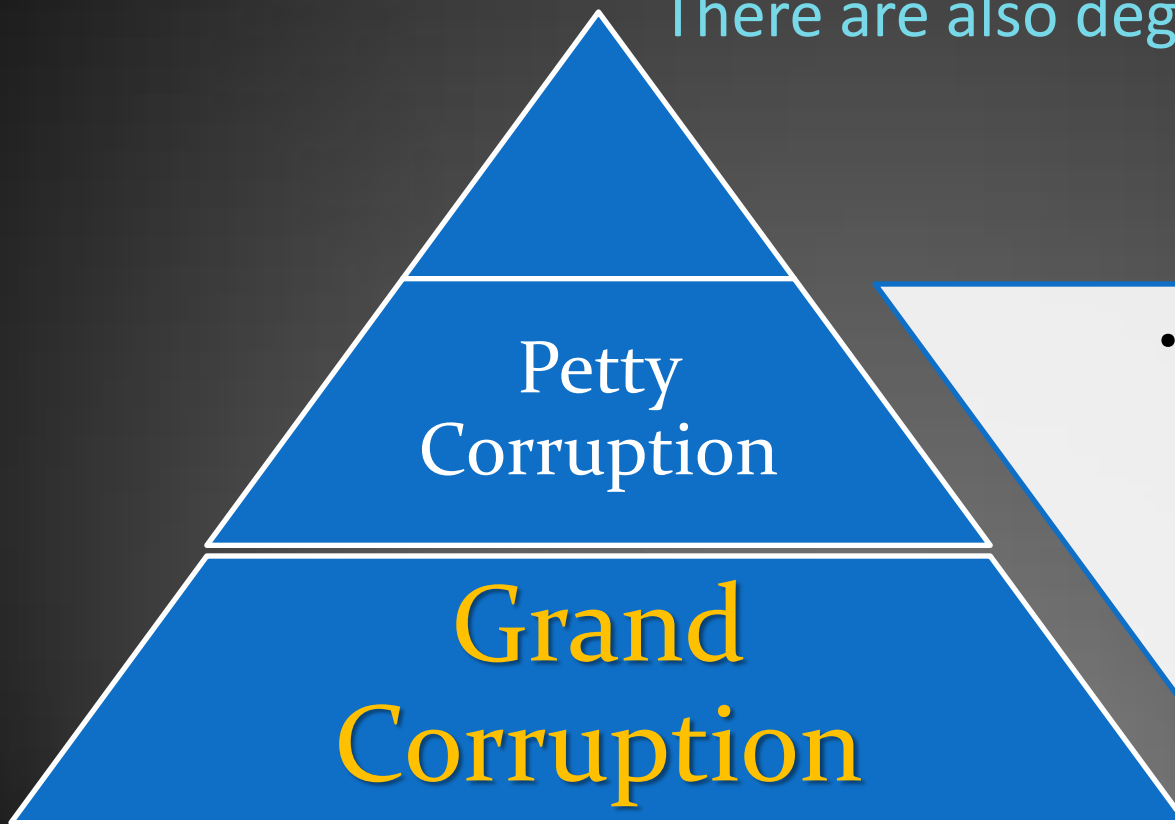
Types of corruption

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

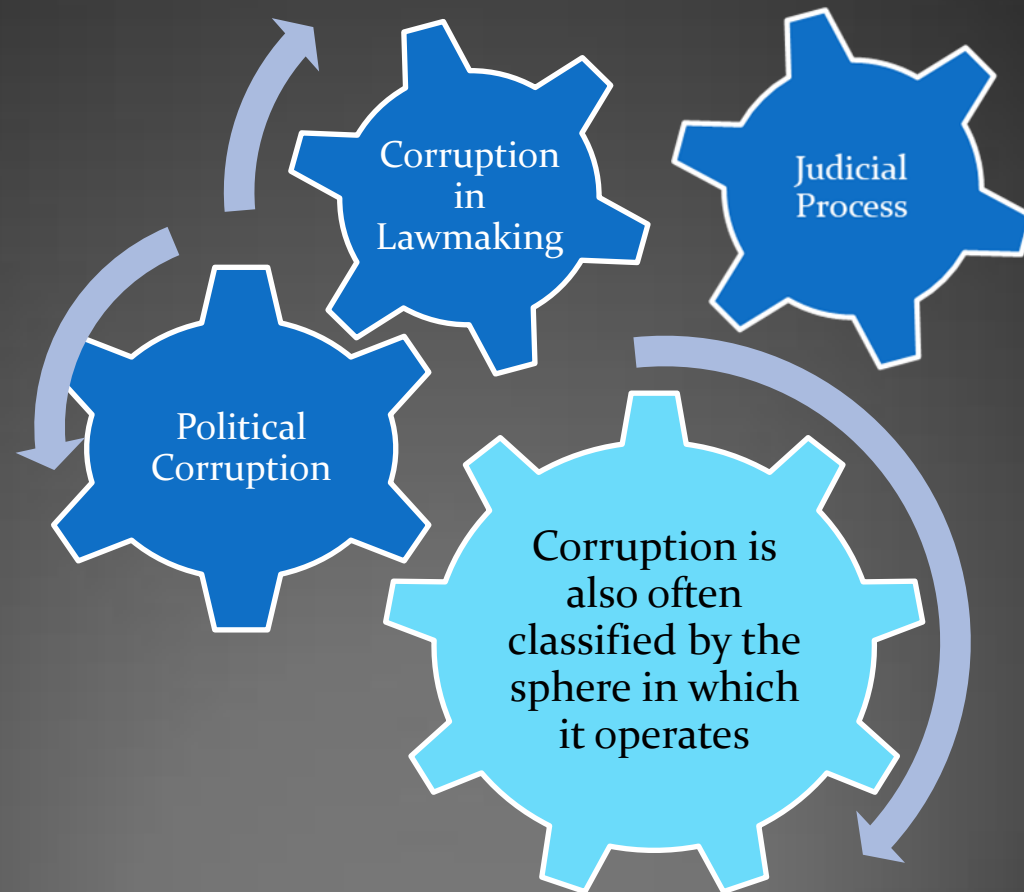
- TI says that petty corruption **refers to the everyday abuse of entrusted power by low and mid-level public officials in their interactions with ordinary citizens**, who are often trying to access basic public services.
- It will typically arise in instances in which relatively small sums of money 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



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

Jamaica's 2014 National Security Policy estimates that **5% of GDP**, or nearly **JA\$100 billion**, 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.

Warnings against corruption

The world's leading multi-lateral institutions have warned about the costs of corruption

‘Corruption in the public sector weakens fiscal capacity, discourages investment, perpetuates inefficiency and entrenches poverty and equality. There’s also a growing gap in trust in institutions. A key factor fueling this distrust is corrupt and unethical behavior, actual and perceived, in both the public and private sectors.’ | **Christine Lagarde; IMF Managing Director; September 18, 2016**

Warnings against corruption

The world's leading multi-lateral institutions have warned about the costs of corruption

“Corruption harms all. But the poor and the vulnerable suffer most. We need to unite against it. Tackling corruption is tackling poverty itself.” | **Antonio Guterres; UN Secretary General; December 8, 2017**

Warnings against corruption

The world's leading multi-lateral institutions have warned about the costs of corruption

“Corruption is a serious crime which undermines social and economic development in all societies. It affects education, health, justice, democracy, prosperity, and is one of the major impediments to achieving the Sustainable Development Goals. So there is a need for swift and decisive action to improve transparency and accountability, and to build confidence in the integrity of our institutions and systems.” | Patricia Scotland, Commonwealth Secretary General; October 2020

Warnings against corruption

The world's leading multi-lateral institutions have warned about the costs of corruption

‘Corruption is an indirect tax levied on investors. Investors are averse to countries with insufficient safeguards against corruption.’ | **OECD**

Warnings against corruption

The world's leading multi-lateral institutions have warned about the costs of corruption

“Corruption drives away private investment, so necessary to stimulate economic growth, job creation and poverty reduction. For all these reasons, corruption is an impediment to development.” | Luis Almagro, Secretary General of the OAS and Jorge Familiar, Vice President of the World Bank Latin America and the Caribbean; Miami Herald Opinion; July 6, 2018

Warnings against corruption

Some of the world's leading politicians have also warned about the costs of corruption

- “Widespread corruption is a direct threat to each of your nations. It stifles economic growth and scares away investment, and siphons off resources that should be used to lift people out of poverty”. | **Joe Biden, U.S. Vice President; August 4, 2014 (Currently U.S. President-elect)**
- ‘What deters most people from investing in countries is ... corruption.’ | **Barack Obama, U.S. President; April 9, 2015**

Warnings against corruption

Jamaica's
leading
politicians,
too, have
warned about
the costs of
corruption

- “Corruption is the corrosive element that destroys the very foundations of democracy.” | **Most Hon. Andrew Holness; Jamaica Prime Minister; February 13, 2020**
- “Corruption destroys public trust in national institutions; erodes public participation in public life; and wastes hard-earned public resources”. | **Dr. Peter Phillips; Jamaica Opposition Leader; April 24, 2017**

Warnings against corruption

Jamaica's
business
magnates have
warned that
corruption is
the #1 obstacle
to investment

- “The most important challenge that government has today is to have zero tolerance for corruption. Until government starts a serious frontal attack on corruption, rational and compliant investors, individuals and institutions will be reluctant to make long term (investment) commitments.”
| **Michael Lee-Chin, Jamaican businessman and billionaire; January 30, 2017**

Warnings against corruption

Leading businessmen in other developing countries have also warned that corruption is the #1 obstacle to investment

- “Nothing is more undermining of investment promotion than corruption. Corruption is corrosive ... Clearly in this day and age, no credible investor will willingly choose to invest in a country where there is widespread corruption.”
- | Sir Sam Jonah, Ghanaian billionaire and business mogul; January 15, 2018

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 3rd 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

What are the opinions some of Jamaica's leading public sector officials? Do they see Jamaica as corrupt?

“One of the problems we have is that of corruption – corruption at all levels. It is eating away at the fabric of virtually every institution ...” | **Hon. Delroy Chuck, Jamaica Justice Minister; Jamaica Gleaner; November 9, 2017**

“The system is so corrupt now; the corruption is everywhere ...” | **Hon. Audley Shaw, Jamaica Agriculture Minister and Former Minister of Finance; Jamaica Gleaner; September 4, 2018**

Where does Jamaica stand

What are the opinions of some of the top diplomats and private sector officials in Jamaica, on the issue of corruption in the country?

“We have given corruption and white-collar crime (in Jamaica) some element of respectability.” | H.E. Asif Ahamd, U.K High Commissioner to Jamaica; Jamaica Gleaner; February 1, 2018

“There is no way corruption in government could take place at the level that it does if it were not for the complicity of the private sector.” | Gary ‘Butch’ Hendrickson, one of Jamaica’s leading businessmen; RJR News; December 10, 2017

Where does Jamaica stand

Link alleged between corruption, Jamaica “government officials” and organized crime

The U.S. Department of State’s annual International Narcotics Control Strategy Report (INCSR) has repeatedly raised disturbing concerns about corruption in Jamaica

- “Jamaica law penalizes corruption but, in practice, corruption remains entrenched and widespread, and the judicial system has a poor record of prosecuting corruption cases against law enforcement and government officials.” | 2020 U.S. INCSR, Jamaica, Volume 1, page 173.
- “Corruption at Jamaica’s airports and seaports facilitates the movement of drug shipments across borders, and organized crime leaders have historically had ties to government officials.” | 2020 U.S. INCSR, Jamaica, Volume 1, page 173.

Where does Jamaica stand

Link alleged between corruption, organized crime and “powerful and influential Jamaicans”

The U.S. Department of State's annual International Narcotics Control Strategy Report (INCSR) has repeatedly raised disturbing concerns about corruption in Jamaica

- “Money laundering in Jamaica is primarily related to proceeds from illegal narcotics, weapons trafficking, financial fraud schemes, corruption, and extortion. The activities are largely perpetrated by violent, organized criminal groups, some associated with powerful and influential Jamaicans.” | 2020 U.S INCSR, Jamaica, Volume 2, page 125.

Where does Jamaica stand

Corruption in Jamaica remains “a significant problem of public concern”

The U.S. Department of State’s annual Country Reports on Human Rights has also repeatedly raised very serious concerns about corruption in Jamaica

- “There were numerous reports of government corruption during the year, and corruption remained a significant problem of public concern” | 2019 U.S. Country Reports on Human Rights Practices: Jamaica

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”** –
2nd highest murder
rate in the world


#135/141
on **“Organized
Crime”** – 7th worst
country in the world
on organized crime

#131/141
on **“Security”** – 11th
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

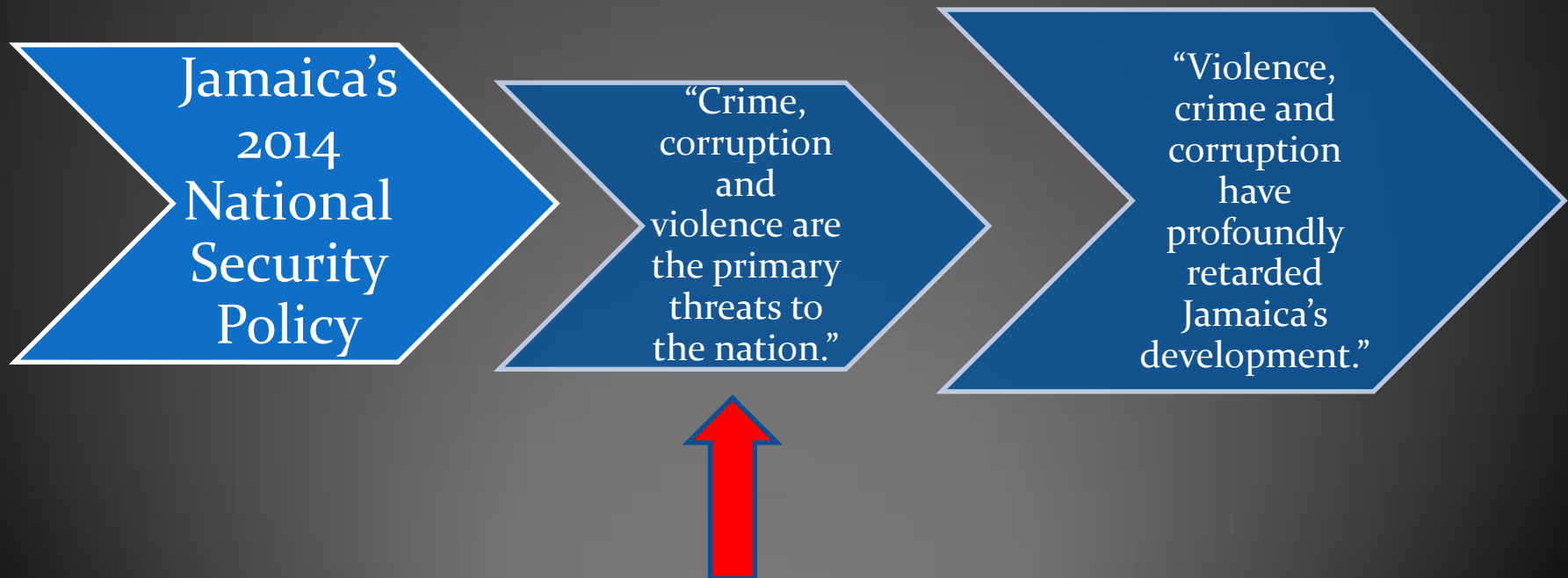
**World's
Worst
Countries
On
Organized
Crime in
2019 –
WEF**

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



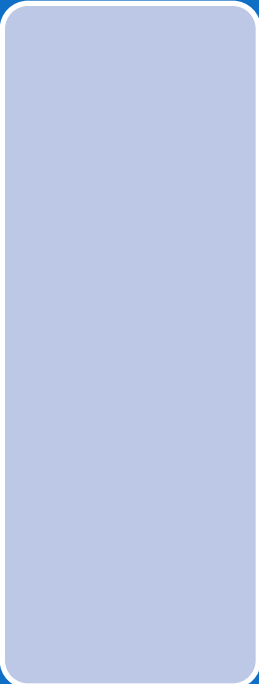
Where does Jamaica stand

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



Where does Jamaica stand

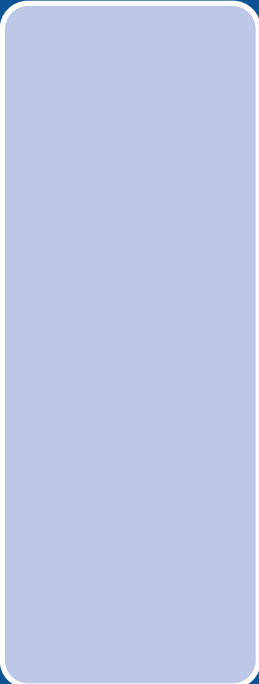
- Jamaica's 2014 National Security Policy



“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.”

Matters to consider

- The responsibility for corrective action, to effectively confront and combat corruption, in any country, begins with that country's Leader, its Cabinet, its Government and its Lawmakers.

Matters to consider

- The following injunctions are instructive

John Kerry

- “No effort to end corruption can succeed without political will on the ground.” | Jamaica Observer; May 28, 2016

Barack Obama

- ‘When leaders decide it’s a priority to stop corruption, corruption can be stopped.’ | July 25, 2015

Ban Ki-moon

- “The most respected governments are those that fight corruption”. | February 9, 2015

What can be done

- Bring to bear, across the board, strong, effective, dispassionate, decisive, transparent and uncompromising leadership which places the public interest above all else.
- Institute international best practices in good governance, anti-corruption and anti-bribery.
- Strengthen anti-corruption legislative and institutional frameworks. You won't get strong and effective anti-corruption institutions if you have weak anti-corruption laws.
- Make the pursuit of corruption a venture that no one would want to undertake.



Thank you!

Questions