



FIGHT **CORRUPTION**

Finance Gender Equality ♀

POLICY BRIEF

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The African Women's Development and Communication Network (FEMNET) aims to strengthen the role and contribution of African NGO's focusing on women's development equality and other human rights through communication, networking, training and advocacy.



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You can **stop** CORRUPTION



INTRODUCTION

The African Union (AU) has declared in 2018 as the African Anti-Corruption Year, with the theme “*Winning the Fight Against Corruption: A Sustainable Path to Africa’s Transformation.*” Transparency International’s *Global Corruption Perceptions Index* has continued to illustrate that no region in the world is immune to corruption and that the degrees of difference are informed by the state’s willingness to deal decisively with corruption². The damning *Panama Papers* were an important illustration of the ways in which politicians, criminals and tax abusers around the world set up shell companies in Panama as a tax heaven to launder money, dodge sanctions and avoid tax³. The global financial system that encourages, facilitates and profits from capital flight and corruption shows that there are supply and demand factors that result in a vicious cycle between corruption, unequal distribution of power in society and unequal distribution of wealth.

This policy brief addresses how revenue lost through corruption can be channelled towards financing existing African Union commitments on gender and women’s rights. This is done by sampling a few key areas where chronic government under-investment contributes to greater gender based inequalities thus increasing the disproportionate burden on already disenfranchised groups.

NATURE OF CORRUPTION

Corruption is a complex phenomenon that is rooted in a range of political, economic and social power relations. Corruption is therefore not simply about individual benefit and private gain but involves broader interests and gains accrued from political and economic systems⁴. It is symptomatic of wider unequal economic and political governance arrangements that allow a few to benefit at the expense of many⁵.

Transparency international⁶ classifies corruption into four major categories, outlined below. Under these categories, the forms that corruption takes may vary but includes, **bribery, extortion, nepotism, influence peddling, embezzlement, kickbacks**. Misuse of government power for other purposes, such as repression of political opponents and general police brutality is also considered political corruption⁷.

TYPOLOGY	DESCRIPTION	EXAMPLES
State capture	A situation where powerful individuals, institutions, companies or groups within or outside a country use corruption to shape a nation's policies, legal environment and economy to benefit their own private interests ⁸ .	Common in countries such as in Singapore, South Korea, the United States and other European countries. "The State of Capture" report by former public protector in South Africa ⁹ revealed how the Gupta family is argued to have captured the South African government.
Grand corruption	Consists of acts committed at a high level of government that distort policies or the central functioning of the state, enabling leaders to benefit at the expense of the public good.	<p>"Angola-gate", which was carried out and uncovered over the course of the 1990s, and led to arrests and judiciary actions in the 2000s, involved an illegal arms sale to Angola despite a UN embargo, with business interests in France and elsewhere improperly obtaining a share of Angolan oil revenues¹⁰</p> <p>Goldenberg scandal in Kenya where the government was found to have subsidised exports of gold far beyond standard arrangements during the 1990s, by paying the company Goldenberg International 35% more than their foreign currency earnings. It is estimated to have cost Kenya the equivalent of more than 10% of the country's annual Gross Domestic Product¹¹</p> <p>Nigeria's oil scandals¹² The revelation by Nigeria's auditor general that \$16bn (£11bn) of oil revenue went missing in 2014</p>
Petty corruption	Everyday abuse of entrusted power by low- and mid-level public officials in their interactions with ordinary citizens, who often are trying to access basic goods or services in places like hospitals, schools, police departments and other agencies.	Cash and other forms of bribes includes demanding sex for the delivery and/or access to goods and services delivered by the state.
Political corruption	Manipulation of policies, institutions and rules of procedure in the allocation of resources and financing by political decision makers, who abuse their position to sustain their power, status and wealth. It involves politicians, government ministers, senior civil servants and other elected, nominated or appointed senior public office holders. Political corruption is the abuse of office by those who decide on laws and regulations and the basic allocation of resources in a society	In South Africa, SAP, the German software company, suspended four executives and launched a probe into allegations that it paid \$7.5m in bribes to win government contracts. KPMG fired eight senior executives after it wrote off a client's lavish wedding as a business expense ^{13,14}

The collective and systemic character of corruption means that democratic practice alone does not in itself lead to reduced corruption. In addition, studies that have argued for gender equality as a measure to address corruption have not shown a direct link between increasing women's participation and a reduction in corruption¹⁵. Such approaches to thinking about gender and corruption, ignore the systemic factors that drive corruption and instead rely on essentialist notions of womanhood that are based on biological arguments about women as innately "designed" to act in "pure and moral" ways. In addition, studies that link women's leadership and increased participation in the "public" sphere rather than aid women's leadership pressurise women to be exceptional, with their professional outcomes scrutinised over and above their male counterparts. The counter-productive nature of these claims results in women being subject to gender-based forms of corruption such as extortion through sexual harassment and sex for services and promotions amongst others. Women's equal participation need not be linked to what they can do for a country but should be based on it being a fundamental right. If we understand corruption as symptomatic of skewed power systems, then anyone irrespective of gender can commit acts of corruption.

CORRUPTION AND INEQUALITY

Public resources generated through taxes, bonds, income from government investments and other means of financing government expenditure are intended for the delivery of public goods and services to citizens. These include but are not limited to education, hospitals, roads, the supply of power and water and to ensure the personal security of citizens. Corruption eats into the resources allocated for vital services often leaving the vast majority of citizens who are dependent on the government with the short end of the stick. It also results in the weakening of the quality of service delivery resulting in deterioration in services, total absence, increased privatisation of public services and/or extortion and bribery for basic services delivery such as security, health, pension, justice to name a few.

The African Union estimates that 25 per cent of the Gross Domestic Product (GDP) of African countries is lost to corruption every year with 5 percent of these resources lost through illicit financial flows. 65% of the outflows are drawn from commercial activity by multinationals and 30% from criminal activities¹⁶. In addition, the High-Level Panel Report on Illicit financial flows¹⁷ estimated that Africa is losing more than \$50bn every year as governments and multinational companies engage in criminal activities aimed at avoiding tax payments, impeding development projects and denying poor people access to crucial services¹⁸.

FINANCING GENDER EQUALITY

Dealing with corruption and curbing illicit financial flows will result in Africa retaining capital generated on the continent and use those resources to finance the continent's development agenda as represented in the African Union's Agenda 2063 and global commitments found in the Sustainable Development Goals¹⁹. Two broad areas are focussed on in the section that follows to illustrate how financial resources can unlock gender inequalities. These are areas that remain under-funded as key drivers of socio-economic inequalities despite existing African Union commitments.

HEALTH

The Abuja Declaration African governments committed to spend 15 percent of GDP on health. Existing reviews around the Abuja Declaration point to the fact that it is not enough to examine countries that have surpassed or met the target but rather it is important to assess both the share of government spending as well as overall spending allocated to health. For example Malawi spent more than 16 percent of its government budget on health in 2014, meeting the target, and yet this amounts to spending just over \$15 per capita on health. Such an amount is insufficient to provide a comprehensive package of health services²⁰.

QUICK FACTS ABOUT GENDER AND HEALTH

- Women in sub-Saharan Africa have about five children over their reproductive lifetime, compared to a global average of 2.5 children²¹. Sub-Saharan Africa has the second highest rate of early and forced marriage with Niger, Chad, Mali, Guinea, Central African Republic, Burkina Faso and South Sudan leading. In Niger, high fertility rates are accompanied by marriage at a very young age. 60 percent of young girls are married by age 19 and this figure increases alongside a reduction in age in rural communities, where the majority are married at 12 or 13²².
- Every year, an estimated 74 million unintended pregnancies occur in developing regions, the great majority of which are among women using no contraception or a traditional method. If all unmet needs for modern methods were met, 52 million of these unintended pregnancies could be averted, thereby preventing the deaths of 70,000 women from pregnancy-related causes.
- Violence has a significant impact on the health and life expectancy of women with rape and domestic abuse accounting for 5 percent of healthy years of life lost to women of reproductive age in developing countries.
- In South Africa, the economic impact of violence against women is estimated at between at least R28.4 billion and R42.4 billion for the year 2012/2013, representing 0.9 percent and 1.3 percent of GDP respectively²³.
- Bilateral aid remains the dominant source of funding for reproductive, maternal, new born and child health²⁴.

WHAT CAN 2.5 BILLION DOLLARS DO²⁵?

If 5% of the 50 billion dollars lost to IFF flows was invested in gender equality programmes, this is what it would do.

1. Increase 15 percent of a country's GDP contribution to the health sector will contribute to rectifying the imbalance created by the fact that the majority of reproductive and sexual rights funding is drawn from bilateral sources.
2. 2.5 billion dollars from the 50 billion dollars lost annually to illicit financial flows can be deployed to meeting the AU's commitment to harnessing the demographic dividend by redirecting resources towards increasing access to contraception by young women and women generally as well as addressing access to safer and comprehensive health services to curb deaths caused by unsafe abortions as well as reduce maternal mortality.

3. 2.5 billion dollars can be invested in justice, policing and health sectors to build a zero-tolerance approach towards violence against women. Investing in preventive measures rather than in meeting health costs incurred due to treating survivors of violence seeking health services offers a long-lasting solution to a major scourge.
4. 2.5 billion dollars can be used to construct and/or equip health centres across forty-seven counties in Kenya, where access to health services for women remains wanting²⁶. Alternatively, a total 42,477 mobile clinics can be purchased for this amount of money.

INFRASTRUCTURE

An African Development Bank report on the state of infrastructure in Sub-Saharan Africa shows that electricity remains the most deficient infrastructure in the Sub-Saharan region, with spending needs estimated at \$41 billion annually between 2005 and 2015 for operations and maintenance, generating new capacity and rehabilitation of existing transmission and generation. In addition, approximately \$18 billion a year is required in the transport sector for maintenance and to build sufficient regional, national, rural, and urban road connectivity, accompanied by adequate rail, port, and airport infrastructure. In information and communications technology (ICT) sector, an annual investment of \$9 billion is needed, including \$2 billion for maintenance, to service existing demand. Finally, the water sector's annual funding gap is \$11 billion with only the 0.9 percent of gross domestic product (GDP) a year required on sanitation, of which 0.7 percent is for investment and 0.2 percent is for operation and maintenance²⁷. Feminist activists and scholars have pointed to the role that inadequate social and physical infrastructure plays in shaping gender inequality. Five quick facts below:

KEY FACTS ON GENDER AND UNPAID CARE WORK

- Women's unpaid care work which includes fetching water, collecting firewood, taking care of the home and children sustains and reproduces the current and future labour force for the State and private capital. These roles, which are allocated by society due to stereotypes about men and women's work, are often time consuming and disproportionately allocated.
- The time spent by women and girls on unpaid care work is increased by limited access and inadequate provision of key infrastructure such as energy and water and sanitation facilities.
- 71% of the burden of collecting water for households falls on women and girls who spend in total 40 billion hours in a year collecting water²⁸.
- When women's paid and unpaid work is accounted for, women perform a larger share of work in both developed and developing countries²⁹.
- The time for social life, entertainment and other free time for women ranges from 6 percent in rural Ethiopia, 7 percent in Tanzania, 19 percent in Mauritius, South Africa and urban Mali. This is in comparison to men which ranges from 10 percent in rural Ethiopia, rural Madagascar and Tanzania. While in Mali and Mauritius it is at 22 percent for men. Women continue to have less time to devote to activities they choose and this pattern differs between rural and urban areas³⁰.

- Poorly planned urban infrastructure with inadequate services such as toilets, taxi ranks, police posts, street lighting impact the daily lives of women and girls routinely experience sexual harassment in public spaces in addition to sexual assault and rape³¹.

WHAT CAN 40 BILLION DOLLARS DO?

Based on the ADB's assessment of infrastructure investment deficits noted above, outlined below some of the ways that investments in infrastructure outside of electricity would improve gender equality. 40 billion dollars out of the 50 billion dollars lost to illicit financial flows can:

- Improve accessible water infrastructure thus redistributing the 40 billion hours spent by women and girls fetching water across long distances. This has an automatic impact on women's and girls' ability to engage in other socio-economic activities including educational and leadership opportunities, paid work as well as improve health and well-being.
- Enhance transport infrastructure within member states thus not only improving easy access to health facilities, markets and schools but also increasing the safety and security of women who bear the brunt of gender based violence due to poor infrastructure such as roads, street lighting and security services.
- Improve transport infrastructure thus increasing intra and inter country trade recognising that trade provides 60% of non-agricultural self-employment for women in sub Saharan Africa, with women constituting 70 percent of informal cross border traders in the SADC region³².
- Investments in time saving technology that reduce and redistribute women and girl's unpaid care work.

OVERALL RECOMMENDATIONS

It is evident that addressing corruption requires a combination of actions, with some of the key pillars being:

- Governments that are accountable to their citizens,
- Civilian oversight mechanisms embedded in law through public protector offices amongst other independent monitoring bodies,
- Strong prosecution mechanisms nationally that include protection for whistle-blowers and internationally particularly where illicit financial flows are concerned.
- Finally, an enabling environment for civil society movements to operate is essential.

Specifically, the following measures should be taken:

1. **Ratify, Domesticated and Implement AU Instruments:** There are a range of AU instruments that are critical to fighting corruption. The first is the *AU Convention on Preventing and Combating Corruption* that has only been ratified by 37 member states. In addition, AU instruments such as the *Charter on Democracy, Elections and Governance*, *Mining Vision* and *Maputo Protocol* are all critical pillars to developing a holistic approach

to tackling corruption. Ratifying, domesticating and financing the implementation of these instruments and the recommendations from the *High Level Panel on Illicit Financial Flows* are a core requirement for the AU's and Africa's commitment to combatting corruption in all its forms.

2. **Open Governance** mechanisms are a critical part of enhancing transparency so that information on tenders, contracting, loans, inflows from mining are publicly available to the public for scrutiny. Open governance mechanisms which facilitate the availability of data that is gendered so disaggregated by sex, geography, economic quintile, age to enable early detection of corruption, make overt opaque processes around procurement and facilitate adequate tracking by citizens of resources. Adopting the principles of open governance captured in part through the Africa Peer Review Mechanism and by creating an enabling environment for civil society to scrutinise and hold government's accountable to equitable use and distribution of resources is an important part of addressing corruption.
3. **Natural Resource Governance & Extractives:** With increasing focus on natural resource extraction across a number of member states, subscribing to the international standard of the Extractives Transparency Initiative and the Africa Mining Vision³³ remain critical to ensuring equitable distribution of resources generated from the extractive sector to developing local communities. Specifically, women and girl's historical exclusion in most African countries from the right to own and manage land as a resource heightens existing inequalities where the extractive sector is concerned. In addition, the involvement of women in artisanal mining activities which become side-lined in favour of large scale corporatized mining, enhances economic exclusion of already marginalised group. In addition, resources generated from natural resource extraction should be directed towards the development of local infrastructure that addresses gendered needs as previously highlighted in this brief.
4. **Gender Budgeting:** If procurement is a key area where corruption thrives then the budget process - development, allocation of resources, expenditure serves as another area where corruption escalates. In addition, to being a site where opacity thrives thus creating opportunity for theft, the adoption of gender budgeting by member states offers an opportunity to ring-fence resources across national budgets in ways that ensure that budgeting processes pay attention to how state resources are invested equitably. Gender budgeting is not a tool to help women, gender budgeting is a tool that allows governments to ensure that state resources do not leave anyone behind based on gender, geography, class, race or ethnicity.
5. **Finance Gender Equality:** the greatest impact of corruption is its role in widening socio-economic inequalities. Those living in poverty and furthest from power bear the brunt of systems, institutions that do not work for all. At the heart of all inequalities lies the manipulation of gender to sustain exclusion and structural oppression of women, girls and other gender groups. Committing to the full implementation and financing of Maputo Protocol is a critical part of fighting corruption. By addressing all forms of violence against women, member states close the loop on a key weapon used in corruption. By financing gender equality in totality, member states address the disadvantages faced by women and girls due to their gender.

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