



## “Milking the system”: Fighting the abuse of public resources for re-election

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Fighting the abuse of public resources for re-election

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## Executive summary

Abuse of state resources for re-election is a common practice in many countries. It causes damage to democracy by creating an unlevel playing field which improves the re-election chances of incumbents. In addition, putting public assets at the incumbent party's disposal in its drive for re-election negatively influences the quality of government, since the diversion of resources incurs financial costs for the institutions involved and may reduce the quantity or quality of services provided to the public. Misuse of public resources to win an election yields a political benefit (re-election) rather than an individual personal benefit (e.g., enrichment from a bribe). This justifies extending the concept of corruption beyond "abuse of entrusted power for private gain" to include *political gain* as well.

This issue has received little attention from academics and anti-corruption practitioners. Experts in political finance have been preoccupied with discussions about regulating private donations. International donors and other specialists on public sector reform consider the issue too politically sensitive to include on their development agendas, because reforms that challenge the power of incumbent politicians may have negative diplomatic and commercial implications for donor countries.

Efforts to confront the abuse of state resources by governments in office require attention to the *demand side* (politicians abusing these assets) and the *supply side* (the public administration system that supplies such resources). Regulating politicians' demands for resources to engage in an electoral contest involves reforming the electoral system, strengthening political parties, and regulating the financing of parties and elections. At the same time, curbing the supply of resources by the public sector requires strengthening the civil service, building strong state monitoring mechanisms, and enhancing transparency to allow for media and civil society oversight. Most efforts to address abuse of state resources have considered only the demand side of the problem. While the development community regularly implements programmes that address several issues relevant to the supply side, it has ignored the potential of using such programmes to tackle political abuse.

This issue paper draws on research conducted in Bolivia and Mozambique, as well as on other sources of information, and includes examples illustrating the damage that certain forms of abuse may cause to public administration and to democracy. This is an important step toward identifying reform priorities, since certain types of abuses may have relatively modest financial implications but serious, long-lasting impacts on the fairness of democratic representation. For example, the media often highlight the unauthorized use of official vehicles or the requirement that civil servants attend campaign rallies for ruling-party candidates. However blatant such common forms of abuse may be, the financial damage to public administration is relatively small, especially when compared to the financial impact of granting contracts or licenses to unfit companies as repayment for political contributions. Nevertheless, even such low-level abuses may cause significant damage to the prospects for fair electoral competition.

This paper also explains the need for an integrated reform strategy. There is an obvious need to modernize the financing of political competition, but an integrated strategy should also include efforts to reform other sectors of public administration. Research results from the two case studies suggest the need for legal reform, as well as for work within government institutions to protect the supply of public resources from abuse.

Donors should reconsider their hands-off stance with respect to these problems. For example, abuse of state resources could be considered routinely as a risk factor in donors' assessments of their activities, and mechanisms included in memoranda of understanding to minimize the possibility of abuse. Serious abuses should prompt donors to reconsider the eligibility of the perpetrators to continue as working partners. Other options include building up local, independent research organizations that carry out advocacy related to abuse of state resources, monitoring implementation of relevant

legislation, and using donors' influence to keep this sensitive issue on national and local political agendas.

A framework for fighting the abuse of public resources for political gain should therefore include identification of the problem, assessment of the political and economic costs it generates, decisions on priorities for action, and development of a set of responses that combine both political finance regulation and, crucially, general public sector reforms. The latter should include steps to strengthen the quality and capacity of local media and civil society organizations, which can make a valuable contribution by speaking out about these problems when other stakeholders refrain from doing so.



## 1. Introduction

Abuse of state resources for re-election is a common practice in many countries.<sup>1</sup> Examples range from illegal use of government vehicles or buildings by the ruling party's election campaign to extortion of political donations from civil servants to the manipulation of state media. Although such practices are more visible during campaign periods, when they have been described by election observation missions (EU EOM Bolivia 2009a; EU EOM Mozambique 2009), they also go on between campaigns. Besides damaging electoral competition, putting state resources at the disposal of the incumbent party negatively influences the quality of government, as, for example, when education or health services to citizens are made contingent on their voting behaviour. The government may also put pressure on the private sector, extorting campaign donations from companies that conduct business with the state.

Such abuse of public resources is harmful to political competition and to public administration. It constitutes a form of corruption, if we extend the definition of corruption beyond "abuse of entrusted power for private gain" to include political gain as well.<sup>2</sup> When public officeholders funnel state resources into election campaigns, they do not line their pockets with funds, but rather bias electoral competition by investing in their own political parties and campaigns. The practice endangers democracies by tilting political contests in favour of the incumbent. It also reduces trust in the legitimacy of political representation, since citizens perceive politics to be manipulated by government rather than based on fair competition. In addition, when state resources are used to favour the ruling party, the population ends up paying the bill. When civil servants on state salary engage in campaign activities, or state funds, equipment, or infrastructure are used for electioneering, citizens receive fewer and lower-quality services than they are entitled to. This lowers the quality and efficiency of public service and delegitimizes the state as an agent working for the common good.

Despite its relevance to fair political competition and public sector integrity, the issue of abuse of public resources for political gain has received little attention from experts in political financing. To a large extent, work on regulating private donations and allocating public subsidies to political parties already absorbs their attention. International donors and other specialists working in public sector reform, for their part, have been less willing to venture into this area because it deals with sensitive political questions. Reforms that touch on the power of politicians are often considered domestic matters.

Any effort to tackle abuse of state resources by governments in office requires approaching the question from both the demand side (politicians abusing state resources) and the supply side (the public administration system that supplies such resources). Regulation of politicians' demands for resources to engage in electoral contests involves reforming the electoral system, strengthening political parties, and regulating the financing of both parties and elections. Curbing the supply of resources by the public sector includes strengthening the civil service, building strong mechanisms of oversight, and enhancing transparency of the public sector to allow for media and civil society oversight.

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1 To some extent, incumbent politicians in all countries make decisions about use of resources with an eye to their effect on re-election prospects, thus taking advantage of incumbency. The issue of abuse arises when such actions are illegal or lead to unfair electoral advantage.

2 The classic definitions of corruption focus on private gain. Transparency International, the leading nonprofit organization fighting corruption, defines corruption as the "abuse of entrusted power for private gain." [http://www.transparency.org/news\\_room/faq/corruption\\_faq](http://www.transparency.org/news_room/faq/corruption_faq).

This paper draws on case studies conducted in Bolivia and Mozambique, as well as on desk-based research by the authors. It first outlines the types of abuse of state resources commonly encountered and ways of monitoring these abuses. It also addresses the issue of how to identify the seriousness of damage caused to public administration and to democracy, which is a necessary step toward identifying priorities for reform. The following sections explain the need for an integrated reform strategy that includes reforms in the financing of political competition as well as efforts to reform other sectors of public administration and the role of international donors.<sup>3</sup> The paper concludes with annexes summarizing the two cases studied.<sup>4</sup>

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<sup>3</sup> These sections were drafted mainly by Bruno Speck.

<sup>4</sup> The annexes were drafted by Alessandra Fontana based on field research conducted by Guillermo Pou Mont Serrano in Bolivia and Jonas Fernando Pohlmann in Mozambique.

## 2. Describing the abuse and assessing the damage

The abuse of state resources for political gain encompasses any activity that affects the financing of political parties or of elections in such a way as to favour one party or candidate at the expense of other contenders. As defined in this paper, it does not include the use of violence or coercion (such as by police) to intimidate voters or adversaries. It also does not include the manipulation of election agencies, biases in the electoral system, or the regulation of political financing in favour of specific parties.

As understood here, abuse of state resources for political gain is about incumbent officeholders using public resources, both financial and in-kind, in electoral campaigns to improve their chances of re-election. It is most typically a strategy that is available to members of the executive. However, incumbent legislators or other officeholders may also mobilize public resources in support of their own election campaigns. While abuses of resources are aimed at securing re-election, they are not necessarily limited to the time period of the campaign, but may continue over a longer period for such purposes as financing political parties and maintaining networks of political clients.

Abuse of public resources to win an election, when successful, yields a political benefit for the officeholder (re-election) as opposed to a personal benefit (for example, money from a bribe). Both types of benefits are covered by our extended definition of corruption as "abuse of public office for private or political gain." The distinction between private and political benefit is important, however, because each has its own distinct incentive structure. Demand for bribes by public officeholders is strongly influenced by individual need and greed. Demand for campaign resources in general, and consequent abuse of public resources, also depends on individual ambition to achieve public office, but there are additional factors. The party system and election rules may drive up campaign costs. For public sector specialists to understand the demand side of the abuse of public resources for political gain, they need to understand the role of money in political competition.

Abuse of public resources to win an election covers a wide variety of specific acts. The government that controls public administration has multiple means of strengthening its own chances of re-election (or those of its allies). For example, a mayor can mobilize resources to elect his allies in provincial elections, in return for which they will be expected to support the mayor in the future. Government ministers can tap public resources when they or their political allies run for office. Incumbent lawmakers have access to staff, office budgets, and infrastructure which they can mobilize for re-election. All these forms of abuse of office are possible only when officeholders violate the principles of public administration, which include transparency and public accountability, independence and high professional standards of the civil service, clear rules for the interface between the state and the business sector, and high standards of quality for public service delivery. For political finance experts to understand the supply side of abuse of office for political gain, they need to draw on the knowledge of public sector specialists.

As noted earlier, abuse of state resources for political gain comes at a cost to democracy and to public administration. The damage to democracy derives from the unlevel playing field that increases the re-election chances of incumbents. The costs to public administration come from the reduced integrity and efficiency of public service, since the diversion of resources incurs financial costs for the institutions involved. The following sections highlight six types of abuse, paying particular attention to the issues of how to identify them and how to assess the damage they cause.

### 2.1 Abuse of public infrastructure, vehicles, and stationery

Unauthorized use of official vehicles and public buildings in elections looms large in public awareness and is often highlighted by the media and election observation missions. Other common forms of

abuse include use of official staff, stationery, mailing and printing, and telephone lines for electioneering activities. In Bolivia and Mozambique, the two countries examined here, the European Union (EU) election observation missions and local media outlets detected widespread abuse of public vehicles and buildings by incumbent candidates during election campaigns, to the detriment of opposition parties (EU EOM Bolivia 2009a; EU EOM Mozambique 2009).

## Monitoring

These forms of abuse are easy to detect by external observers and the population. Monitoring and measuring them, however, is more difficult. While financial resources can be computed and the quantity of campaign ads aired or printed can be added up, the extent and economic value of using staff, facilities, vehicles, fuel, telephone, and mailing and printing services is hard to tally. Election observers usually limit themselves to anecdotal evidence. It is, nonetheless, possible to develop specific strategies for observation and intervention. A nongovernmental organization (NGO) in Paraguay has engaged in a joint observation with the government's audit office, monitoring the movement of public vehicles on election day by establishing checkpoints and requesting drivers of these vehicles to produce an official justification for their use on that day (Speck 2007).<sup>5</sup>

## Damage

After an evaluation of the extent of improper use of government resources, it is important to clarify what is at stake. In many countries, public administration slows down and almost comes to a standstill during the election period. An assessment of the abuse of public infrastructure, vehicles, or stationery during the weeks before election day may conclude that it has caused limited harm to the efficiency of public administration, since not much was getting done anyway. The returns in terms of more efficient public service delivery may not justify the effort and expense of extensively monitoring this form of abuse. That is, the cost of monitoring and curbing such abuse may exceed the public resources wasted.

However, while damage to public administration may be limited, use of vehicles and public buildings can inflict significant harm on a fair campaign. Opposition parties that do not have the ruling party's access to vehicles and public facilities to organize meetings will find themselves at a significant disadvantage in the competition for votes. In some countries where a dominant party has been in government for a long time, the tradition of abuse of government resources has helped turn the ruling party into a strong and well-equipped organization, while opposition parties struggle to survive. In Mozambique, the ruling Frelimo has regional headquarters across the country. Opposition parties have no comparable infrastructure and have scant means to contact and organize their followers. In the city of Beira, where the opposition won municipal elections in 2003, the new administration found that several public buildings belonged to the former ruling party and the city therefore had to pay rent to Frelimo (Savana 2010). In such cases, it may make sense to invest in monitoring and fighting the abuse of resources as a first step on the path from a dominant party regime to a more competitive political system.

## 2.2 Diversion of public funds to political parties

In some cases, public funds are diverted to fund the ruling political party or specific campaigns. There are both legal and illegal ways of doing this, but such cases usually involve embezzlement of public monies which are later funnelled to political parties. Besides outright siphoning of government funds,

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<sup>5</sup> It should be noted that in most cases, much of the abuse intended to skew elections will have taken place long before election day. However, abuse of public infrastructure on election day itself is still common in many developing countries.

schemes involving intermediaries can be used. In one such practice, the state contracts a private company—say, a public relations firm—at an inflated rate. The company then produces a media campaign for the government at a discounted rate, and the rest of the money in the contract is diverted to the ruling party for its own uses. Governments may also use subsidies to nonprofit organizations as a means of channelling funds to parties. Diverted funds may be used for electoral campaigns, or they may contribute to strengthening the institutional structure of the incumbent party on a long-term basis.

While the direct, unilateral funding of parties by government agencies is illegal in most countries, the role of public entities which are not part of public administration is less clear. State-owned companies, foundations, or other publicly funded entities are not always explicitly banned from sponsoring political parties. In Mozambique, there were reports that public funds had been used to pay for Frelimo's infrastructure, in particular to fund the Escola Central da Frelimo, Frelimo's party school, through money misappropriated from the state-owned enterprise Aeroportos de Moçambique (*Canal de Moçambique* 2009; *Notícias* 2010).

## Monitoring

Schemes to divert funds rarely leave a paper trail. It is difficult to suggest a method to evaluate the extent of illegal payments made using public resources. However, journalists, law enforcement officers, and representatives of political parties that were unsuccessful in elections all have an interest in putting together a clearer picture. They can play a role in finding out which schemes of abuse are most common and in developing reform proposals to close loopholes.

## Damage

The damage caused to public administration and to political competition must be assessed on a case-by-case basis. As a rule, the funds available for public administration by far exceed the amount of resources used for electoral campaigns. Even a tiny fraction of the resources of a government programme can significantly boost the finances of a campaign. Therefore, the political damage to electoral competition caused by such abuse tends to be greater than the damage to public administration from the loss of resources. It is the concern to ensure balanced political competition, rather than to improve the efficiency of public administration, that most often dictates the need for urgent action to curb this type of abuse.

## 2.3 Manipulating state communication

Abuse of state resources for electioneering includes the use of state media and state advertising. There are two important forms of abuse of these communication channels. The first consists of granting advertising space to the ruling party while limiting it for opposition parties, which are either denied access to space or charged higher fees. The second refers to partisan journalism depicting the government and the ruling party in the most flattering light.

Political bias derived from state ownership of media is different from the government's use of paid advertisements in private media. Announcements of public policies in state-owned media, including pictures of politicians or logos of political parties running in upcoming elections, are a subtle form of advertising. Another expression of political bias in government advertising is forcing private media to follow government directives on the publication of candidates' information. Given the importance of paid government advertising as an income stream for the private media in many developing countries, this form of abuse can be significant.

Both private and state-owned media channels may be subject to censorship that disadvantages opposition parties and favours the incumbents. Pluralism in media (having many companies operating rather than just a few) helps compensate for this bias. However, when the state is a dominant player in

the media landscape, the question of fair access to media still arises. As public institutions, state television and radio stations are obliged to be objective and independent, but they do not always fulfil this mandate. In Bolivia, for example, the three largest media outlets are owned by the state. The EU Election Observation Mission in Bolivia noted that the coverage of incumbent and opposition candidates on these networks was highly unbalanced, with much more TV time for the incumbent MAS party than for the opposition (EU EOM Bolivia 2009b).

In addition to manipulating state communication channels, governments use public funds to publicize their achievements in private media. This form of advertising can be exploited for partisan purposes by embellishing the reports of public policies and programmes with excessive references to members of the executive or ruling parties. In such circumstances it is difficult to distinguish the legitimate communication of public policies from the promotion of political figures who were in power when the programmes were implemented.

## Monitoring

The biased placement of political advertising in either state or private media is easy to monitor. Media monitoring is offered as a professional service that allows for precise assessment of the number of advertisements placed by political parties in both public and private media. The Asociación Civil Transparencia, a Peruvian NGO, operates an extensive network of volunteers who staff a TV and radio monitoring unit 24 hours a day during campaigns to evaluate equitable access to the media for all political parties.

The monitoring of bias in journalistic coverage requires more sophisticated methods, including content analysis and coding. Both NGOs and media monitoring agencies have undertaken such projects during election campaigns and have released reports on biased journalism. One of many examples is the monitoring of media coverage of the first multiparty elections in Sudan in 2010 by a consortium of observers. This consortium issued a report concluding that there was a clear bias in media outlets and in journalism coverage favouring two political parties to the detriment of others (SMEC 2010).

Another issue is government spending on advertising. Monitoring the amount spent on government advertising gives important clues to the purpose and content of propaganda pieces. The Asociación por los Derechos Civiles (ADC), an NGO in Argentina, monitored the amount the national government spent on official public relations and discovered that these expenses increased by 64 per cent in the 2009 election year, as compared to 2008 when no elections were held (ADC 2009). The monitoring by ADC also extended to the discriminatory use of paid government advertising to penalize private media companies not aligned with the government. The results of this research were important for a Supreme Court ruling in Argentina that found negative discrimination by the government against the newspaper *Perfil*. ADC has recommended regulating the allocation of government advertising by law, thus curbing politically biased allocation of resources.

## Damage

The most worrisome aspect of this kind of abuse is its negative effect on independence of the media. When political parties enjoy privileged access to media channels, either private or state-owned, and especially when these channels hold a dominant position in the media landscape, such connections can make fair political competition nearly impossible. A media channel owned by government that privileges the ruling party poses as great a challenge to fair competition as a private media channel that supports the election campaign of its owner or associates. The damage can be counteracted, however, if there are alternative channels of critical information.

## 2.4 Politicization of public servants

Beyond mobilizing public infrastructure and diverting assets, incumbent officeholders can enlist the assistance of civil servants in election campaigns. There are several ways of "instrumentalizing" the public service for political purposes. In the most common, public servants are summoned to participate in campaign rallies; the government may even declare a public holiday on the day the ruling party organizes a rally in town. Some Mozambican public school teachers were asked to campaign for the presidential elections in 2009 (EU EOM Mozambique 2009).

This form of abuse can also involve the extortion of payments to the ruling party from civil servants. So-called "voluntary contributions," which are actually involuntary, may be directly deducted from civil servants' salaries by the payroll office. This happened in Bolivia, where a bonus offered to civil servants in 2009 was perceived as compensation for paycheck deductions that had been diverted to the campaign of the incumbent party (*La Prensa* 2009a, 2009b). Finally, an entire career in public service can hang on political affiliation. Two professors at a public university in Mozambique were removed from their administrative posts at the university after being elected to office on an opposition ticket (Mozambique News Agency 2007). In a context of limited political competition, only party members will have access to higher positions in the state, and the separation of state from party becomes difficult.

### Monitoring

The politicization of the public service is easy to detect. Regular payments by civil servants to ruling political parties (in some cases directly from payroll) leave a paper trail, which allows state audit institutions to assess the financial volume of such practice.

### Damage

Forcing public servants to campaign for a political party implies a moderate cost in terms of the economic efficiency of public service. Since public administration slows down in election periods anyway, a day off for public servants to allow their participation in rallies incurs a minor cost. However, compulsory contributions to political parties inflict costs on public servants who are deprived of part of their wages. This imposes economic costs on households and violates the basic rights of members of the civil service. Forced political contributions also have a negative symbolic value: civil servants forced to donate money to the ruling party receive a clear signal they are serving the incumbent government rather than the public.

The political damage in terms of unfair political competition can be overwhelming. A political party with an army of civil servants at its command can campaign more efficiently than any competitor lacking similar resources. When a political party rules for a long period and holds power at the local, provincial, and national levels, the forced politicization of civil servants can preclude fair political competition.

## 2.5 Trading votes for access to public services

The abuse of state resources may also include buying political support from voters in exchange for public services and goods. When citizens depend on access to state services but those services are in short supply, providing favours can become entrenched in the political culture. Politicians use their influence in public administration to enable individual voters to access health care, housing, education, or other public goods. Recent studies have shown that access to public health services and education can involve networks of clientelism built around the role of individual electoral candidates. The candidates serve as intermediaries for access to such services, gaining in return the gratitude, loyalty, and ultimately the votes of beneficiaries of these schemes (Alcázar 2010).

In Bolivia, there have been accusations of political bias in access to subsidized housing and to a cash transfer programme known as Bonosol. The rapid expansion of conditional cash transfer programmes as a new model of social assistance in many countries represents a new frontier for the expansion of political client networks. As the programmes expand, there is an increased risk that politicians will use them to gain votes unless the schemes are accompanied by rules limiting the discretionary power of public officeholders in granting access to them and ensuring accountability in their implementation (Alcázar 2010). Researchers have gathered evidence that the institutional design of these programmes is essential in either facilitating or guarding against the trading of votes for access to public services (Iraola and Gruenberg 2008; Zucco 2011).

## Monitoring

While anecdotal evidence on patron-client networks and vote buying is available in many countries, systematic monitoring is rare. Trading votes for access to public services depends on the accessibility of the services and on a culture of trading votes for benefits. Surveys of public service delivery make it possible to assess the transparency and quality of service delivery in a very accurate way. Two types of information help reveal the extent of vote buying and the structural basis for this illegal market. One, studies on access to government services show how corruption filters access to these services at all levels of government (Speck 2005). Two, voter surveys directly assess the use of administrative favours for vote buying. A number of studies by the NGO *Transparência Brasil* on vote buying during elections show that trading votes for administrative favours is more common than trading votes for money. During the 2000 municipal elections in Brazil, 10.1 per cent of voters reported having been approached by a public officeholder seeking votes in exchange for an administrative favour, while only 6.6 per cent of voters had received an offer to trade their vote for money (Speck 2003).

## Damage

It seems obvious that vote trading causes damage to fair political competition. The economic damages, that is, the costs to the efficiency of public administration, are more difficult to assess. Trading access to public services for votes perpetuates poor service delivery: it reduces the transparency of services offered and the requirements for access to them, and leads to inferior quality and delay in obtaining such services. Clientelistic networks involving votes and public services can become entrenched over time. They do perversely benefit some citizens—those who receive the services. But systems characterized by vote trading perform worse overall than systems that grant access to their citizens without intermediation by elected officeholders.

## 2.6 Extorting donations from the private sector

In countries where corporate donations are a legal source of political financing, companies may make contributions to political parties with the expectation of deriving benefits from officeholders. In a competitive political system where several parties freely participate, this will produce donations to all candidates with a reasonable chance of joining the future government.

However, in nominal democracies with a single dominant party and limited prospects for a change in government, the picture is somewhat different. The government can increase funds to the ruling party by putting pressure on companies to contribute, reminding them that it expects financial support in exchange for licenses, contracts, or credit lines. In countries where the state is the biggest client ordering goods and services or the most important source of credit, most entrepreneurs will be willing to accept political conditions (such as making donations to a campaign) in exchange for business opportunities. Since companies doing business with the state are interested in maintaining good relations with the government, they have little choice but to bow to pressure.



States with extensive, complex, and unclear regulations for private business give public officeholders discretionary power to trade the removal of bureaucratic obstacles for support to the right candidate or party. In Mozambique, examples of such favouritism include facilitation of environmental licenses and irregular access to land deeds, as well as easier access to funding for businesses controlled by the party. While in most countries political parties do not have significant business interests, in Mozambique they do. Frelimo leaders and the party itself directly control many companies which benefit from business with the state (Hanlon and Mosse 2009). This adds another dimension to the Mozambican case: the privatizing of state resources by party bosses. Being a member of the government and becoming a rich man have become synonymous in modern Mozambique, while those who decline to play by Frelimo's rules find economic success very difficult.

## Monitoring

It is challenging to determine whether a given private donation results from extortion by the government or from a voluntary decision by the company. Neither companies nor government officials are interested in providing information on collusive arrangements that favour both parties. After all, when the collusion works, both sides benefit: companies keep their contracts and the government stays in power. In addition, it is difficult to pinpoint the specific motivation (economic interests or ideological support) that leads to a donation from the private sector. However, surveys within the private sector can identify the overall pressure for political donations (World Economic Forum 2003), and risk assessments may detect areas of vulnerability at the interface between the private sector and public administration.

## Damage

Forced donations have great potential to inflict economic damage. Companies that hold such contracts may deliver poor service to the population or impose a surcharge for goods and services they provide to the state. This affects government budget resources and economic activity in general.

The costs in terms of political competition can be even more severe. The private sector is often seen as the villain in political financing, introducing a plutocratic bias into campaign finance: parties that represent powerful economic groups will always have more money to campaign. It is important to note the possibility that the government may be another player that can undermine a level playing field by promoting the re-election of the ruling party. In some contexts the two players, the state and the private sector, can neutralize each other. The government promotes re-election, while opposition parties receive funding from the private sector. However, when both the private sector and the government throw their weight on the same side, funding parties that stand for the status quo, it is unrealistic to expect fair competition during elections.

### 3. An integrated approach to fighting abuse

As noted above, the abuse of state resources for political gain has been largely neglected. This is in part because the debate on campaign finance reform focuses mainly on regulating private campaign financing and on the role of the state in funding parties and elections or in granting free media access. While the abuse of state resources for electoral purposes is recognized as a problem, suggestions for solutions have been scarce. Public sector reform specialists, for their part, have focused on the problem of bribery, in which private interests of the bribe giver and the officeholder are the driving forces. While they recognize that abuse of public resources can be politically motivated, they have shied away from developing solutions that include the regulation of political financing.

Experts from both fields should work together to find solutions that will improve both the quality of democratic competition and the efficiency of the public sector. In so doing, they must face the fact that the two questions are linked. It will not be enough to fight vote trading through explicit rules with harsh sanctions defined by the electoral law as long as access to basic public services is scarce, forcing citizens to resort to political intermediaries when they want to enrol their children in school or obtain a business permit. Similarly, companies that depend on arbitrary decisions by officeholders will continue to grease the wheels by financing parties and candidates as long as they do business with the state. If opposition parties can mount a real electoral challenge, then funders are likely to finance them as well, thus diminishing the risk of unfair political competition. Increasing the efficiency of public administration makes it harder for public services to suffer abuses by incumbent parties.

A framework for combating the abuse of public resources for political gain should therefore include (1) identification of the problem, (2) assessing the political and economic costs, (3) deciding on the priorities for intervention, and (4) developing a set of responses that combine both public sector reform and political finance regulation. Points 1 and 2 have been addressed above. This section presents ideas falling under points 3 and 4.

The initial steps—assessing the extent of abuse of state resources for political gain, and evaluating the damage to public administration and political competition—should provide the information necessary to set priorities for developing strategies for change. The assessment varies by country, but as we have learned from Bolivia and Mozambique, the most blatant forms of abuse might not be the ones that cause the most severe financial damage. Nonetheless, reform efforts may focus on these highly visible abuses despite the limited damage they cause to public administration. Conversely, addressing issues related to the financing of politics may start by taking into account the costs of political financing to the efficiency of public administration (and not only the risks to fair political competition). To decide on reform priorities, a comprehensive assessment of both political and administrative costs of abuse of administrative resources is required.

#### 3.1 Restraining unilateral abuse of public resources

There are different ways to prevent the abuse of vehicles, infrastructure, and other administrative resources. One option is to explicitly prohibit the use of these resources for electioneering activities. However, rules clarifying what is unacceptable in terms of using state resources are an effective tool only when abuse is limited or there are specific loopholes to be closed. In some countries, such as Panama, the electoral law requires the election agency to control law enforcement agencies on election day to prevent any use of the police or military to favour a candidate. The same strategy could be replicated by other public institutions to prevent irregular use of equipment. It also helps if civil society and the press are able to bring pressure on the government and regulatory agencies to enforce existing rules or pass additional regulation.

Another strategy is to generalize access to government infrastructure to all political parties, allowing use of public buildings for party conventions, use of a certain number of vehicles during the campaign period, and so forth. This may be a possible solution when strategies based on prohibition fail. This strategy, if it balances electoral competition and limits the cost to public administration, could be used as an alternative to enacting yet more laws and regulations which may also be ineffective.

When abuse is widespread, a long-term strategy is necessary, namely strengthening the professionalism and independence of the civil service. To the extent that members of the civil service are independent from political appointment and obey standards of efficiency and public interest, the abuse of supplies becomes more difficult.

### 3.2 Consolidating standards of political neutrality

In addition to clear legal sanctions, remedies for abuse include greater transparency to enable watchdogs to monitor campaign activities. The diversion of public resources to fund political parties and campaigns is illegal in most countries. But monitoring and fighting such transgressions depends on the independence of law enforcement bodies. Absent such independence, pressure from media and nonprofit organizations becomes even more important. The transparency of public budgets and campaign financing, together with an active media and civil society, can reduce abuse of state resources during campaigns. In addition, it may be important to close legal loopholes which make it easier to siphon off resources. For example, the use of indirect public administration (such as foundations or state-owned companies, as in Mozambique) to make donations to political parties should be prohibited.

### 3.3 Regulating media access and government spending on communication

Remedies for inequitable access to the media include clear regulation of media space provided for political parties and candidates. The question of fair access transcends the division between private and public media; both require regulation. Reflecting global experiences, this regulation should include (1) provision of free airtime to all parties, including clear definition of criteria for distribution; (2) limiting or completely banning paid media advertisements, to limit campaign costs and provide equitable distribution of resources; and (3) when paid media access is allowed, guarantee of access to paid media advertising to all political parties, including clear regulation of rates charged and timetables for airing spots.

Where government spending on self-promotion is the main problem, it may prove hard to establish clear rules to ensure that content is free of partisan propaganda. One strategy is to limit the total amount spent on government advertisements in election years (when such spending tends to peak) so that it does not significantly exceed what is spent in non-election years.

Unbiased journalism in government-controlled media is also difficult to enforce through rules and regulations. An alternative approach is to strengthen the independent media, giving citizens access to more diversified sources of information. Oversight by civil society can support the implementation of such rules. During the general election in Argentina in 2007, Poder Ciudadano, a local NGO supported by an international foundation, organized systematic monitoring of media coverage to check whether political parties and their presidential candidates received a balanced distribution of airtime on TV and radio news and a balanced distribution of space in national print newspapers.

### 3.4 Banning members of the civil service from campaign finance

Building a professional civil service is the only sustainable solution to the politicization of public service to support the political party in power. Even if a complete overhaul of the civil service seems

to require a Herculean effort in many developing countries, there are specific remedies for certain symptoms of civil service abuse. These might include, for example, ending involuntary campaign deductions from civil servants' salaries by imposing an outright ban on donations by public servants to political campaigns. To make such regulation effective, media and nonprofit groups can work to expose abuses, and state audit institutions can provide regular assessments.

### 3.5 Improving access to government services to fight vote buying

The trading of votes for services can be discouraged by long-term investment in expansion of access to public services such as education and health care. This can help reduce the discretionary power of public officeholders to grant or deny access to such services, which gives rise to political clientelistic networks. Efforts to curb vote trading are usually closely linked to efforts to combat bribery, because the same services may be "sold" for money when no election is in the offing.

### 3.6 Regulating corporate donations

Curbing the extortion of donations from companies requires steps to address vulnerabilities in specific areas of contact between the private and public sectors where the discretionary power of public officials makes such extortion possible. Usually corporate campaign donors expect to receive repayment in the form of government contracts, but favours in other areas, such as licensing, credit lines, privatization, and taxation, may also be important. Specific regulations in each of these areas must be reviewed carefully. In some countries, the discretionary power of tax authorities may be the point of entry for political donations; in others, the granting of loans by government could be the driving force.

Reforms to curb the abuse of public office by officials who offer (or withhold) contracts or licenses to companies which have (or have not) donated to the incumbent party are inseparable from the fight against bribery by corporations. Public administration that is susceptible to one form of abuse is also susceptible to the other. A preventive approach includes demanding more transparency in political campaign donations through reporting of donations to an official electoral management body and eventual disclosure of information to the public. With such transparency, voters and watchdog groups can track the behaviour of elected politicians to see whether they favour the interest groups that supported their campaigns (Transparency International and the Carter Center 2007).

In the field of campaign finance regulation, approaches to corporate donations differ widely. Banning corporate funding may seem to solve the problem, but it may in fact only result in donations not being reported. One way to limit the risks of extortion, when an outright ban on corporate contributions is not feasible, is to exclude certain types of corporations from being allowed to contribute, depending on their closeness to the state.

### 3.7 Balancing donor agendas

In addition to addressing irregularities in the offices of local politicians and the headquarters of government agencies in developing countries, it is also important to focus on improving the role of donors. A more balanced set of priorities in donors' development, diplomatic, and commercial agendas will encourage them to become more outspoken when faced with abuses. As seen in the cases of Bolivia and Mozambique, sometimes abuse of state resources for re-election is regarded as mere "collateral damage" that must be factored in when developing strategies of engagement with the government of the recipient country. Donors tend to assume an attitude of resignation towards the problem, suggesting that it is too politically sensitive for them to deal with. Rich countries (and their corporations) may benefit politically or commercially from smooth relations with the recipient country, but the trade-off is that the development funds invested may be misspent and fail to achieve their objectives.

## 3.8 Conclusion

Abuse of public office for political purposes has long been a reality in both rich and poor countries. Standards to determine what is and what is not acceptable in terms of using state resources for the purpose of re-election, and the appropriate solutions to address such abuses, cannot easily be transferred from one region to another. The examples explored here show that different contexts demand specific solutions appropriate to those contexts.

Improving practice in this regard requires the involvement of many actors, including both local and international stakeholders. Where there is no local demand from citizens and civil society, it is difficult for donors alone to make a difference. However, donors have more capacity to exert positive influence than they are sometimes willing to use. If donors are committed to taking steps to reduce abuse of public office for re-election, they must consider not only the specific issues of political finance but also more complex combinations of programmes and policies. That is, they must support policies aimed at reform in other public sectors, since these sectors provide the resources that incumbent groups use to seek re-election. Such a wider understanding also implies a longer-term perspective, as combinations of policies require more time to generate results.

The following annexes on Bolivia and Mozambique provide additional detail on the experiences of two countries with different levels of aid dependence and exposure to donor influence. Understanding the problems encountered by Bolivia and Mozambique, as well as the mitigating actions proposed, may be valuable to other countries where abuse of state resources for political gain is also an obstacle to development.

## Annex I: Report summary – Bolivia

*Based on research by Guillermo Pou Munt Serrano in La Paz*

The campaign for the December 2009 elections in Bolivia led to re-election of Evo Morales as president, with 64 per cent of the votes. His political party, MAS (Movimiento al Socialismo, or Movement for Socialism), won the majority of seats in the Chamber of Deputies and the Senate. This resounding victory, however, was marred by a campaign tilted in favour of the incumbent party, according to the EU Election Observation Mission. MAS had broad access to public resources and state media channels, while smaller parties faced serious limitations (EU EOM Bolivia 2009b, 18). Media outlets in the country reported several kinds of abuses during the campaign (*La Razón* 2009; *La Prensa* 2009b).

Irregular use of state resources to guarantee re-election has been a long-standing problem in the country. In the nineteenth century, the Bolivian state was already a source of employment and clientelism linked to the electoral system. The problem has continued since then, despite greater recognition of the need for public oversight.<sup>6</sup> Nevertheless, space has been opened for new forms of public representation through public referenda and the transformation of indigenous groups and social movements into political parties.

This new context is also linked to the role of international donors in the country. Bilateral donors, especially European ones, began some time ago to disburse funds and provide technical assistance through civil society organizations in Bolivia. This allowed such groups to build capacity and organize, which may have led, unintentionally, to the creation of new political forces that started to engage in traditional politics. Channelling funds through civil society organizations also helped disengage donors from their previous principal partner, the state, leading to a reduction of donors' leverage. The substantial increase in gas revenues also decreased the government's dependence on foreign aid.<sup>7</sup> Finally, the emergence of Cuba and Venezuela as important new partners has further eroded the influence of traditional donors.

### How does abuse of state resources take place in Bolivia?

Interviewees for this study<sup>8</sup> suggest that the social sectors (health, education, subsidized housing, and cash transfer programmes) as well as large infrastructure projects have been the sectors most prone to abuse over time. Vulnerability in these sectors is due to the high volume of resources involved, the weakness of their institutional controls, and their capacity to generate significant short-term political benefits.

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6 The new constitution, approved in 2009, establishes social control over public management, including provision of a role for organized civil society in denouncing corruption; over the formulation and implementation of public proposals; and over legislative initiatives (Aldana 2010, 497).

7 In May 2006, President Evo Morales nationalized the gas sector in the country.

8 This study relied on a literature review and semi-structured interviews with 13 stakeholders, including international aid donors active in Bolivia and staff of NGOs and research centres. The interviews were conducted in La Paz between July and November 2009.

During campaign periods, abuse takes many forms:

(1) Abuse of coercive powers

- “Voluntary” contributions are extorted from civil servants. During the 2009 campaign, it was revealed that civil servants’ paychecks were being docked by 5 to 50 per cent, with the funds used to finance the campaigns of the president and vice president. A bonus paid to civil servants later that year was considered compensation for the forced contributions. The continuation of the civil servants’ employment was alleged to be conditioned upon the contributions (*La Prensa* 2009a, 2009b).

(2) Abuse of institutional and financial resources

- During the 2009 elections, ministers inaugurated public works or delivered services while promoting the MAS campaign through distribution of campaign material. There was also the timely launching of new services, such as a subsidized housing programme for newlyweds, to coincide with the campaign (*Los Tiempos* 2009).
- There is anecdotal evidence of the use of public vehicles for campaigning, as well as evasion of legislation to deal with offenders in at least one such case.<sup>9</sup>
- Abuse of state-owned media has taken place in a context in which there is no state funding to support all political parties and the most important media outlets are in the hands of the state.<sup>10</sup>

## Existing systems for fighting abuse

Abuse has been a common practice, and in some cases it is regarded as harmless (as when government officials inaugurate public works or launch new services while campaigning). In addition to such indifference, there are lacunae in the legal framework:

- The electoral code and the Ley Transitoria Electoral (Transitional Electoral Law) from 2009, which regulate the behaviour of competitors in electoral processes and define the responsibility of relevant institutions, are weak instruments. Both require “verified” complaints to set action in motion, creating bureaucratic obstacles to citizen complaints.
- Ley 1178 (Law of Administration and Governmental Control, from 1990) defines responsibilities attached to public positions but envisages only administrative sanctions for noncompliance. The sanctions are to be carried out by the institution employing the public servant in question, thus possibly establishing a conflict of interest.
- Decreto Supremo 0181—Normas Básicas del Sistema de Administración de Bienes y Servicios (Supreme Decree 0181—Basic Norms of the Management System for Goods and Services) has

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9 The Electoral Code includes sanctions for public servants who engage in campaign activities during their working hours or use state equipment for the same purpose. However, in one case, when the La Paz mayor’s wife used a public vehicle to campaign on his behalf, the court decided that she was not a civil servant and thus the law did not apply.

10 According to the Observatorio de Medios Públicos (<http://www.observatorioboliviano.blogspot.com>), the three largest media outlets in Bolivia are Radio Patria Nueva, Canal 7, and Agencia Boliviana de Información. They are part of the public communication system set up by the Morales government. This also includes a project called Radio de los Pueblos Originarios de Bolivia (Radio of the Original Peoples of Bolivia), a system of 30 radio stations across the country.

modified procedures for public procurement in ways that make it easier to evade the norms. This suggests an increased risk that contracts may be used for clientelistic purposes.

Even flawed laws can have some corrective effect if applied appropriately. Nonetheless, in Bolivia, application of the law has tended to bow to politics. Laws may be ignored or applied at the discretion of officials. These weaknesses extend to the institutions responsible for dealing with electoral process. The Órgano Electoral Plurinacional (OEP, the body responsible for elections in Bolivia) developed a new norm to deal specifically with the use of state resources during the 2009 campaign. However, the OEP lacks capacity to enforce the norm, instead relying on a judicial sector that does not work actively to settle cases. Finally, the Contraloría General del Estado (Comptroller General's Office) faces chronic limitations of resources. While the Contraloría identifies problems, these are dealt with by the public entity concerned. Thus the institution responsible for an offence has responsibility for sanctioning its own employee who may have been engaged in irregular practices.

## Conclusion and recommendations

Addressing the problem starts with consolidation of the normative framework and the institutions already responsible for dealing with such cases. This is mainly a task for government, but civil society and the international community, to the extent that they can monitor and pressure the government to implement changes, are also important actors. The Bolivian government should:

- Promote responsibility attached to public positions through implementation of Ley 1178. One short-term measure involves processing control measures and sanctions more efficiently, which would have a deterrent effect on irregular behaviour. More ambitious long-term measures should include a programme to develop a culture of ethics among civil servants.
- Implement social control as envisaged in the new constitution. This still requires legislation to define how the population is to participate within the framework of the constitution. Mechanisms to guarantee civil society control over public institutions as well as political parties should also be integrated into the electoral legislation, with mechanisms for denunciation of abuses and witness protection.
- Pass specific regulation targeting the abuse of state resources. Regulations should identify specific offences and provide sanctions that deal not only with individuals but also with the institutions involved, such as political parties. Norms should be detailed enough so that political actors cannot use vague wording to assume incorrectly that measures not included in the specific terms are allowed.
- Strengthen the Órgano Electoral Plurinacional, filling in the lacunae in the legislation. In addition, this institution needs financial support and independence to deal with complaints. For example, the OEP should have the capacity to sanction those involved in abuse of state resources by excluding them from electoral processes after due investigation and verification. The electoral system should include mechanisms for regular monitoring and communication of best practices for prevention of abuses during electoral and non-electoral periods. The OEP should also be empowered to request information related to the accounts of public entities, ask public servants to provide information, and demand regular reports and audits of specific cases from the Contraloría. It also needs sufficient resources to enable its staff to conduct audits directly.
- Strengthen the Contraloría General del Estado. There are clear conflicts of interest when problems identified by the Contraloría are handled by the institution that employs the civil servant involved in the offence. To deal with this problem, the Contraloría needs independence



and adequate staff to deal with the full process of auditing activities involving the use of public funds.

International aid donors interviewed do not see their agencies as having the responsibility to intervene in alleged abuses. They regard this as a problem to be dealt with by Bolivian civil society and press. It may even be said that they accept abuse of state resources for re-election as "collateral damage," to be ignored as long as they achieve their goals in particular projects or programmes. Other actors interviewed suggested that traditional donors sometimes turn a blind eye for diplomatic reasons. This indifference can lead to the waste of donor resources and contribute to entrenching a particular group in power. International donors should:

- Routinely consider abuse of state resources as a risk factor in assessment of their activities, and include mechanisms in their memoranda of understanding to minimize the possibility of abuse.
- Respond collectively to cases of abuse, with collective development of criteria and mechanisms for response.
- Take a proactive role in sharing information among donors when identifying abusive practices. Even if they are reluctant to take action in the aftermath of abuse, donors should inform others of such cases so that they may take informed decisions on whether or not to engage with individuals and institutions who have been involved in irregular use of state resources.
- Consider funding efforts to reform legislation to strengthen institutions, as indicated above.
- Continue supporting civil society and the independent press through technical capacity building and financial support.

## Annex II: Report summary – Mozambique

*Based on research by Jonas Fernando Pohlmann in Maputo*

In late 2009, frustration among international donors in Mozambique was growing. The slow pace of the government's long-promised public sector reform and the persistent squandering of public funds and illicit personal enrichment by government officials led the group of 19 large donors, known as the G19, to publicly manifest their discontent.<sup>11</sup> The immediate impetus came from the dubious conduct of the Comissão Nacional de Eleições, the national elections commission, which excluded several political parties from participating in the 2009 elections in several provinces. Among them was the Movimento Democrático de Moçambique, or Democratic Movement of Mozambique, a prominent opposition party.

The donors perceived that efforts by incumbents to remain in office were undermining development work. Thus the donor community eventually reacted in an area it had previously avoided due to concerns about interfering in sensitive domestic political issues. In January 2010, donors resorted to freezing US\$175 million that was scheduled to be disbursed into the government's state budget. Conditions for reversing the freeze touched on several politically charged issues.<sup>12</sup> Mozambique accepted nine of the 10 demands by the G19, but rejected an important one: the call to effect a separation between the ruling party (Frelimo) and the state by dismantling the structure of party cells that currently exist within public institutions in the country.

### A party or a state?

Nominally, in Mozambique, the state and the political party in power are two separate entities. The interests of Frelimo, the incumbent party, should not be considered synonymous with the interests of the country. In practice, however, there is no clear separation. Interviewees for this study<sup>13</sup> indicated that Frelimo members, who occupy most public sector jobs, make sure that the party's interests are protected inside and outside of the state administration.

Given the extent of the problem, it is almost impossible to specify one particular public sector most prone to abuse (Spector et al. 2005). The state and the party are still so interlinked that resources under state control are understood as resources that can legitimately be used by party members to pursue party policies (which are, in turn, misleadingly portrayed as always coinciding with the interests of the country).

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11 Formally called Programme Aid Partners (PAPs), these large donors provide budget support in Mozambique. They include the World Bank, African Development Bank, and European Union, as well as Austria, Belgium, Canada, Denmark, Finland, France, Germany, Ireland, Italy, Portugal, Norway, Spain, Sweden, Switzerland, the Netherlands, and the United Kingdom.

12 The donors' list called for addressing the blurred distinction between party and State (the fact that Frelimo organizes party cells within the bureaucracy), enacting electoral reform, improving inclusiveness through changes to the workings of the Parliament and consultative councils, requiring public and verifiable declaration of assets, and taking steps to reduce conflicts of interest.

13 This study relied on a literature review and semi-structured interviews with 14 stakeholders, including bilateral donors active in Mozambique, staff of NGOs and research centres working on issues related to state reform, political party members, and members of the media. The interviews, in Maputo, were conducted between September 2009 and March 2010.

The abuse, perceived as worsening during electoral campaign periods, has also reached the private business sector, a significant proportion of which is under the influence of Frelimo (CIP 2008).<sup>14</sup> Thus the incumbent Frelimo party can take advantage of both the public and private sectors, resulting in even greater imbalance.

In order to guarantee an advantage during electoral campaigns, examples of abuse include:

(1) Abuse of coercive powers

- Organized party cells function inside state institutions and state-owned enterprises. No legislation regulates this situation, and other parties do not enjoy similar access to the state bureaucracy.
- It is widely perceived that membership in Frelimo facilitates access to jobs in public institutions and state-owned enterprises. In addition, there is swift progress through the ranks of the civil service for party members, with reduced possibilities for non-party members. Eduardo Namburete and Ismael Mussá, two lecturers at the Eduardo Mondlane University, were dismissed from management positions at the university in 2005 after being elected to Parliament on opposition tickets. This was perceived as political persecution, although both retained their lectureships. Mussa's management position was restored by an administrative tribunal in 2007 (Mozambique News Agency 2007). In 2009, a civil service statute (Estatuto Geral dos Funcionários do Aparelho do Estado) was approved to regulate access to and advancement in the civil service. The statute, however, does not forbid the use of public facilities for party meetings.
- There is a "flexible" concept of the independence of institutions. For example, court decisions may be issued to accommodate the needs of the political party in power.

(2) Abuse of institutional and financial resources

- State resources such as public buildings, vehicles, and staff, as well as financial resources, are used to prop up Frelimo's campaigns. Examples included a public tender run by the provincial branch of the Ministry of Finance in Inhambane in 2008 to acquire, among other items, 5,000 party flags (*O País* 2008). As noted above, teachers were expected to campaign during class hours in 2009 (CIP and AWEPA 2009).
- Campaign contributions are demanded from state-owned enterprises, and "voluntary" contributions are deducted from civil servants' salaries.
- It is publicly recognized that being a member of Frelimo means preferential access to business opportunities. The private business database Hermes<sup>15</sup> in Mozambique includes a number of companies listed under the names of several of the most senior Frelimo political figures. This implies the risk of serious conflicts of interest. One example is the company Kudumba Investments Lda, which won a tender to provide scanning services to Mozambique's port and

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<sup>14</sup> Sectors that attract foreign direct investments (such as oil and mining) have been identified as prone to abuse since agreements can be negotiated "informally" through political connections. State-owned enterprises, financial industries, and telephone communications have also been mentioned as lacking full oversight by the Tribunal Administrativo (the authority responsible for external control of public finances).

<sup>15</sup> Hermes is a closed-access database of legal entities, as published in the *Boletim da República de Moçambique III Série* (Bulletin of the Republic of Mozambique, Series III), the official gazette for information on certification, licensing, and registration of legal entities.

border control authorities. Not only is Kudumba registered as belonging to a holding company associated with Frelimo, but it also indicates in its statutes that it works in logistics and import/export. Thus it would be providing services to the same custom authorities that are responsible for inspection and collection of fiscal duties on Kudumba's imports and exports (Mosse and Munguambe 2007).

- Regulations for setting up businesses are relaxed when licenses for party members are concerned. Examples mentioned related to facilitation of environmental licenses and irregular access to land deeds for new businesses belonging to party members or people associated with the party.
- State-owned enterprises are used to fund party activities. This was the case with the state-owned Aeroportos de Moçambique (Mozambique Airports), which lost US\$2 million embezzled by the former communications and transport minister, António Munguambe, and other civil servants. Out of this amount, around US\$200,000 was allegedly diverted to fund the Escola Central da Frelimo, Frelimo's party school, in the district of Matola (Canal de Moçambique 2009; *Notícias* 2010)

Controlling the state and expanding the party's reach into the private sector has a perverse vicious-circle effect. Privileged access to economic opportunities for those with political power keeps political competition on an unequal footing, given the unbalanced access to resources.

## Existing systems for fighting abuse

Mozambican anti-corruption legislation has been on the books since 2004. Several related pieces of legislation are also in place, including the Penal Code, regulations on conduct of civil servants and elected public officials, regulations on inspection of public expenses, and rules for public procurement. Mozambique has also signed and ratified a number of international agreements such as the United Nations Convention Against Corruption (UNCAC), the African Union Convention on Preventing and Combating Corruption, and the Southern African Development Community Protocol Against Corruption.

The Procuradoria Geral da República (Attorney General's Office) is responsible for prevention and control of crime and corruption, as well as for defending the interests of the state and the rule of law. The Tribunal Administrativo (Administrative Tribunal), the Inspeção Geral de Finanças (General Inspectorate for Finances), and the Gabinete Central de Combate à Corrupção (GCCC, Central Office for Combating Corruption) are the most important institutions involved in combating abuse of state resources at the executive level. In Parliament, the Comissão de Plano e Orçamento (Planning and Budget Commission) is responsible for inspection of public accounts. However, the laws are perceived as flawed, with an overemphasis on administrative corruption and neglect of conflict of interest and abuse of state resources for political purposes. At the same time, the institutions responsible for enforcement are considered to be inefficient and to lack independence.

Against this backdrop, Mozambique is still heavily reliant on foreign aid. Fifty-one per cent of the country's state budget came from official development assistance in 2006–2009 (AfriMAP and OSISA 2009, 175). Although budget support from donors meets international commitments, donors run the risk that their resources will fuel abuse and bolster efforts by incumbents to entrench their power. Representatives of the donor community acknowledge their lack of coherence when it comes to corruption cases. Although they believe they have limited space for action, they do have extensive leverage through their control of the purse strings. Some donors admit they could be more proactive in pushing for more transparency in utilization of aid resources.

## Conclusion and recommendations

The freezing of funds in Mozambique in early 2010 was a shift for donors in the country.<sup>16</sup> There seems to be a clearer understanding now that re-election efforts provide incentives for abuse of public resources, and that donors supporting anti-corruption efforts must take this into account.

Most of the recommendations below can be implemented by donors in their current development work. Their implementation would have a direct impact on levels of abuse of state resources and help level the playing field for political competition without signalling donors' direct engagement in partisan politics.

(1) Bring pressure to speed up legal reform by encouraging the Mozambican government to:

- Pass the legislation on access to information that remains stalled in Parliament at the time of this research. This would buttress the oversight work of media and civil society.
- Put in place legislation on conflicts of interest and the "revolving door." These laws should clearly detail the situations in which public officials, whether elected or appointed, can engage with private business and the appropriate procedures for dealing with conflicts of interest when they arise.
- Revise legislation on asset declaration so that declarations are reviewed by the Tribunal Administrativo and can be accessed by the public.
- Revise the Estatuto Geral do Funcionário do Aparelho do Estado (civil servant statute) so that it prohibits party activities within the bureaucracy.
- Revise the anti-corruption legislation to include among corruption crimes the diversion of state resources, enabling the GCCC to monitor such abuses.
- Revise the legislation on concession of benefits to foreign direct investments to make explicit the requirements for receiving such benefits. These are currently political decisions taken by the director of the Centro de Promoção do Investimento (Investment Promotion Centre), the minister of Planificação e Desenvolvimento (Planning and Development), or the Council of Ministers.

(2) Support strengthening of civil society

- Support independent research organizations financially and by building staff capacity, particularly with respect to their work in monitoring abuse of state resources and implementation of relevant legislation.
- Maintain a focus on anti-corruption in donor interactions with the government and civil society through such means as organizing seminars and supporting public debate on sensitive questions.
- Build the capacity of NGOs at the local level so they can be more proactive in engaging with the Conselhos Consultivos Locais (Local Consultative Councils).

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<sup>16</sup> Nonetheless, some criticized this freezing of funds, asserting that Mozambicans themselves should be making these decisions and dealing with these problems rather than depending on the decisions of self-interested donors (Macamo 2010). It was also pointed out that the demands of the donors were not new, and that the freeze on funding would damage poor people dependent on public services rather than government officials.

- In annual review processes, reduce the leading role of the international donor community and demand participation of civil society.

(3) Support strengthening of the media

- Strengthen the role of community radio, especially its capacity to support oversight and monitoring of the state by providing information to the public.
- Create a Fund for Investigative Journalism to finance proposals submitted by investigative journalists, and support capacity building in investigative journalism.

(4) Become more critical as partners of the government

- Adopt a more proactive attitude by speaking out against abuses, especially during campaign periods.
- Review the memorandum of understanding that governs the relationship between the government and donors, giving consideration to reduction of future support when there is clear evidence of abuse and the authorities fail to take swift action. This is preferable to the sudden withdrawal of funds in an unpredictable fashion, as happened in early 2010 in a move that was widely criticized.
- Continue supporting public sector reform by bringing pressure for measures to regulate the state's relationship to the private sector, with particular attention to favouritism shown by elected or non-elected officials toward certain foreign investors.

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## Abstract

Abuse of state resources for re-election damages democracy creating an unlevel playing field that improves re-election chances of incumbents and negatively influencing the quality of government, since diversion of resources for financing campaigns incurs costs for the institutions involved and may reduce services provided to the public. Efforts to confront the problem require attention not only to politicians abusing these assets but also to the public administration system that supplies such resources. Most efforts however deal only with the first part of the problem. This paper explains the need for an integrated reform strategy, including reforming the electoral system, strengthening political parties, and regulating the financing of parties and elections. But, at the same time, any strategy that aims to reduce the vulnerability of the public sector to political abuse during elections should work to curb the supply of resources through strengthening the civil service, building state monitoring mechanisms and enhancing transparency to allow for media and civil society oversight.