



CUIMUN XXIV

Study Guide

**United Nations Development
Programme**



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Welcome Letter from the Chairs

Dear Delegates,

It is my pleasure to welcome you to the United Nations Development Programme of the Cambridge University International Model UN Conference 2018! On behalf of my co-directors, I would like to thank you for choosing the UNDP committee and look forward to meeting you all in November.

One of the United Nations Development Programme's main aims is the achievement of the Millennium Development Goals and more recently the Sustainable Development Goals. With that in mind, the two issues that we are discussing in this year's iteration of the UNDP are the strengthening of data for sustainable development and combating corruption in development projects.

Delegates are expected to thoroughly read this study guide before attending the conference. It will act as an introduction to the topics that will be debated and should be used as a springboard to independent research. Research into your own nation will also be expected during the conference to ensure that the level of the debate is high. We highly encourage you to read from different sources and think outside the box too!

We look forward to meeting everyone in November and to a weekend of lively debate! All the best for your preparations and please do not hesitate to reach out to us if you are unsure about anything!

Regards,
Natalie Chung
Director of UNDP

Introduction to the Committee

The United Nations Development Fund (UNDP) is the principal organ of the United Nations in all matters relating to development. The UNDP is an executive board within the General Assembly (GA) and is based in New York. It is often referred to as the Global Development Network of the UN.

Founded on the 22nd November 1965, UNDP operates in one hundred and seventy-seven countries. Its Administrator is the third highest-ranking official of the United Nations, following the Secretary General and the Deputy Secretary General. On June 19th, 2017, the General Assembly ratified the appointment of Achim Steiner as the Administrator of UNDP to a four-year term. Global Ambassadors of UNDP include “Game of Thrones” star Nikolaj Coster-Waldau, Goalkeeper Iker Casillas and the “Michelin Award” winning Roca Brother cooks. The Annual Budget of UNDP amounts to around 5 Billion USD.

The *modus operandi* of the UNDP can best be understood in relation to the post 2015 development agenda and its goals for 2030: The Sustainable Development Goals (SDGs). These seventeen interconnected goals and one hundred and sixty-nine targets, established by Resolution A/RES/68/288 (2015) aim to eradicate poverty, promote development, and establish peace. The SDGs replaced the eight Millennium Development Goals (MDGs) in 2016.

As such, UNDP seeks to achieve the SDG’s through on-ground projects, policy recommendations, and institution building. Hereby, this body strongly seeks collaboration with governments, civil society and the private sector.

Through working on multi-tiered levels, aiding governments in shaping development policies, strengthening infrastructure through working on grassroots levels or collaborating with Non-Governmental Organizations (NGOs), UNDP seeks to accomplish following objectives, *inter alia*:

- Reduction of poverty
- Gender equality
- Democratic governance and peace building
- Disaster risk reduction
- Reduction of income inequality
- Educational attainment
- Reduced carbon emissions
- Sustainable resource management

Topic A: Strengthening Data for Sustainable Development

Introduction

“Information is the oil of the 21st century, and analytics is the combustion engine.”— Peter Sondergaard, Senior Vice President at Gartner Inc.

Data is a constantly changing tool in the world, our generation is more aware of it than ever of this global data revolution is unfolding across the globe. When people communicate via the internet, mobile devices, social media, and even mail, they produce digital data. The Oxford English Dictionary (OED) defines ‘data’ as: “Facts and statistics collected together for reference or analysis”. The data we are dealing with today is on a scale never before seen. It is estimated that around 1.5 billion gigabytes of information was produced in 1999.¹ In 2003, the study was repeated by researchers at UC Berkeley in 2003, and found that in three years, the figure had increased twofold.² Since October 2014, there are more mobile devices in the world than people. There are over 7 billion gadgets in the world, nearly every one of them a connection to the Internet. The dramatic increase in the scale of data being shared is related to the rise of computer technology: as the number of computers in use increases, so too does data usage.³

The idea of strengthening data can refer to a few things: improving data collection methods, enhancing data processing systems, expanding the types of data used, and revolutionising the use of data are only few possibilities. One of the most main developments recently is the emergence of Big Data. The term Big Data remains ambiguous. “There is no rigorous definition of big data,” explain Viktor Mayer-Schönberger and Kenneth Cukier. But definitions range from more basic to complex. A 2011 study by McKinsey defined big data as “datasets whose size is beyond the ability of typical database software tools to capture, store, manage, and analyse” where this definition is “intentionally subjective and incorporates a moving definition of how big a dataset needs to be in order to be considered big data.” Meanwhile, Gil Press himself proposed defining big data as “the convergence of enterprise and consumer IT.”

Today, we ask ourselves how we can exploit this data, or more specifically Big Data, in Developmental Economics, “the study of how to increase wealth in countries that are changing

¹ Gil Press., 2014.

² Peter Lyman and Hal R. Varian. 2017.

³ See: Mauricio Printzlaw, 2015 and Boren, 2014.

from an agricultural economy to an industrial one”.⁴ One aim of the Sustainable Development Goals is to “increase significantly the availability of high-quality, timely and reliable data disaggregated by income, gender, age, race, ethnicity, migratory status, disability, geographic location and other characteristics relevant in national contexts” by 2020.⁵ Indeed, once aggregated and anonymised to protect individuals and groups, this data can be harnessed for public good. Global Pulse, directed by Robert Kirkpatrick, is a UN initiative of the UN Secretary-General to support member states to use this data, obtained from both corporate and state actors, to create more inclusive policy. It is an innovation lab to learn how to use real-time datasets that were compiled in the aftermath of the most recent global financial crisis. The past 5 years focused on how best to harness this new data, to measure sustainable development, as well as to achieve it. The focus of today's debates is therefore to further this effort.

⁴ Financial Times. 2017

⁵ The Hunger Project. 2014

Timeline of Events

A decade ago, the amount of data created by computing was neither great nor significant. Compare this to the present, as 10,000 tweets and 50,000 Google searches are being sent every second. In 1998, Google received only around 10,000 searches per day. The current world created around 30,000 GB of internet traffic per second, all of which is being saved onto online web storage databases, rather than being deleted. The growing number of gadgets and features results in even more data and creation of large data sets. This flood of data, the large amounts of data created, is often named by the term 'big data'. Big data has many potential applications and can be used in policy making for development. It helps people understand in real time what people care about. Social media content, for example, gives real time info on the location of fires, and needs of local populations.

It also helps understand the current level of development on a deeper level. For example, mail flow has been linked to GDP, providing global picture of economic trends. Tracking how people spend online, transfer and borrow money, gives a prediction of overall level of poverty. The movement detected by mobile phones can help with tracking and predicting the spread of disease. For instance, movement from typhoid hotspots predicts where the next one will be by showing where people are going.

The UN have therefore enacted a program to utilize this wealth of information for the global good. The Global Pulse Initiative brings together government, private sector and corporate, open source technologies, community groups, academia, local entrepreneurs, foundations and NGOs, and the United Nations, to compile big data, analyse it, and from this, created policy. According to the UN Global Pulse Website, "Global Pulse functions as a network of innovation labs [... and] mainstream approaches for applying real-time digital data to 21st century development challenges. Objectives include: achieve a critical mass of implemented innovations, lower systemic barriers to adoption and scaling and strengthen the big data innovation ecosystem".⁶

⁶ UN Global Pulse. 2016.

Discussion

There has been a shift in “the way data are gathered, manipulated, and disseminated”, where past established data methods face a set of challenges.⁷ These challenges include the rising costs of surveys, declining response rates, and lengthy time lags between the collection and publication of the statistics, leading to potentially inconclusive findings.⁸ Furthermore, “tools for data extraction, manipulation, and analysis are rapidly evolving,” and “sources of knowledge generation and innovation are expanding beyond the traditional developed countries”.⁹ These highlight the issues of the current state of data collection. Improvement on the methods of data collection would assist sustainable urbanisation in developing countries if they had previously been hindered by the costs of implementing data collection and cannot keep up with the processing of this information.

One of the most prominent data initiatives the United Nations Development Programme has been focusing on in recent years is that of Big Data. Big Data has been hailed as a groundbreaking new way for development, and is a broad term for large sets of data. Industry analyst Doug Laney tried to categorise and identify Big Data in 2001 by the three V’s:¹⁰

- **Volume.** The amount of data is essential to the value of the data sets. The quantity determines the potential of the data. In big data, quantity tends to rule over quality. Adding more true values/data to a dataset would eliminate the inaccurate, incomplete data. Those deviant data points would be regarded as incorrect because they are not following the other majority of the data points, while with lesser data points, those deviant points could represent a large share or even the majority of the data. In the past, extravagant amounts of data caused major storage problems. These problems occurred because organizations were not able to store all this data via a cost-efficient manner.
- **Variety.** Data comes in all formats, from organized, numerical data in standard databases to information created from business applications. Other forms include 3D models, videos, audio, emails, unstructured text documents, financial reports and transactions, stock data and so on. Data must be presentable in a variety of formats in order to be called big data (along with other requirements). The problem with the variety is how to organize, merge and govern all of these different types of formats.
- **Velocity.** An exponentially growth of data results in an increasing speed at which data is generated. Data is created with great speed from all kinds of sources today. For example, Twitter generates eight terabytes of data from their tweets per day.¹¹ The speed of the incoming data results in a challenge for the latency of capturing data. Data that is

⁷ National Research Council, 2012

⁸ Ibid.

⁹ Ibid.

¹⁰ Laney, 2001.

¹¹ Krikorian, 2010.

captured and organized without lag or available to analyse in real-time makes it more useful.

These three characteristics are still widely used in the industry to define Big Data and specialists have, since 2001, added more attributes:

- **Veracity.** With great data sets come differences in quality. It is important for organizations to know if the data comes from a reliable source, whether it is accurate and complete. As mentioned, the accuracy of single data points does not matter, as long as there is enough data to compensate for the ‘faulty’ data points; however, accurate and complete data leads to more accurate analysis and therefore more accurate insights for businesses.¹²
- **Complexity.** Big data differs in complexity, because data with multiple sources is more complex than data with one single source. More sources require more computing power to organize data and correlate relationships.
- **Volatility.** The volatility of data sets refers to the validity of data over time. With the velocity and volume of big data in mind, it is important for companies to know how long the data is valid and therefore usable. As storage is limited they have to erase unusable data. For example, location data of crimes in a city are no longer valid and useful when those locations do not exist.

The very definition of the characteristics of big data gives us a preview of the numerous issues to discuss. There are many challenges, and even risks associated with the increased use of big data. Emmanuel Letouzé at the OECD Technology Foresight 2012 Paris, on October 22, divides challenges into three categories, data challenges, analytical challenges and operational or systemic challenges.¹³

He cites four “data challenges”: availability, reliability, access and privacy. Indeed, availability, that is how much data exists, “depends on technological penetration and use.” This increases with internet usage on mobile phones. So far this has been a challenge in that many regions of the world still do not create sufficient “big data” for analytics to be beneficial to the development of the region. Whether it be data on what people say or what they do, a large amount is needed for it to be big data that scientists and mathematicians can use. The first challenge is therefore to get a more homogenous creation of data globally.

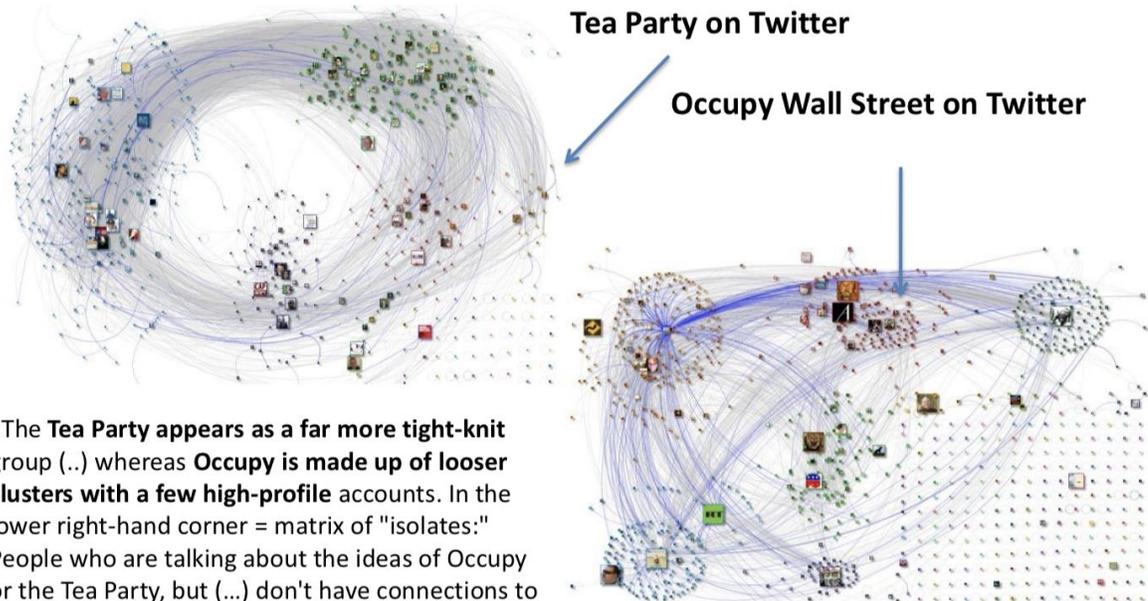
The second challenge is to make sure that this data is reliable, accurate, and complete. Actors must communicate adequately to ensure that all correction information is properly conveyed. This is particularly difficult in conflict settings, as there is greater motivation in those situations to manipulate information and data. As seen in the maps below, it is possible to locate groups

¹² Ibid.

¹³ Letouzé, 2012.

based the information they post online. This can be done with rebel groups or militias. This information is they be incredibly valuable for military operations, and as a result it is important to many groups that their position cannot be tracked.

Digital awareness = understand ecosystem



“The Tea Party appears as a far more tight-knit group (..) whereas **Occupy is made up of looser clusters with a few high-profile accounts**. In the lower right-hand corner = matrix of "isolates:" People who are talking about the ideas of Occupy or the Tea Party, but (...) don't have connections to others on the graph. **For Occupy, the number of isolates is greater**, which (..) could indicate a **larger potential for growth and stronger brand cachet.**”

➔ What if we could do the same thing for militias, rebel groups—not today, but in N years, where N=5, 10, 15..?

Source: M. Smith cited in FP

Figure 1(Letouzé, 2012)

The third challenge is access. As Letouzé asks, “how do we access data and protect their producers? Not all data produced in easily accessible, storable (e.g. Twitter). This is compounded in poor countries.”¹⁴ Furthermore, it is necessary to identify what data points are being collected before choosing from an immense number of option of storage forms; this requires knowledge of whether the data is structured or unstructured. Unstructured data is more complex than structured data, which means expanding unstructured storage capacity in the future is much more difficult, especially in traditional systems. Each type of repository has its advantages and its drawbacks; it is important to know what is the best storage option to choose.

Finally, one of the biggest challenges is maintaining privacy. Letouzé writes, just “because [it is] accessible does not make it ethical or safe... In conflict/crisis settings, the privacy challenge may

¹⁴ Ibid.

soon become a security risk.” Here is a paradox: how can information be made to be accessible while at the same time maintaining basic principles of privacy, such that data is not being used for malicious purposes? As companies are storing more data about us every day, leakage is yet another problem. As we have become more accustomed to our phone always being within reach, we also do more with our phone. Phones provide reminders and navigation instructions with a voice assistant. All this data is stored on the phone’s internal memory. A problem occurs as our phone is also our weakest point in the chain of security and a system is as secure as the weakest link in the chain. Android, an open-source platform built by Google, is in 2015 installed on more than 80% of all phones, and because it is open-source, it becomes more vulnerable to exploitation as well.¹⁵ There is no international IT department to repair the vulnerabilities as there would be in a private company, and the software security depends on the errors reported by contributors. Hackers are exuberantly exploiting every vulnerability they can find.

There are challenges to be dealt with not only concerning the acquisition, sharing and storage of big data, but also its analysis. It is paramount not to be arrogant or naive. Letouzé states that “believing that the truth is in the (big) data, that the (big enough) data ‘speak for themselves’, that all it takes is to keep digging and mining to unveil the truth, that more is always better etc. Apothecia — seeing patterns where none exists. If you torture the data long enough, it will eventually start talking.” The second challenge is having the computing capacity to comprehend the massive amount of unstructured data in the right context. This is why computer scientists and statisticians must work closely with social scientists and even civil society, to make better sense of the data. There are also systemic challenges to be dealt with, namely the legal aspects, with intellectual property law, and coping with the political framework that encompass the decision making process.

There are currently few laws in the world that prevent companies from collecting data, without clearly informing the end user. This is because they are doing this completely legal. We accept their terms, so we pay the price by giving them our information. About eighty countries (mainly in Europe and Latin America) have implemented data protection laws. The basic rules of these are:¹⁶

- Data can only be collected with a purpose.
- Collected information from an individual may not be released to others unless specifically authorized by law or by approval of the individual.
- Records of an individual should represent the truth and be up to date.
- There have to be methods for individuals to evaluate data about them to confirm accuracy.
- Collected data has to be deleted when it is no longer needed for the stated purpose.
- The spread of personal information to other situations and locations is prohibited, if the stated personal data protection cannot be assured.

¹⁵ IDC, 2015.

¹⁶ Brown, 2013.

- There is too sensitive data that should not be collected, only under extreme circumstances. There are a few problems with these principles, causing companies to avoid these rather easily.

Big Data has the potential to accelerate economic development in parts of the world where development has been most elusive.¹⁷ In the past, when companies want to do business across borders (helping drive economic growth around the world), there was a lot of risk involved as they did not sufficient information. it was insufficient because data-providing institutions focused primarily on domestic data. Currently, emerging markets’ governments are trying to make more information available to encourage more commerce within their country from foreign investors. Big Data is collected and collated without the governments (who may not have the capacity to do so yet) having to seek to have it collected by people simply living their lives and generating these vast amounts of data, similar to companies. Foreign investors and companies can make use of this generated data to increase transparency when deciding where to invest next, providing more opportunity for countries without the capacity to collect this data to benefit from these foreign investments. This leads to more FDI and more domestic employment to keep up with the increasing labour need.

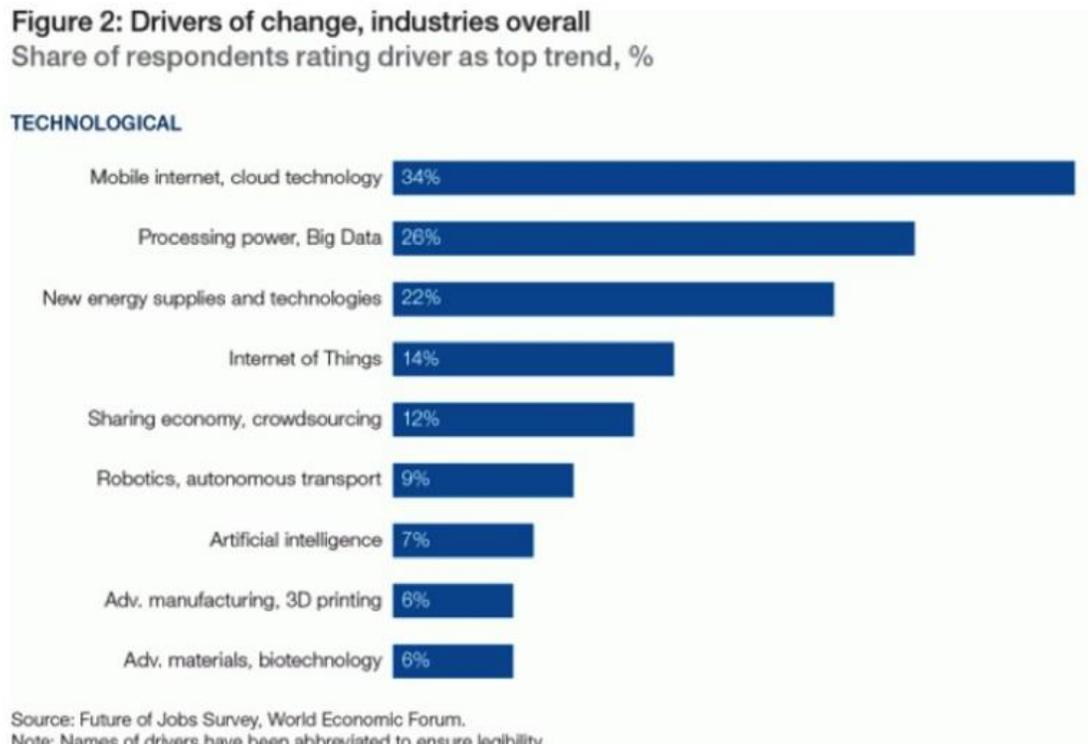


Figure 2 (The World Bank. 2017)

¹⁷ Panjiva, 2015.

*Government and private sector use of Big Data in development economics*¹⁸

The shift from relying on small-sample survey to universal population coverage allows for greater and deeper analysis of variation across a number of factors, including wages, health, productivity, education and other measures across different subpopulations that help construct and hypothesise future extrapolation of development within the community. Sharing through either public sources or data-sharing agreements happen in the private sector, which helps create more up-to-the-minute overall measurement of the economy and provides statistics on economic behaviours such as search and information gathering, decision-making and micro level transactions. Big data also allows governments and private firms to make more informed decisions about the economic consequences of their actions. What data is available to economists changes the focus of company and state strategies. This also allows for reactions to minute changes in the economy to be more suitable to the situation, making it easier to control for an ideal result.

Additionally, Big Data can be used to eliminate irrational or even discriminatory biases in the hiring process.¹⁹ Data systems serve to help identify special talents of prospective employees during the hiring process. It also promotes welfare within the company, increasing workers' efficiency. Predictive analytics can also make assumptions about individuals' behaviour in the workplace that impact the business, which increases efficiency of the business and set trends for consequence of the hire.

At its core, Big Data helps to improve the structure of prior knowledge, reducing the uncertainty of estimations in the decision-making process.²⁰ This is because it provides cost-effective way for making decisions in important areas like economic productivity. Furthermore, the productivity and output of US firms that use Big Data analytics is five to six percent higher than their counterparts in the same industry and market.²¹

- Companies always think of a purpose for the collection of data, or say that the data is complementary to their other data that is needed to accomplish their goal.
- Terms of Service allow companies to easily avoid this rule. The length of their terms causes individuals to accept them without reading.
- To keep records up to date, organizations need to constantly acquire data, creating more data collection and not resolving the issue.
- These methods for reviewing your data are almost always inaccessible and require verification and great effort on the part of the user. This means that many will simply accept that companies have their data, possibly even incorrect data.

¹⁸ Einav & Levin, 2014.

¹⁹ Wilson, Belliveau, and Gray, 2017.

²⁰ Hilbert, 2015.

²¹ Brynjolfsson and McAfee, 2014.

- How does one check if a company still needs data for their mentioned purpose? An argument that data is needed for future references is just one example that bypasses this rule.

The best approach for minimizing risks and preventing worst case scenarios is therefore to follow a feedback loop approach. First, observe the data baseline. If change is detected, it must be investigated, verified, and only then can action be taken.

Bloc Positions

USA: The Big Data Research and Development Initiative was announced by the Obama administration in 2012 to develop Big Data technologies and display functions of Big Data. In 2016, they released The Federal Big Data Research and Development Strategic Plan, stressing the capabilities that Big Data can achieve and specifying the direction in further strengthening data and Big Data and how it drives development.

EU: All EU countries were made to sign and ratify European Convention of Human Rights, and Article 8 of it offers the respect for one's "private and family life, his home and his correspondence".²² The UK has primarily raised the issue of sharing digital data within the UK, but Regulation (EU) 2016/679 was passed in the European Parliament where it stated that the "right to the protection of personal data is not an absolute right" and thus increasing the regulation of data within the EU, including the use of processing of Big Data, on which the UK NHS heavily relies.²³ With the recent passing of the European Union General Data Protection Regulation in 2016, there is now a "data protection by design and default" (Article 25 General Data Protection Regulation (EU), 2016) within members of the European Union.

Asia: Some of the strictest data privacy laws exist in Asia, and they are very stringently enforced. Some examples include the Personal Data Protection Act (2012) of Singapore that comprises nine data protection obligations that organisations must fulfil; and that of South Korea, where data protection laws protecting even an individual's image or voice.²⁴

Central and South America: Enforcement of data privacy laws are not strong, and most countries take on a more lenient approach to data privacy laws, opening up opportunities for big data collection. However, some countries would like to have an equivalent standard on data privacy with the EU to increase trade with Europe.

African Bloc: Big Data presents a huge opportunity for States in Africa to use it in decision-making, especially in areas such as humanitarian assistance, climate change mitigation and the banking industry. However, data protection legislation is still underdeveloped in most of Africa, leading to the risk of any collected data being exploited at the expense of the citizens.

²² European Convention on Human Rights Act, 2003.

²³ Bamborough, 2016.

²⁴ Gustke, 2013.

Conclusion – Key Issues

- Privacy Policies: How to balance respecting the rights of individuals and preventing abuse, while obtaining and maintaining access to all the necessary information to do the most good;
- Data philanthropy: Getting the private sector to share data precious to them (commercial advantage of understanding customers, data giving a competitive edge...);
- Global Coordination: Ensuring a productive exchange of information within and between states to maximise the outcome of early detection of anomalies, and a smooth response, and keeping this information open while still protecting individuals;
- Keeping up to date with all sources of data, both physical and digital (new and often obscure social medias spring up each day...);
- How to best bring together traditional statisticians, data as well as social scientists, and both private and public sector, to work together across the globe.

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Topic B: Combating corruption in development in the developing world

Introduction

Every year, many of development projects are being set up around the world for areas in need. Such programmes are crucial to improve the quality of life in such areas. Officials of the U.S. recently declared that one of the main reasons they stopped contributing towards help to the developing world is corruption. The truth is that year by year, more and more bilateral and multilateral donors are becoming sceptical regarding their donations.

Remarkably, corruption is one of the biggest obstacles in development.²⁵ Former UN Secretary-General Kofi Annan has characterized it as the “insidious plague that has a wide range of corrosive effects on societies”.²⁶ It is undermining the human development by impeding access to public services through diversions of public resources for private gain. Yearly, in the world, more than 1 trillion American dollars is paid in bribes, while around 2.6 trillion are stolen through the practice of corruption.²⁷ This can amount up to the 17% of the GDP of a single country.²⁸ However, in developing countries the amount of money that is lost due to corruption can be as high as ten times the amount of Official Development Assistance.²⁹

Corruption can be of political and bureaucratic nature, even though those two types correlate with each other. Common causes of this phenomenon are the greed for money, lack of transparency in public sector and governments, lack of education and slow judicial systems.

In order to combat the corruption, the United Nations has taken some previous action. The United Nations Convention Against Corruption (UNCAC) is the only legally binding anti-corruption instrument. The Convention itself is a very useful tool; however, since 2005 (the year this convention was put into effect), corruption still can be detected on a large scale all over the world.

Sustainable Development Goals and Corruption

²⁵ International Chamber of Commerce / Transparency International / United Nations Global Compact / World Economic Forum Partnering Against Corruption Initiative. 2008. ‘Clean Business is Good Business’.
<http://www.weforum.org/pdf/paci/BusinessCaseAgainstCorruption.pdf>

²⁶ https://www.unodc.org/documents/treaties/UNCAC/Publications/Convention/08-50026_E.pdf

²⁷ World Bank. ‘Six Questions on the Cost of Corruption with World Bank Institute Global Governance Director Daniel Kaufmann’. <http://go.worldbank.org/KQH743GKF1>

²⁸ <https://www.un.org/press/en/2004/soccp301.doc.htm>

²⁹ UNDP. 2011. ‘Fighting Corruption in the Water Sector: Methods, Tools and Good Practices’.
<http://www.undp.org/content/dam/undp/library/Democratic%20Governance/IP/Anticorruption%20Methods%20and%20Tools%20in%20Water%20Lo%20Res.pdf>

The Sustainable Development Goals or Global Goals for Sustainable Development are a collection of seventeen goals, set out by the United Nations Development Programme, subject to United Nations General Assembly Resolution A/RES/70/1 (paragraph 54).³⁰ Goal number 16 aims to promote “peaceful and inclusive societies for sustainable development, [and] provide access to justice for all and build effective, accountable and inclusive institutions at all levels”.³¹ Specific to concerns about corruption, this goal specifies that by 2030, there should be reduction of illicit financial and arms flows. The recovery of such activities and the return of stolen assets should be strengthened (16.4).³² Corruption and bribery should be reduced and there should be encouragement for more transparent institutions (16.5 & 16.6).³³

Definitions:

Corruption: the abuse of entrusted power for private gain. It is also defined as misuse of resources or power for private gain/abuse of public office for private gain.³⁴ Corruption can be classified as grand, petty, political and bureaucratic depending on the amounts of money lost and the sector where it occurs.³⁵

Bribery: The offering, promising, giving, accepting or soliciting of an advantage as an inducement for an action which is illegal, unethical or a breach of trust. Inducements can take the form of gifts, loans, fees, rewards or other advantages (taxes, services, donations, favours etc.).³⁶

Debarment: the practice where a company/person is excluded from participating or tendering projects. It is used by governments and multilateral agencies as a punishment towards businesses, NGOs and countries that are found to have practiced unethical and/or unlawful behaviours.³⁷

Transparency: The practice of governments, companies, organisations and individuals of being open in the clear disclosure of information, rules, plans, processes and actions.³⁸

Timeline of Events

³⁰A/RES/70/1 available at

http://www.un.org/en/development/desa/population/migration/generalassembly/docs/globalcompact/A_RES_70_1_E.pdf accessed on August 26 2018

³¹ A/RES/70/1 Goal 16

³² A/RES/70/1 Goal 16.4

³³ A/RES/70/1 Goals 16.5 & 16.6

³⁴ Anti Corruption Resource Centre, Glossary “Corruption” <https://www.u4.no/terms#>

³⁵e.V., T. (2018). *Transparency International - What is Corruption?*. [online] Transparency.org. Available at: <https://www.transparency.org/what-is-corruption> [Accessed 27 Aug. 2018].

³⁶ <https://www.transparency.org/glossary/term/bribery>

³⁷ <https://www.transparency.org/glossary/term/debarment>

³⁸ <https://www.transparency.org/glossary/term/transparency>

4 December 2000: Resolution 55/61 was passed. This resolution ordered the construction of an ad-hoc committee for the establishment of an effective legal instrument to combat corruption. In addition, the Secretary-General of the UN was requested to assemble an intergovernmental, open-ended expert group to contribute in the construction and the designing of the way of operation of such an instrument.³⁹

20 December 2000: Resolution 55/188 was passed. This resolution invited the intergovernmental, open-ended expert group (created subject to Resolution A/RES/55/61 of 4 December 2000) to examine the origin of illegally acquired funds and return them to the countries of their origin.

24 July 2001: Resolution 2001/13 was passed (Economic and Social Council), with the topic “Strengthening international cooperation in preventing and combating the transfer of funds of illicit origin, derived from acts of corruption, including the laundering of funds, and in returning such funds”.

21 December 2001: Resolution 56/186 was passed. The resolution was about the prevention and the combating of corrupt practices.

31 January 2002: Resolution 56/260 was passed. This resolution requested the Ad-Hoc committee (created subject to resolution 55/61 of 4 December 2000) to have completed its work in the end of 2003.

26 August - 4 September 2002: The World Summit on sustainable Development was held in Johannesburg, South Africa, where corruption was declared as “a threat to the development of the people”.

20 December 2002: Resolution 57/244 was passed. Similarly with previous resolution 55/188, it ordered the examination of the origin of illegally acquired funds and their restoration.

31 October 2003: United Nations Convention Against Corruption was adopted. This document is the only universal legally binding instrument against corruption. It contains preventive measures, criminalization and law enforcement measures, international co-operation guidance, and ways to asset recovery.⁴⁰

Discussion

Types of corruption

³⁹ Resolution 55/61 <http://unpan1.un.org/intradoc/groups/public/documents/un/unpan010993.pdf>

⁴⁰ United Nations Convention Against corruption <https://www.unodc.org/unodc/en/corruption/uncac.html>

Corruption is a very broad term and there are multiple definitions of it owing to the many different types of corruption. The most widespread forms of it are the following:

Political corruption: Corruption that takes place in the highest levels of political authority. People that are involved in it are elected, nominated or appointed senior public office holders (mostly but not limited at politicians and senior civil servants). Political corruption is the abuse of office by those who decide on laws and regulations and the basic allocation of resources in a society



(i.e. those who make the “rules of the game”). Political corruption may include tailoring laws and regulations to the advantage of private sector agents in exchange for bribes, granting large public contracts to specific firms or embezzling funds from the treasury. ⁴¹

Grand corruption:

Related to political corruption; corruption involving particularly large sums and funds

Bureaucratic corruption: Term used to describe the corruption that is happening during the procedure of the implementation of different types of public policies. It can be conducted by public administration staff at all levels. There are two main types of bureaucratic corruption:

- a) Transactions between the public administration officers and contracted service providers. Bribery can be conducted on both ends. On one hand, those service providers might demand extra amounts of money in order to provide those services. On the other hand, the public servants can receive money in order to allow to the private contractors to bypass different bureaucratic procedures that might occur or receive bribes in order to allow the private contractors to conduct violation of the regulations. ⁴²

⁴¹ Department for International Development, Why corruption matters: understanding causes, effects and how to address them Evidence Paper on corruption January 2015 p. 12 , accessible at https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/406346/corruption-evidence-paper-why-corruption-matters.pdf accessed on August 27 2018

⁴² Department for International Development, Why corruption matters: understanding causes, effects and how to address them Evidence Paper on corruption January 2015 p. 13 , accessible at

- b) Within the “bureaucratic body”. Such practices involve the payment or taking of bribes or kickbacks (payments for undue favours) to obtain posts or secure promotion, or the mutual exchange of favours. (This practice is known also as “petty corruption”, as in opposition to the “grand corruption” mentioned above, referred to the size of the amounts of money involved. However, those amounts are not always small.)⁴³

A phenomenon closely associated with corruption is the so-called “rent-seeking”. Rent-seeking is occurring when someone is seeking to increase their share of existing wealth without creating new wealth.⁴⁴ In the context of corruption, this refers to cases where the payment of a bribe is necessary to manipulate the political environment with aim to benefit a specific actor.

The causes and extent of corruption

As explained in the previous sections, corruption can be found in all over the world but most corruption occurs in developing countries. Looking at the exact causes and factors of corruption, this is justifiable. The main factors leading to corruption are:

Poverty and Greed: Personal greed for money and power leads the person to actions that bypass the moral boundaries. Also, people usually are not satisfied with what they have and the most they get, the most they want. In political corruption, the politicians are using their positions as passports in order to feed their greed with the money that is meant to be used for the public good. Some of the most corrupt countries are also between the poorest countries of the world. This happens because of desperation for profit/gain or because of the people in high positions that might take advantage of the illiteracy and the inefficient public institutions associated with poverty in order to benefit from it.

Lack of transparency in the public sector: As a principle, public officials, civil servants, the managers and directors of companies and organisations, and board trustees have a duty to act visibly, predictably and understandably to promote participation and accountability and allow third parties to easily perceive what actions are being performed.⁴⁵ Without transparency, there is fertile ground for conduction of corruption-related practices.

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/406346/corruption-evidence-paper-why-corruption-matters.pdf accessed on August 27 2018

⁴³ Department for International Development, Why corruption matters: understanding causes, effects and how to address them Evidence Paper on corruption January 2015 p. 13, accessible at

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/406346/corruption-evidence-paper-why-corruption-matters.pdf accessed on August 27 2018

⁴⁴ IMF WP/01/15 “Rent seeking and Endogenous Income Inequality”

<https://www.imf.org/external/pubs/ft/wp/2001/wp0115.pdf>

⁴⁵ Transparency International/Glossary/Transparency <https://www.transparency.org/glossary/term/transparency>

Ineffective judicial systems: In many countries, corruption extends to the judicial system as well. Questionable justice equates to questionable/no punishment that means the continuing of such practices. In addition, the length and the slow process of the judicial procedures paired with a large number of postponements and appeals gives to the conductors enough time to avoid their responsibilities.

Lack of education: Looking at the corruption perceptions index of Transparency International, it is clear that the most corrupt countries are those who have low education and literacy levels.⁴⁶ Education can help in two main ways: first, literacy and the ability to read allow people to access many different sources of information about a country's politics, government and institutions; second, education develops critical thinking that allows people to shape their own opinion.

Impact

Corruption severely impacts development, and this section will outline five ways in which it does so the most, those being increased donor fatigue, lack of internal societal trust, economically unproductive rent-seeking behaviour, capital flight to swiss bank accounts and a lack of external trust (leading to a lack of FDI).

Increased donor fatigue: Many large donor nations find that their funds are not going towards legitimate development goals, and are instead financing warlords or local strongmen. As most major donor nations are liberal democracies, this leaves them facing public pressure to withdraw foreign aid, or at least suspend foreign aid to places where it is being misappropriated. While there are debates as to whether foreign aid is beneficial, having anywhere between 10-65% of GNI suddenly cease to enter the country can have very serious effects, and if assumed that it is beneficial in the long term the lack of development aid may be crippling to development in a country.⁴⁷

Lack of internal societal trust: Corruption and a government's credibility are usually inversely related.⁴⁸ While it is difficult to distinguish causation, low morale and trust in a government is detrimental to development goals.⁴⁹ Low rates of trust have been empirically shown to reduce GDP growth, and are themselves a measure of how much a population is willing to coexist, leading potentially to higher risk of interethnic/intercommunity violence or even civil war.

⁴⁶ Transparency International - Corruption Perceptions Index
https://www.transparency.org/news/feature/corruption_perceptions_index_2017

⁴⁷

https://data.worldbank.org/indicator/DT.ODA.ODAT.GN.ZS?end=2016&start=1960&view=chart&year_high_desc=true WORLD BANK 01/09/18

⁴⁸ Uslaner, Eric M. "Trust and corruption." *The new institutional economics of corruption*. Routledge, 2004. 90-106, p. 26

⁴⁹ Uslaner 2004 p. 2



Rent-seeking behaviour: Rent-seeking behaviour is, in effect, behaviour that aims to gain more money in ways that do not generate economic growth. A textbook example of this is bribing a politician €10m to arrest your competitors, giving you an extra (accounting, not economic) profit of €1bn; or police officers demanding a ‘toll’ from all vehicles that pass on a road, with the money actually going into their (and their commander’s) pockets. Most kinds of corruption are rent-seeking

behaviour by definition. The main problem with rent-seeking behaviour is that it is a much easier way to make money than actual productive behaviour that stimulate economic growth.⁵⁰ Every single person in an economy engaging in unproductive rent-seeking activity could be engaging in productive behaviour, but with rent-seeking, economic potential is waste.

Capital flight: When autocratic regimes spend money enriching themselves and their allies rather than as investments in basic services, building infrastructure, aiding growth etc., the effect is less growth and development.⁵¹ If they were to spend these funds domestically then at least some of it should theoretically trickle down to local businesses and luxury service providers, but instead the vast majority is funnelled into offshore banks. This capital stolen from the country is often larger than the entire foreign debt of a country, as was/is the case with the DRC.⁵²

Lack of FDI: Corruption creates multiple barriers to foreign direct investment. Firstly, foreign investors may be unwilling to invest in countries where they would need to pay bribes due to the risk of prosecution in their home countries (ex. Telia AB in Uzbekistan). While losses can be written off in tax returns, bribes given cannot be, adding a huge risk.⁵³ Possibly most important, corporations and individuals cannot be sure that their property won’t simply be seized due to poor property rights and poor enforcement thereof. All this serves to reduce foreign direct investment, which in turn reduces economic growth.

⁵⁰ Murphy, Kevin M., Andrei Shleifer, and Robert W. Vishny. "Why is rent-seeking so costly to growth?." *The American Economic Review* 83.2 (1993): 409-414, p. 413

⁵¹ Bardhan, Pranab. "Corruption and development: a review of issues." *Journal of economic literature* 35.3 (1997): 1320-1346. P. 1328

⁵² Ndikumana, Léonce, and James Boyce. "Congo's odious debt: external borrowing and capital flight in Zaire." *Development and Change* 29.2 (1998): 195-217. P. 215

⁵³ Bardhan, Pranab. "Corruption and development: a review of issues." *Journal of economic literature* 35.3 (1997): 1320-1346. P. 1328

Bloc positions

USA

Current estimates of how much aid is lost to corruption range from 2-3% to 10%. However, some figures suggest that the number is as high as 70%.⁵⁴ As has been seen recently in the cutting of aid to Palestine and Pakistan, the US government has been looking for any reasons whatsoever to cut foreign expenditures, especially when those foreign expenditures do not directly serve the military interests of the United States, and high levels of corruption are one such reason. With that said, the United States has in the past been willing to aid countries that are highly corrupt and dictatorial when it serves the interest of the United States. Expect hard negotiation tactics and attempts to limit all expenditures from the United States.

EU and other Highly Developed Countries

The EU and other Highly Developed Countries, which give the most aid, will likely take strong positions critical of corruption and push for stronger international regulation and oversight on this topic, especially those countries with strong international aid agencies such as France (AFD), the UK (UKAID), Germany (GIZ), Sweden (SIDA), and the EU itself (EURAID). They are committed to aiding the development of other nations and see corruption as a serious hindrance to this. They generally take lesser account of foreign policy considerations when delivering aid than the United States.

China

The current premier has led an internal anti-corruption drive in China, but in practice it is not clear whether the reason for this is actually reducing corruption or simply getting rid of political enemies. What has been seen from Chinese foreign development policy recently is that the Chinese government has no issues cooperating with less-than democratic and corrupt regimes and local officials, and that these partnerships often server the foreign policy goals of China. Furthermore, Chinese foreign development programs/investments have been shown to increase corruption among local officials (in comparison to the norm in the countries they are operating in), strongly suggesting that this is not simply because of money being poured in but because of norms and usual practice by Chinese contractors.⁵⁵ In short, China will appear to care about this issue, but likely does not.

Medium Developed Countries

⁵⁴ Kenny, Charles. "How Much Aid Is Really Lost to Corruption?" Center For Global Development, Center For Global Development, www.cgdev.org/blog/how-much-aid-really-lost-corruption. Accessed 03/09/2018

⁵⁵ Isaksson, Ann-Sofie, and Andreas Kotsadam. "Chinese aid and local corruption." *Journal of Public Economics* 159 (2018): 146-159.

Medium developed countries includes nations such as Paraguay, Indonesia, Botswana and Tajikistan. Many of these nations are highly corrupt themselves and undemocratic, but not all. Most of these nations do not receive very much aid funding themselves and do not give out much either, but would probably prefer a world where they can continue being corrupt and authoritarian, without cumbersome international regulations.

Least Developed Countries

Many LDCs suffer from the resource curse, and have high rates of corruption and inequality. At the same time, as noted previously aid can make up anywhere from 10-65% of their GDP and thus these LDCs do not want to do anything that would cause their donors to stop donating. They will push back against any new regulations or new standards, but only to the extent that it does not dismay their donors. Something that has changed relating to this in the past few years is that China, which as noted previously is less squeamish relating to who it gives to, has begun to give very large amounts of aid. This may make LDCs more willing to push back against requirements for anti-corruption measures.

Conclusion - Key Issues

In summary, corruption is clearly a serious issue that affects the development of many countries around the world. However, there exists a great deal of disagreement as to whether it should be dealt with at all between different countries.

During debate sessions, delegates should consider the following issues for discussion:

- 1) How can officials who are deemed to be corrupt be held accountable for their actions?
- 2) To what extent is it possible to retrieve aid lost through corrupt practices?
- 3) How can transparency be ensured in aid programs? Is it possible to specifically track the money provided for aid purposes and determine whether it is being used appropriately?
- 4) What ways are there to improve the distribution of aid to developing countries to minimise the involvement of officials, and by extension corruption?
- 5) What internal rearrangements are necessary to ensure transparency within the relevant UN agencies and NGOs to minimise corruption inside the organisations?
- 6) How can aid packages help promote investment in developing countries and be used efficiently to prevent dependence of the developing world on the developed world?
- 7) What measures can be recommended as reforms of the public sector, in areas where that is a problem, and how can the public be informed about the transparency and purpose of any process occurring in public services?

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