



# ANATOMY OF URBAN CORRUPTION: A REVIEW OF OFFICIAL CORRUPTION COMPLAINTS FROM A MEXICAN CITY

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## Abstract<sup>1,\*</sup>

The people who partake in corruption have an incentive to hide their illicit behavior. This represents a strategic challenge to law enforcement officials across Latin American cities. A related concern is that formal claims submitted to a city's anti-corruption agency are seldom analyzed in a systematic manner. We respond to these challenges by examining a unique (and anonymized) dataset containing 445 claims collected by an urban district government in central Mexico. First, we propose a novel typology of urban corruption, which can later be applied to analyze corruption-related claims elsewhere. As a next step, we apply this typology to study the claims submitted to the district government in question. Large agencies and the agencies responsible for regulating the construction sector are found to be most vulnerable to corruption. The district as a whole also comes across as lacking in transparency and as struggling with bribery and kickback schemes.

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## Introduction

*“Piensa mal y acertarás.”*<sup>2</sup>

—Mexican saying

“All sovereigns are suspicious of their servants, and the sovereign people is no exception to the rule; but how is suspicion to be allayed by *knowledge*? If that suspicion could but be clarified into wise vigilance, it would be altogether salutary; if that vigilance could be aided by the unmistakable placing of responsibility, it could be altogether beneficent. Suspicion in itself is never healthful.”

—Woodrow Wilson (1887, 213)

The rapid rate of urbanization across the world poses a unique challenge to policymakers. As new cities emerge and as existing ones continue to grow (Cohen 2004, 24; PricewaterhouseCoopers 2009, 20-21), the subject of urban governance has taken center stage (Fuchs 2012, 44-45; Stren 2012, 570).<sup>3</sup> In Latin America, already more than 80 percent of the population lives in cities (United Nations 2014). This, in turn, means that urban centers across the region concentrate people into spaces where government services and regulatory agencies are often overburdened and vulnerable to abuse. Metropolitan Lima, Rio de Janeiro, Mexico City—these are only some of the cities that have witnessed recent government corruption scandals (El Comercio 2016; Chade 2017; Fredrick 2018). And yet the abuse and scandals at the urban level receive scant attention compared to the corruption revelations implicating Latin America’s national governments. Brazil’s *Lava Jato* affair, involving the diversion of money from contracts at the state-run oil company, has led to several arrests and convictions (Lagunes and Rose-Ackerman 2016). A Guatemalan president and vice-president were driven from office over a multi-million dollar fraud case involving the customs administration (Goldman 2015). In Mexico, federal agencies misappropriated government funds through a network of state universities and shell companies (Mexicanos Contra la Corrupción 2017). These and other cases have consumed television news programs and the print media alike (Casas-Zamora and Carter 2016).

Unfortunately, in focusing on national-level corruption, the media, government, and the general public have missed the equally important story of local corruption. According to survey data (LAPOP 2014), in Latin America, approximately 17 percent of residents pay bribes in the process of applying for permits from their city government (Figure 1). This statistic is informative, though not entirely reliable. Because survey respondents often fail to answer truthfully to uncomfortable questions, that 17 percent reported is likely a lower-bound estimate of the actual urban corruption problem. This statistic should also be treated with caution insofar as it is silent about both the corruption that does not involve bribes and the corruption that occurs outside of permitting. Thus, considering these

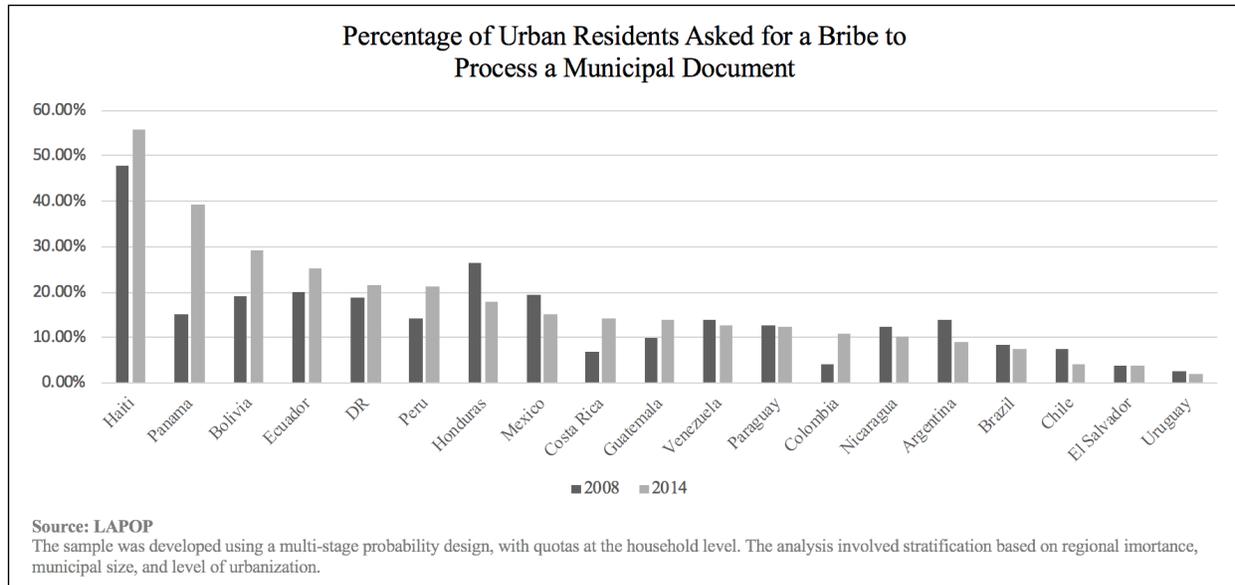
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<sup>2</sup> This Mexican saying may be translated to English as, “Think the worst and you won’t be far wrong.” It captures the assumption that people are generally not trustworthy.

<sup>3</sup> Urban governance may be defined as, “the processes by which local governments, in partnership with other public agencies, the private sector, and the residents, ensure the delivery and financing of essential services and promote the welfare and productivity of the urban society” (World Bank 2000, 4).

limitations, we aim to complement the existing survey data with an “under the hood” look at corruption-related complaints.

**Figure 1. Urban Corruption Across Latin America**



**Note:** According to survey data gathered by the Latin American Public Opinion Project (LAPOP), urban residents in the region experience varying levels of corruption when dealing with municipal authorities. The results in this figure are based on urban residents who sought a permit from an urban municipal government. Assuming that the tendency to underreport corruption does not vary significantly from country to country, the chart shows that, in 2014, Haiti, Panama, and Bolivia witnessed the highest levels of urban corruption while Uruguay, El Salvador, and Chile experienced the lowest levels of urban corruption. Mexico’s level of urban corruption is about average for the region.

We examine a unique dataset containing 445 claims submitted over a two-year period to the anticorruption agency (or ACA) of a crucial urban district in central Mexico.<sup>4</sup> As a response to a warning against conflating different types of corrupt phenomena and as a starting point, we propose a novel typology of claims inspired by previous taxonomies of corruption (Bussell 2015). For instance, Michael Johnston (2005; 2014) famously proposed four broad categories to classify countries based on the sort of corruption that they experience. Similarly, Susan Rose-Ackerman and Bonnie Palifka (2016) describe 13 distinct forms of corruption, including bribery, extortion, and embezzlement. Our typology includes these last three forms of corruption, though from our perspective, they fit alongside a number of other questionable behaviors that are more typical in an urban context.

<sup>4</sup> The 445 claims and both the anecdotal and contextual information that support this study were gathered by Lagunes. The claims were shared with Lagunes through official channels by the district government. Furthermore, much of the anecdotal and contextual information was gathered by Lagunes during IRB-approved field research.

Our study provides a diagnostic of corruption vulnerabilities that can be replicated in other urban districts in Mexico and, perhaps, even in other cities across Latin America. By applying the proposed taxonomy to a series of corruption claims, we are able to uncover the government agencies that attract the most complaints, spotlight trending concerns, and unveil key insights. One such insight is that a majority of claims handled by the ACA are relevant. However, 22 percent of the claims do not have any apparent connection to corruption; instead, they refer to human resource issues and various public service concerns. For example, one such claim is from a government official who complains about running out of office supplies, while another is from a citizen who is frustrated at interruptions to the water supply. Given that ACAs are often overburdened, we recommend that irrelevant claims be referred to the appropriate authorities, instead of being added to the workload of investigators.

Of course, deciding between relevant and irrelevant complaints is not a simple task. A number of claims are so ambiguous that it is unclear whether they refer to corruption or inefficiency. This serves as a reminder that corruption and inefficiency are related phenomena, and that ACAs cannot afford to ignore inefficiencies. However, the larger takeaway is that ACAs everywhere should adopt a relatively loose standard of what counts as a relevant claim worth registering in its system. Not every claim should arouse suspicion. Along the lines of the Woodrow Wilson quote cited at the beginning, if a claim has at least a possible connection to corruption, then it merits inspection. The goal is to provide wise or strategic vigilance.

Focusing on the claims that have at least a possible link to corruption, 19 percent of them in our dataset refer to instances in which officials limit access to government information. Another 14.5 percent of relevant claims point to inefficiencies. Bribery and kickback schemes make up 10.2 percent of claims, while the remaining 56.3 percent refer to myriad questionable behaviors also covered by our taxonomy. Government employees who receive a salary without showing up to work, the suspicious loss of official documents from municipal archives, government officials who privilege bureaucratic lobbyists—these are some of the unwarranted activities highlighted by our analysis.

In terms of problematic agencies, the relatively large and complex ones will naturally collect a great number of claims. This is true for the district being studied, where a vast agency that is responsible for multiple subunits—from the Single-Window System for Permit Applications to the Public Markets & Street Vending Commission—collects nearly twice as many claims as the second-most delinquent agency.

One final insight worth zeroing in on is that, as the relevant research on corruption would predict (e.g., Kenny 2007; Riaño and Hodess 2008; Saint-Martin 2015), the agencies responsible for regulating the construction sector—specifically, the Department of Buildings & City Planning and the Department of Public Works—also stand out as having collected a relatively large number of corruption-related claims. These agencies apply significant discretion in overseeing capital-intensive activities.

Given the findings outlined above, we recommend that the district's ACA prioritize three actionable strategies. First, as noted earlier, the agency should disregard irrelevant claims and instead focus its resources on claims that have at least a possible connection to corruption. Second, the ACA should recognize the advantages of analyzing corruption in a systematic manner. Rather than approaching claims on a case-by-case basis, we recommend that it adopt a taxonomy similar to ours as a means of imposing order *on* and enhancing the understanding *of* the universe of corruption-related claims. Third and last, the agency should focus on monitoring the issues and agencies found most problematic by our analysis.

The next section places the project in the broader literature. The three sections that then follow—i.e., those titled Methodology, About the District, and Claims—provide a detailed review of our methodology. It is in this part of the study that our typology of urban corruption is discussed in detail. Finally, we showcase the main findings that result from analyzing the relevant claims prior to offering a brief conclusion.

### Theoretical Context

As long as government officials have power over the issuing of public goods, such as building permits or infrastructure contracts, there is the risk that they will engage in corruption (Schleifer and Vishny 1993, 599; Della Porta and Vannucci 1999, 33-67; Lagunes 2012a, 806-807). Bribery and other forms of undue influence are possible whenever government agents have the option of delaying or denying a service, or of enforcing the law. Thus, corruption is shaped by discretion, but also by the monitoring and sanctioning capacity of anticorruption authorities (Olken 2007; Ferraz and Finan 2008; Serra 2012).

Unsurprisingly, the threat of being caught and punished is the reason that officials work to conceal malfeasance. This explains why corruption, as a concealed and poorly understood phenomenon, torments the researchers who attempt to study it empirically (Rose-Ackerman 1978, 8; Anechiarico and Jacobs 1996, xiv). A separate concern is that much of the relevant research is focused on studying corruption at the national level (e.g., Hellman, Jones, and Kaufmann 2003; Lambsdorff 2006; Batzilis 2015; Stephenson 2015). Scarce attention is given to the corruption that takes place among city officials, even as some have warned that, “cities in many countries are the most accessible form of state power and wealth. In the hands of unscrupulous opportunists [...] city governments can easily become the sites of petty tyrannies or systematic corruption or both” (Klitgaard, Maclean-Abaroa, and Parris 2000, 85).

What limited literature exists on urban corruption suggests that particular economic activities are especially vulnerable to abuse. As a case in point, urban development is often an area of risk. A classic study that analyzes U.S. newspaper reports of corruption cases finds that 22.3 percent have to do with the approval of building permits, zoning changes, subdivision plans, etc. (Gardiner and Lyman 1978, 7-8). Similarly, two prominent reports conclude that bribery is more common in urban development than in any other sector of the economy (Bray 2007; Hardoon and Heinrich 2011).

Another area of government that is prone to corruption is public infrastructure. The terms public infrastructure or public works refer to space-specific goods, such as parks, roads, and bridges, built with at least some government funding. Transparency International (Riaño and Hodess 2008; Haroon and Heinrich 2011) finds that public works is one of the sectors with the highest corruption vulnerability in developing contexts.<sup>5</sup> Corruption can target a public infrastructure project at any stage, including procurement and construction (Wells 2014, 24). For instance, during the construction stage, developers can inflate the contract sum in an attempt to raise profits or to recover whatever was paid in bribes during the procurement stage (Wells, 24). The problem is so endemic that estimates of financial losses to corruption in the sector are estimated between 15 to 30 percent per year (Hawkins 2013).

Relying on focus group meetings with government officials in La Paz, Klitgaard and coauthors (2000) uncover other points of vulnerability in city government. Taxation and procurement are two activities highlighted by the authors (Klitgaard et al., 53). Turning to a different study, CMS Transparency (2015) uses survey data to measure perceptions and experiences with public services in New Delhi. The report finds that government officials are often content with bribe payments as low as 10 rupees (approximately US\$0.15) when administering small public services. In another relevant study, Anechiarico and Jacobs (1996) explore New York City's long-standing efforts to control corruption, recounting some of the scandals that have impacted the city's public administration.

Our study builds on the research cited above, but also on efforts to analyze corruption data in the hands of local authorities. For instance, Graycar and Villa (2011) dissect 72 cases of proven government corruption in New York City. The city's Department of Investigation shared the information with the authors, who find that private citizens and government officials are equally likely to initiate a corrupt transaction. They also find that bribe payment amounts tend to be surprisingly low (a majority of them are less than US\$1,000) and that government officials who enjoy high levels of discretion (e.g., inspectors) seem most vulnerable to corruption. These results, while anchored to a single jurisdiction, stem from studying actual instances of corruption; thus, they offer relatively reliable insights about a typically concealed facet of human behavior.

## Methodology

Because corruption is difficult to study empirically, a number of researchers have relied on survey data based on self-reports of bribery (e.g., Guerrero and Rodríguez-Oreggia 2005; Kunicová and Rose-Ackerman 2005). Others have devised randomized control trials to learn more about the phenomenon. For example, Marianne Bertrand and coauthors (2007) randomly assigned individuals to experimental groups. One served as control. Another featured an incentive condition, which involved promising an extra payment to those who obtained a license within a specific time window. The results show that incentivized

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<sup>5</sup> As Fisman and Golden (2017) explain, “public construction is both necessary—on an epic scale that makes it even easier to bury graft in the balance sheet—and out of the public eye, two conditions that make it perennially vulnerable to corruption” (94).

individuals, while not actually learning how to drive, obtained licenses more quickly through bribe payments.

The studies referenced thus far show that there are several methods for exploring the subject of corruption. Our own approach involves examining the official claims submitted to an ACA. While we are convinced about the merits to our methodology, we wish to recognize from the outset that analyzing a dataset of corruption-related claims has its limitations. For one, the dataset may be manipulated for political reasons. Another issue—one that Graycar (2015, 91) underscores—is that official reports of corruption may be recorded incorrectly. It is also possible that not all corruption is reported to authorities. After all, the ACA may not be trusted and the transaction costs of reporting may be perceived as high.

In view of these concerns, we recommend that the results showcased here be treated as informative, but not necessarily conclusive. Our study exemplifies the meticulous and systematic review of sensitive data to gauge local corruption risks. What it does not offer is a definitive assessment of corruption in the district of interest. As the study took shape, we were careful to test all results against our knowledge about the district in question. This is knowledge that builds on a year's worth of conducting field interviews in and about the district.<sup>6</sup> We also made it a point to emphasize trends, since imprecisions in the way some claims were recorded would matter less when looking at averages.

The fact that the claims we examined have long been kept confidential and have not been used for political purposes further bolster our sense that the dataset is a reliable source of information. Still, even after taking all these considerations into account, there is one remaining concern: some corruption events may have, in fact, gone unreported. In other words, our dataset may not fully reflect all the abuse that occurs in the district. For this reason, we recommend that future analyses of corruption-related claims also incorporate surveys about residents' stated experiences with corruption (e.g., Hunt 2006), forensic techniques that infer corruption based on gaps in administrative data (e.g., Fisman and Wei 2004), and field experiments wherein statistically significant differences in outcomes provide a measure of corruption (e.g., Olken 2007).<sup>7</sup>

Another methodological point of note is that we do not name the urban district being studied. Following John Gardiner's approach in *The Politics of Corruption* (1970), we do not disclose the exact setting since doing so is not necessary to understand the general dynamics of reporting and tracking corruption in an urban district.<sup>8</sup> Anonymization makes it possible to study a sensitive subject while protecting both the individuals who step forward with

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<sup>6</sup> As a participant observer, Lagunes also spent approximately nine months among government officials in the district.

<sup>7</sup> For a thorough review of distinct approaches to studying corruption see Sandra Sequeira, "Advances in Measuring Corruption in the Field," in *New Advances in Experimental Research on Corruption*, edited by Danila Serra and Leonard Wantchekon, Bingley, UK: Emerald Group Publishing Limited (2012): 145-175.

<sup>8</sup> Publishing this study without naming the district should show that the authors are not interested in imposing their research on local political dynamics. That said, as more time passes, documents authored by Lagunes that relate to this study will name the district.

claims and the civil servants who end up implicated in the allegations. By handling the data with discretion and confidentiality, we hope to establish a precedent by which local governments will become more open to similar kinds of collaboration in the future.

## About the District

In terms of location, the district exists within the perimeters of a city in central Mexico. It covers over 18 square miles or around 3 percent of the city's surface area. The district's small size, however, masks its actual importance.<sup>9</sup> Around 10 percent of all firms in the city are located in the district. This helps explain why, according to one local expert, the district generates around 5 percent of the entire country's GDP.<sup>10</sup>

The responsibility of governing this important urban district falls on a mayor who is elected for a three-year term. The mayor is expected to oversee the work of over 5,000 government employees who review and issue permits, assign public works contracts, build public libraries, monitor construction sites, regulate the informal sector, manage public markets, donate provisions to the impoverished, and conduct a number of other official activities. In all fairness, the district government fulfills its responsibilities relatively well. Compared to the other district governments in the city, the district being studied is among the most effective. It regularly solves over 80 percent of the 300,000 residents' demands, such as pothole and streetlight repairs.

Thus, it should come as no surprise that the district has tended to rank high in human development indices (Partida and Tuirán 2000; UNDP 2004). In fact, less than 15 percent of its population is thought to be living below the poverty line.<sup>11</sup> However, this is not to say that the district is free of problems. In certain neighborhoods, one can find houses with cardboard ceilings and 15-year-old girls being peddled as prostitutes. Moreover, as our study shows, the district is constantly at risk of corruption. Even the public graveyard is vulnerable. Some years ago, a female resident approached the mayor to denounce the administrator of the public cemetery. The resident cried as she denounced the administrator for disinterring and selling the remains of two of her deceased relatives. This and other claims deserve to be investigated, which is why the district government counts on a *Contraloría* to follow up on all allegations of corruption.

The *Contraloría* is the local anticorruption agency that reports not to the district government, but to the city government. Similar to other ACAs elsewhere, this one tends to be staffed by lawyers who are responsible for investigating claims of failure or abuse. These claims are registered in person or through other means, including a hotline and an online platform. A key concern, though, is that the ACA tends to approach claims individually,

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<sup>9</sup> The district is approximately the same size as New Haven, CT, a city that, over the years, has received a good deal of attention from political scientists (see, for example: Rae 2003; Dahl 2005 [1974]).

<sup>10</sup> The expert referenced is a former economic advisor to the district government.

<sup>11</sup> The statistic referenced was obtained from the National Council for the Evaluation of Social Policy (Consejo Nacional de Evaluación de la Política de Desarrollo Social—CONEVAL), which measures poverty in Mexico and evaluates social programs and policies of the federal government.

without separating them into categories and analyzing them in a way that would give the district government a sense of where the problems are more severe (Lagunes 2017).

## The Claims

We aim to impose order on a database of 445 claims submitted to the local anticorruption agency over a 24-month period. A majority of these claims (N=364) identify the claimant by name. Using these names to infer gender, 61 percent of claimants are men and the remaining 39 percent are women.<sup>12</sup> Most claims also indicate whether the claimant is a citizen or a government official. This distinction may not be fully reliable considering that some officials submit their claims as private citizens. However, mindful of this caveat, it appears that the majority of claimants (roughly 70 percent) are concerned individuals who do not work in government.

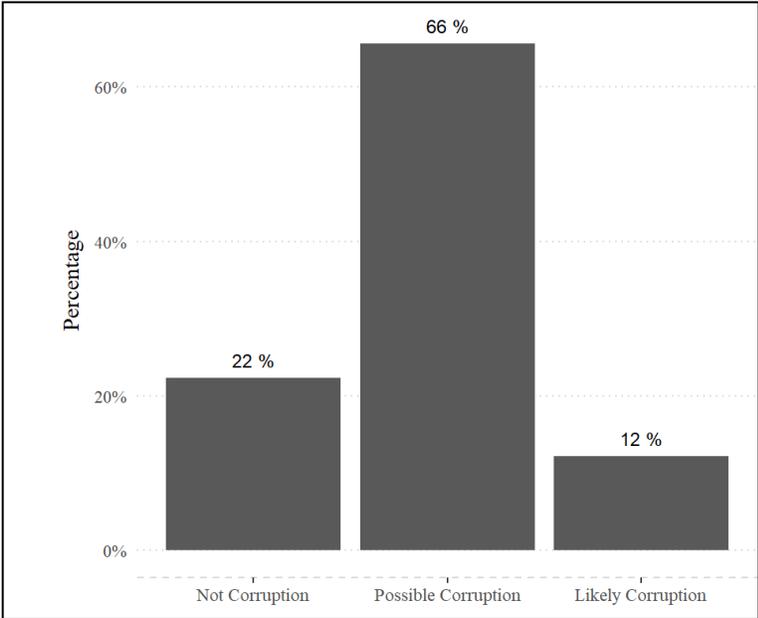
Another point worth highlighting is that the database includes both verified and unverified claims; thus, as a precaution, all claims should be treated as allegations. Furthermore, not all claims relate to corruption. For this reason, each claim is examined carefully to determine the likelihood that it refers to bribery, extortion, or a subtler form of malfeasance. All claims are then methodically grouped into one of three categories: *Not Corruption*, *Possible Corruption*, or *Likely Corruption*.<sup>13</sup> Figure 2 shows the distribution of claims based on this three-part typology. It shows that 78 percent of units in the database have at least a possible relation to corruption, while the remaining 22 percent refer to human resource issues and various other concerns.

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<sup>12</sup> The gender imbalance could be explained by the fact that across Latin America, male citizens are more likely to interact with government officials than their female counterparts (Seligson 2006).

<sup>13</sup> The process of categorizing claims based on their perceived link to corruption lends itself to interpretation. Thus, to reduce the level of individual subjectivity, our approach involved having the three authors examine the dataset independently. Lagunes initiated the categorization with some examples. Grajales then categorized the remaining claims, while setting aside those she was less sure about. At that point, Lagunes went back and reviewed each claim, paying special attention to those that were not yet classified. After this, Lagunes and Grajales went back and forth one or two more times for the sake of quality control. Nazal then stepped in with fresh eyes to review the resulting categorization.

Figure 2. Types of Claims



Source: Authors

**Note:** Over a 24-month period, the local anticorruption agency recorded 445 claims. Of these, 22 percent do not appear to involve corruption; instead, they have to do with public service needs and other concerns. The remaining claims are distributed as follows. A majority of claims (66 percent) may or may not refer to corruption; thus, they fit under the *Possible Case of Corruption* label. A small segment of claims (12 percent) are less ambiguous about malfeasance; these belong in the *Likely Case of Corruption* category. A key takeaway from the analysis is that the anticorruption agency should prioritize claims belonging to this last category. A related insight is that the agency would reduce its administrative burden if claims unrelated to corruption were referred to the relevant authorities from the outset, rather than added to the caseload.

Table 1. Illustrating the Process by Which Claims are Classified

Area Reported	Translated and Edited Description of the Claim	Probably Not a Case of Corruption	Possible Case of Corruption	Likely Case of Corruption	Explaining the Classification
Department of Legal & Government Affairs	Obstruction in the process of verifying a vehicle; officials give preference to expeditors.	0	1	0	Expeditors are bureaucratic lobbyists. There is no legitimate reason why they should receive preferential treatment over regular citizens. This is especially true considering that expeditors have been known to secure preferential treatment by means of bribing government officials.
Department of Buildings & City Planning	The citizen requests a <i>de facto permit approval</i> , given that the government failed to issue a building occupation permit within the legal time limit.	0	1	0	<i>De facto permit approval</i> (or, in Spanish, <i>afirmativa ficta</i> ) exists as a legal mechanism to avoid bureaucratic holdups. Developers have been known to bribe government officials in order to get them to delay the review of a permit long enough to trigger a <i>de facto permit approval</i> .
Department of Public Works	The contract for a public infrastructure project was paid in full even though the project was not actually built.	0	0	1	Phantom public works are infrastructure projects paid for by the state that never actually get built. Officials have been known to tolerate phantom public works in exchange for bribes.
Department of Community Affairs	Government officials are charging citizens cash in exchange for providing a public service.	0	0	1	The claim describes the illegal practice of charging for public services that should be provided for free or paid for following strict guidelines. The concern is that officials pocket the cash payments.
Department of Legal & Governmental Affairs	Government officials assigned to the Department of Legal & Government Affairs receive a salary without showing up to work.	0	0	1	The claim describes a form of shirking known as <i>ghost employment</i> —i.e., the practice of being on the payroll, but not actually conducting work for the victim organization.

Table 1 provides additional details about the classification of claims in the database. It reveals examples of claims fitting exclusively under the two main categories of interest: *Possible Corruption* and *Likely Corruption*. The first example describes how government officials assigned to the Department of Legal & Government Affairs purportedly prioritize the needs of a select few over the needs of regular citizens. Specifically, it describes how officials grant expeditors immediate and hassle-free access to the vehicle registration counter at the local Department of Motor Vehicles, while regular citizens are required to wait in line. Expeditors are bureaucratic lobbyists hired to accelerate the acquisition of government permits. In Mexico, expeditors regularly resort to corrupt tactics in order to achieve their goals (Lagunes 2012b, 99-100).<sup>14</sup> Thus, the particular claim is classified under the *Possible Corruption* category, because there is some probability that the preferential treatment reflects a quid pro quo relationship between the expeditor and officials in the local government.

The second example presented in Table 1 centers on a distinctive attribute of Mexican administrative law. *Afirmativa ficta*, which loosely translates to English as *de facto permit approval*, refers to a legal mechanism by which citizens secure a permit after government officials fail to respond to an application within the legally specified time window. The *de facto permit approval* was created as a means to avoid bureaucratic holdups; however, interviews by Lagunes reveal that the legal mechanism is subject to abuse. The case is categorized as possibly involving corruption, since bribed officials have been known to deliberately “sit on” a permit application as a means of causing the delays that trigger a *de facto permit approval*.

The final three examples shown in Table 1 describe events that involve more obvious forms of corruption. For instance, the third example speaks of public works projects that are paid for but not actually built. The fourth one warns of officials who require under the table payments for a public service. The fifth and final example points to local government employees who receive a regular paycheck without showing up to work.<sup>15</sup> Claims of this sort speak to the theft of public money, thus providing a compelling reminder of why corruption should be controlled.

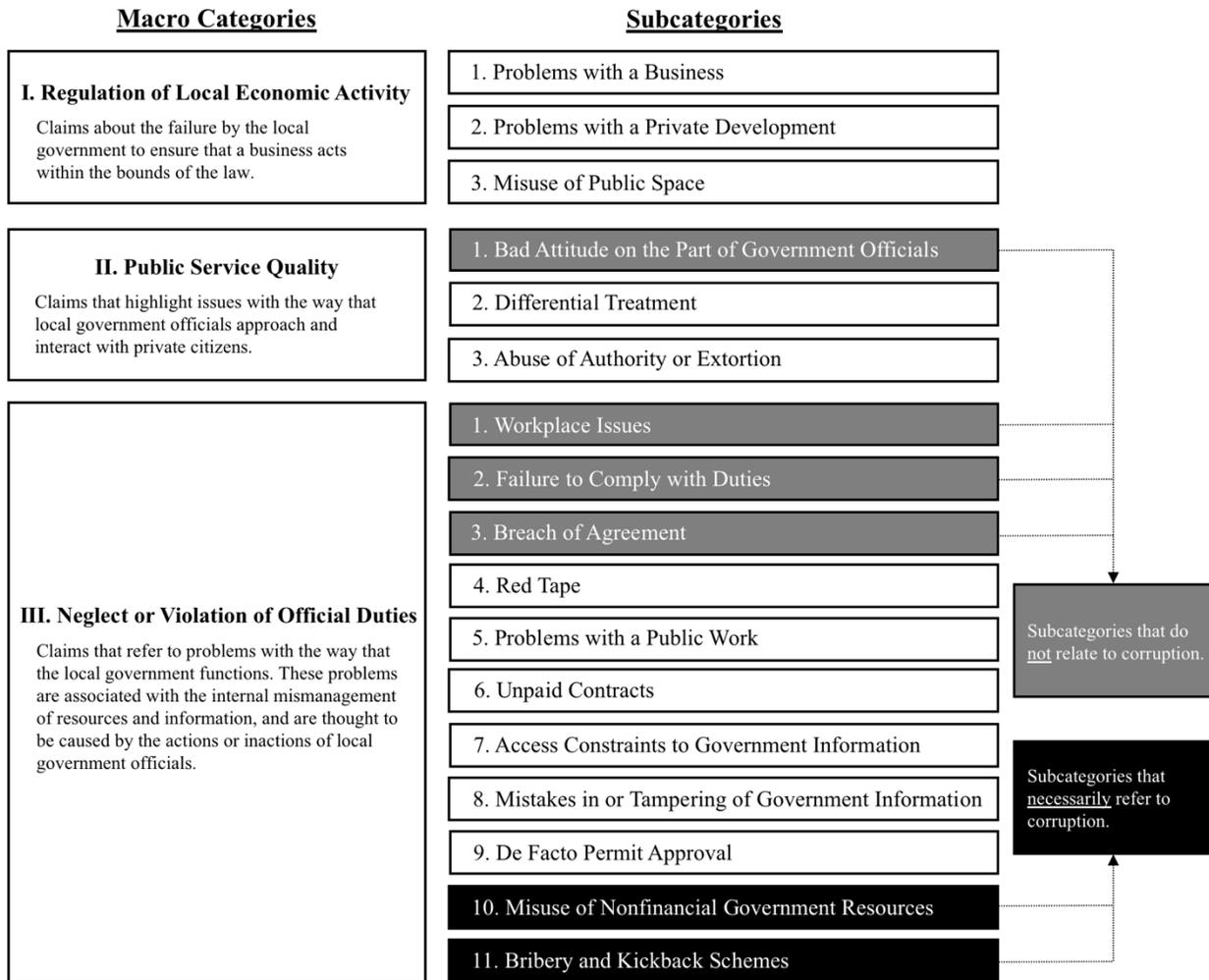
Given the variety of claims in the dataset, there is yet another, more fine-grained approach to classifying them. This other typology is depicted in Figure 3. It is also described in the below and in Appendix 1. The typology has 17 subcategories that fit under three broader categories. The three major categories are *Regulation of Local Economic Activity*, *Public Service Quality*, and *Neglect or Violation of Official Duties*.

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<sup>14</sup> Expeditors are known as *gestores* or *coyotes* in Mexico. One of the expeditors interviewed admitted to paying a mayor over US\$500,000 in exchange for special permits.

<sup>15</sup> Ghost workers in Mexico are known as *aviadores*.

Figure 3. Claim Categories



The *Regulation of Local Economic Activity* category gathers claims about the failure by the local government to ensure that a business in the formal or informal sector acts within the bounds of the law. The *Public Service Quality* category highlights issues with the way that local government officials approach and interact with private citizens. Finally, the *Neglect or Violation of Official Duties* category splits into 11 subcategories that, broadly speaking, refer to problems with the way that the local government functions. These problems are associated with the internal mismanagement of resources and information, and are thought to be caused by the actions or inactions of local government officials. The subcategories are meant to cover most of the deficiencies that one might find in a local government. For this reason, they are the cornerstone of our study. Four of the subcategories—specifically, those highlighted in Figure 3—describe inappropriate behavior that does not relate to corruption. For instance, a subcategory listed under *Public Service Quality* describes officials who allegedly approach citizens with a bad attitude. Similarly, the

first subcategory under *Neglect or Violation of Official Duties* refers to issues that would typically concern an office of human resources.

In contrast to the previously highlighted subcategories, there are two that by definition always refer to corruption. The first refers to the inappropriate use by public officials of nonfinancial government resources (see subcategory III.10 in Figure 3). Examples of this sort of claim state that vehicles belonging to the local government were used for non-official business, including to help political candidates on Election Day. The second encompasses bribery and kickback schemes, such as the allegation that a government official demands a financial reward for allowing a business to compete for a government contract (see subcategory III.11 in Figure 3).

However, not all corruption-related claims are as obviously linked to the abuse of public office as the aforementioned examples (all subcategories without a gray or black background in Figure 3). Some require a measure of local knowledge to be properly interpreted. For instance, the subcategory *Unpaid Contracts* speaks to instances in which the local government has failed to pay for services or goods rendered by a private party. Some contracts go unpaid because the local government lacks the resources to meet all of its financial commitments. That being said, according to an interview with the then-head of the Department of Administrative Services, other contracts go unpaid because officials in the accounts payable office withhold payment until they are paid a bribe. Given this revelation, claims submitted to an anticorruption agency suggesting that a contract has not been paid should trigger an investigation to test whether corruption is involved.

Having described the data and the classification process, the next section of the study highlights the main findings from the analysis. It identifies the subcategories and departments that concentrate the most claims.

## Results

Though the data is rich in detail, for the sake of clarity, this study only highlights the most significant results. These results are presented in two parts. The first examines some descriptive statistics about the claims and the individuals who submit them. The second focuses exclusively on claims that have at least some possible link to corruption. Crucially, it is in this part of the report that the most common claims and the worst offending government departments are flagged.

As a starting point, it is worth recalling that Figure 2, which was featured earlier in this study, divides the claims based on the extent to which they refer to corruption. Considering that not all claims relate to corruption, one way to reduce the anticorruption agency's caseload would be to treat differently the 22 percent of cases under the *Not Corruption* category. Irrelevant claims should be redirected to the appropriate office.<sup>16</sup> This

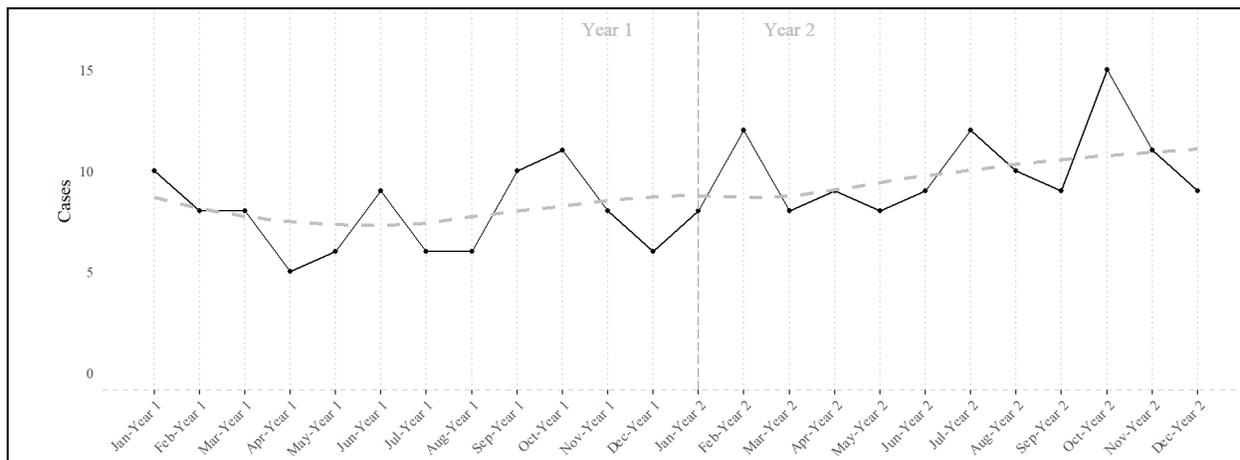
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<sup>16</sup> This is the approach used by Singapore's renowned Corrupt Practices Investigation Bureau.

tactic would allow the agency to focus on the cases that, more strictly speaking, fall within its realm of responsibility.

On a related note, Figure 4 examines what that caseload would look like over a two-year period if the anticorruption agency only focused on relevant claims. Concentrating solely on the 352 cases involving possible or likely corruption, the pulse graph shows that the anticorruption agency receives an average of 8.88 claims per month. This number may seem relatively small; however, the fact that 66 percent of claims have an ambiguous relation to corruption—hence, their place in the *Possible Corruption* category—underscores the challenge of trying to validate most claims. To be able to meet said challenge, the anticorruption agency needs the support—financial and otherwise—to conduct proper investigations. That being said, the anticorruption agency need not wait for additional resources to act; it can start by prioritizing claims in the *Likely Corruption* category. After all, few would question the need to follow up on these allegations.

**Figure 4. Time Trends (Only Cases of Possible and Likely Corruption)**



Source: Authors

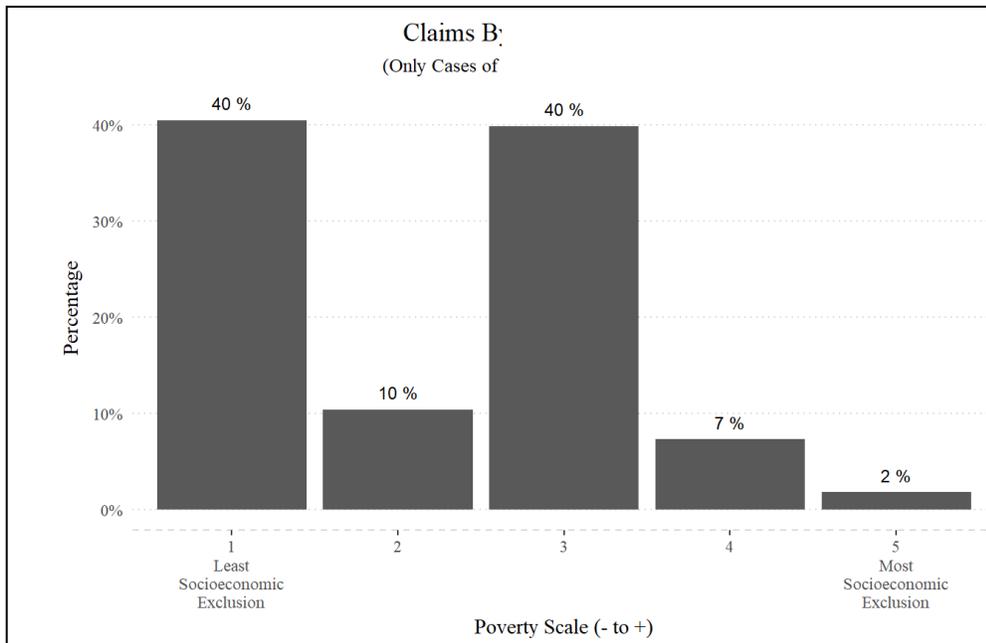
**Note:** Focusing solely on 352 cases of possible and likely corruption, the graph shows that the anticorruption agency records a minimum of five and a maximum of 15 corruption-related claims per month. In fact, the average is somewhere around 8.4 relevant claims per month. The graph also indicates that, over the course of two years, the district being studied saw a modest increase in the number of claims recorded by the anticorruption agency.

But before the local anticorruption agency adopts any particular crime-fighting strategy, it would do well to study the patterns found among the relevant claims. Doing so would allow the agency to better understand who is being victimized by corruption, what forms of corruption are most common, and who is doing the victimizing.

So, who is being victimized by corruption? Earlier in this study, we noted that the average claimant is a male citizen. Figure 5 sheds further light on the profile of the typical claimant by adding socioeconomic information to the analysis. The graph builds on 163 claims of possible or likely corruption for which the home neighborhood of the individual

generating the claim is known. In order to gauge the socioeconomic status of some of the claimants, the neighborhood information is crossed with data from the National Institute of Statistics and Geography (in Spanish: *Instituto Nacional de Estadística y Geografía*, INEGI). The results show that half of the claims emanate from wealthy and upper-middle class neighborhoods. Another 40 percent of claims are from individuals living in middle-class neighborhoods, while the remaining 9 percent of claims are from individuals in poorer areas of the district. In sum, the dataset collects more claims from the relatively affluent.

**Figure 5. Claims by Neighborhood Type (Only Cases of Possible & Likely Corruption)**



Source: Authors

**Note:** The dataset includes 163 claims of possible and likely corruption for which the neighborhood of the individual presenting the complaint is known. The National Institute of Statistics and Geography (in Spanish: Instituto Nacional de Estadística y Geografía, INEGI) publishes neighborhood-level measures for the urban district being studied. Applying a 1 to 5 scale of socioeconomic exclusion based on INEGI data, where 1 denotes greater wealth than 5, 50% of claims are from individuals living in more well-to-do neighborhoods; that is, in neighborhoods that fall under the numbers 1 and 2 of the scale. Another 40% of claims are from individuals living in lower-middle class neighborhoods (number 3 on the scale). And only 9% of claims are from individuals in poorer neighborhoods (numbers 4 and 5 on the scale). Thus, taken together, the local anticorruption agency attracts relatively more claims from wealthier individuals. This is probably explained by the fact that the district is relatively affluent by Mexican standards, and so the graph’s distribution reflects the local socioeconomic reality.

One might assume that the socioeconomic bias in the dataset is driven by reticence among the poor to report wrongdoing. If poverty is one of the factors that makes individuals vulnerable to those who abuse their power (Fried, Lagunes and Venkataramani 2010), then that same vulnerability would cause the poor to fear retribution from complaining about the abuse. However, it is important to recall that the district is relatively affluent by Mexican standards; thus, the skew in the data may be explained by basic probability. In

other words, given the socioeconomic profile of the district, perhaps it is more likely that wealthier residents would experience corruption. However, rather than stressing this particular finding, we recommend actively engaging poorer residents to make sure their corruption-related concerns are considered and not minimized.

Another approach to understanding the claims is to organize them into one of the 17 subcategories put forth in this study. That is precisely what Figure 6 aims to accomplish. The first thing to notice when examining the chart is that the top five subcategories—collecting 59.9 percent of claims in the dataset—are: *Access Constraints to Government Information* (19%); *Failure to Comply with Duties* (14.5%); *Bribery and Kickback Schemes* (10.2%); *Problems with a Private Development* (9.4%); and *Misuse of Public Space* (6.8%). Another way to think about these results is that the theft of public funds and bureaucratic delay in the review of building permit applications are the sorts of concerns that feature most prominently in the dataset. Yet another way to think about these results is in terms of examples, such as: an administrator of one of the public swimming pools pockets revenue from membership fees.

Of the five subcategories listed above, the one that concentrates the greatest number of claims is *Access Constraints to Government Information*. As the title suggests, the subcategory refers to claims that public officials are limiting access to government information. The alleged restrictions to transparency include refusals to answer public information requests; the suspicious loss of documents held by government; or situations in which an interested party is excluded from an official meeting where critical information is disclosed.

The second subcategory that stands out in Figure 6 is *Failure to Comply with Duties*. This subcategory highlights the poor work performance of government officials. Few claims of this variety have a direct connection to corruption; instead, they more closely represent some form of inefficiency. However, it should be noted that corruption and inefficiency are related phenomena. Both can be thought of as different forms of government waste (Bandiera, Prat and Valletti 2009). Moreover, there is empirical evidence that corruption and inefficiency are strongly correlated (Dal Bó and Rossi 2007), and that the two enjoy a mutually reinforcing relationship (Mauro 1995).<sup>17</sup> Thus, there are reasons for the local anticorruption agency to afford this subcategory significant attention. An example should lend support to this recommendation.

A number of claims that count as *Failure to Comply with Duties* involve trash collection. One such claim reads, “The resident complains that trash collectors refused to service her building for two weeks.” On the face of it, this case would seem unrelated to corruption. However, local interviews reveal that residents are often forced to pay an unofficial quota to garbage collectors in order to guarantee that their refuse is collected. Therefore, this and other claims about inefficiencies in public service provision often merit investigation for their potential links to corruption.

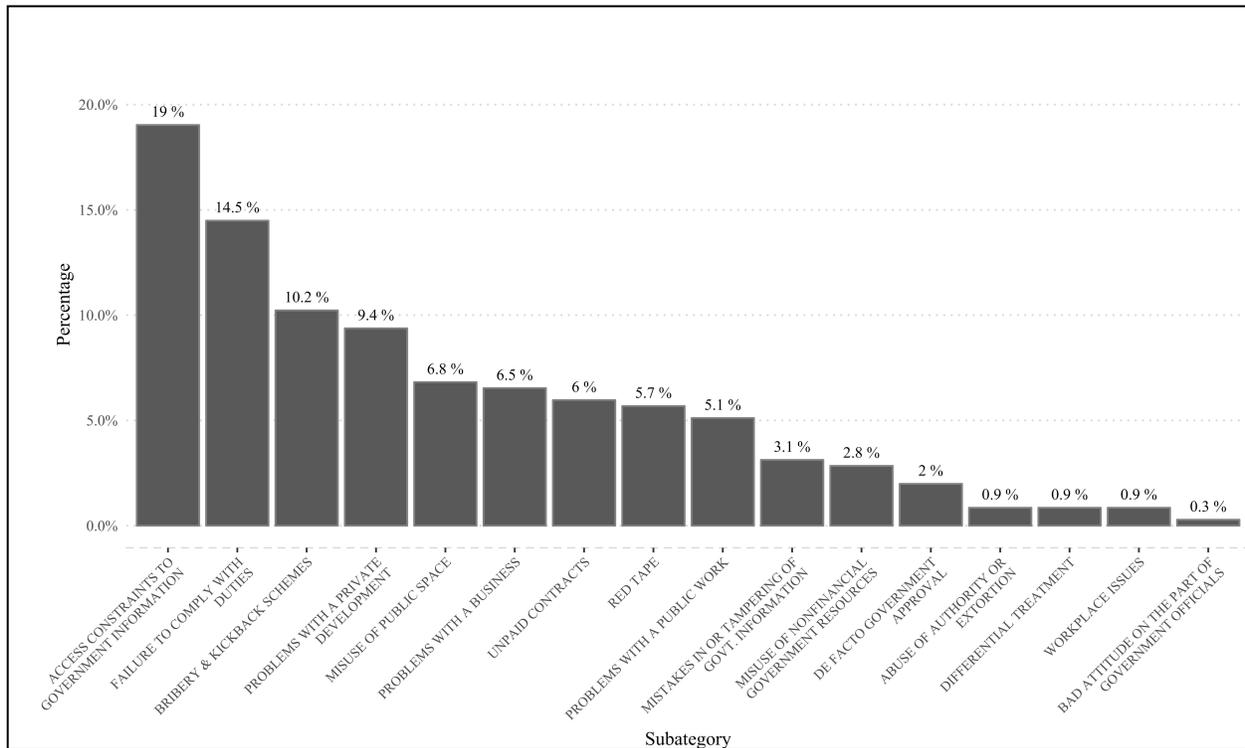
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<sup>17</sup> Similar to corruption, inefficiency produces suboptimal outcomes from a public interest perspective. This is precisely why anticorruption agencies around the world, such as New York City’s Department of Investigation, tend to target *both* phenomena (City of New York 2004).

Turning to the third subcategory featured in Figure 6, *Bribery & Kickback Schemes* clearly has a less ambiguous relationship to corruption. Indeed, the subcategory refers to the quintessential form of abuse of public office for private gain, grouping claims that one or more public officials are making an illegal profit through bribery or the theft of public financial resources. One such claim alleges that a government inspector responsible for regulating the informal sector asked a street vendor for a US\$300 bribe, presumably to allow the street vendor to conduct her business without an official permit. Another claim, while not specifying the wrongful act, suggests that officials made an illicit profit worth approximately US\$180,000.

The remaining subcategories shown in Figure 6 can be analyzed with information offered in Appendix 1. For example, readers can note that the fourth subcategory highlighted in the chart refers to *Problems with a Private Development*. This subcategory collects 9.4 percent of all claims of possible and likely corruption in the dataset. As explained in the Appendix, the subcategory refers to, “Claims directed against [...] buildings not owned by government that are undergoing construction, remodeling, or demolition.” The Appendix also offers two examples of claims that fit this subcategory.

Figure 6. Claims by Subcategory (Only Cases of Possible and Likely Corruption)

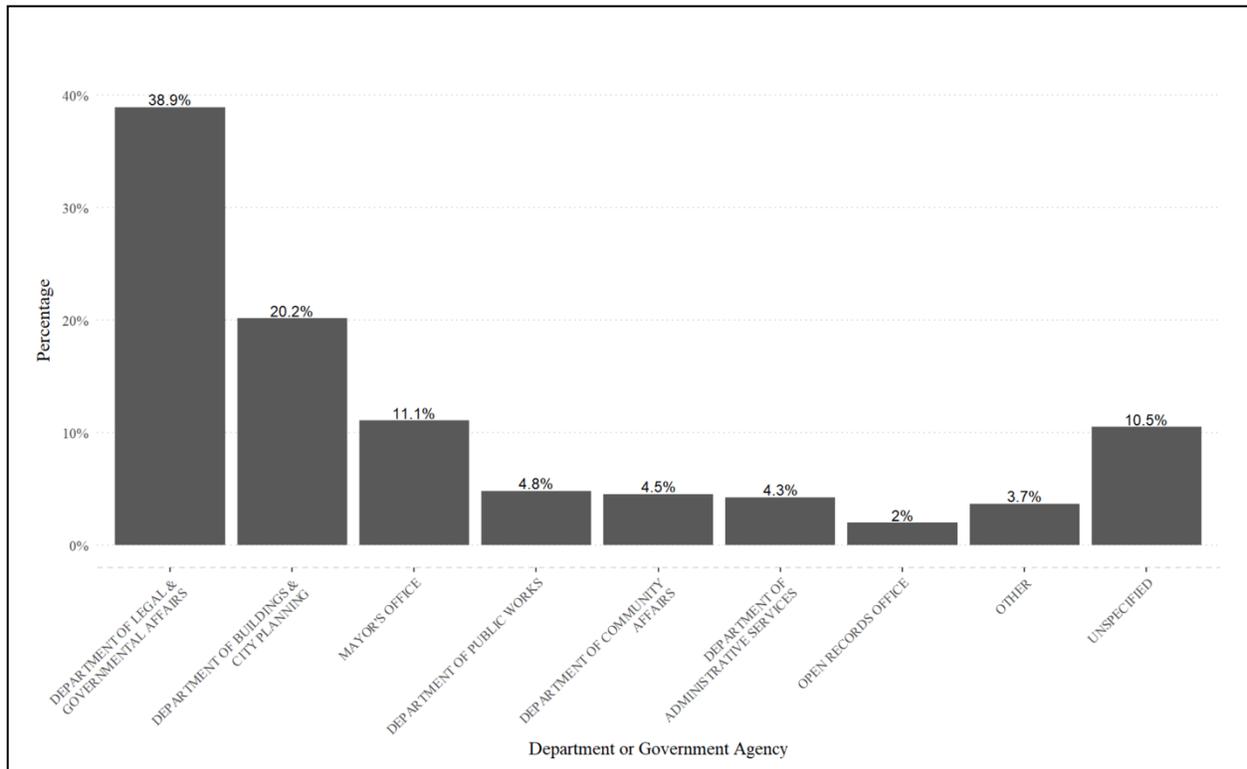


Source: Authors

**Note:** The bar chart focuses solely on the 352 cases of possible and likely corruption, highlighting the most pressing issues from the perspective of government integrity. It shows that the subcategory concentrating the greatest percentage of corruption-related claims is *Access Constraints to Government Information*, thus warning that the district being studied may be restricting government transparency. The next subcategory that stands out in the chart is *Failure to Comply with Duties*, which groups complaints about the work performance of government officials. An example of such a complaint speaks to irregularities in how local officials handle government purchases. Another example refers to trash collection, which could signal that trash collectors are demanding bribes. The third most prominent subcategory on the chart is *Bribery & Kickback Schemes*, which collects allegations of officials attempting to make an illegal profit. Then, the following three subcategories (i.e., *Problems with a Private Development*, *Misuse of Public Space*, and *Problems with a Business*) all refer to possible or likely corruption in the local government’s regulation of economic activity.

Beyond examining the types of claims that weigh most heavily on the district, it is also useful to understand which officials are prompting a majority of the claims. This can be accomplished by grouping claims of possible or likely corruption by agency, as seen in Figure 7. The figure shows that the five most problematic agencies collect 79.5 percent of all relevant claims. These five agencies are the Department of Legal & Governmental Affairs, the Department of Buildings & City Planning, the Mayor’s Office, the Department of Public Works, and the Department of Community Affairs.

Figure 7. Claims by Department (Only Cases of Possible and Likely Corruption)



Source: Authors

**Note:** Focusing solely the 352 cases of possible and likely corruption, the chart highlights the administrative areas of the local government that concentrate the greatest number of claims. It shows that the Department of Legal & Governmental Affairs is by far the most problematic. This is a large agency responsible for a variety of functions (from issuing marriage licenses to regulating street vending); its officials frequently come into direct contact with citizens. Another department that stands out in the chart is that of Buildings & City Planning, which is responsible for regulating urban development in the district being studied. Next on the chart is the Mayor's Office. While the heads of local government—including the local government being studied—have been known to engage in corrupt activities, most claims in this category come from citizens who hold the mayor responsible for the misdeeds of lower-level officials. Thus, if the focus is on the district government's subunits, then the third department concentrating the greatest number of claims is actually that of Public Works.

The Department of Legal & Governmental Affairs draws the greatest number of corruption-related claims, in part because of its size. The agency is responsible for myriad subunits, such as the local Marriage Bureau, the Single-Window System for Permit Applications, and the Public Markets & Street Vending Commission. Thus, given the breadth of its responsibilities, it is almost to be expected that the Department of Legal & Government Affairs would attract a significant number of claims. That said, the agency's poor standing is likely also a reflection of the corruptibility of some of its activities, such as the regulation of the informal sector.

Other agencies that stand out in Figure 7 are the Department of Buildings & City Planning and the Department of Public Works. Together, the two agencies regulate the built environment in the district. A few reasons have been put forth to explain corruption in this area of government. For one, the vast amount of capital committed to the construction of buildings and infrastructure is thought to create opportunities for rent-seeking behavior (Castalia 2004, 7; Fisman and Golden 2017, 94). A related issue is that the complexity of many buildings and infrastructure projects generates room for regulatory discretion, which then serves as an incentive for corruption (Rose-Ackerman and Palifka 2016, 69). Along similar lines, Collier and Hoeffler (2005) explain that the building industry is especially vulnerable to corruption because the sector relies on idiosyncratic capital, meaning that it is difficult to standardize the cost of projects.

The Mayor's Office is another agency collecting a relatively high number of claims. This may be partially explained by the fact that the Mayor's Office is often held responsible for unpopular policies. It may also be the case that the Mayor's Office is blamed for the corruption of agencies under its supervision. Whatever the explanation, it is concerning that the Mayor's Office collects so many corruption-related claims. The district's residents have imperfect information about how its local government works; thus, many residents look to the mayor for clues about the efficiency and integrity of the district government as a whole. If the mayor is perceived to be corrupt, then that signals to residents that corruption is to be expected when interacting with other local officials. This is what Rothstein (2013) refers to when he suggests that "the fish rots from the head down."

As a next and final step, this study deepens the analysis by examining only cases of *Likely Corruption*. Focusing exclusively on this subset of claims drastically reduces the number of observations (N=50). Still, the exercise brings to light some useful information. For one, the Department of Legal & Governmental Affairs again appears as one of the worst offending agencies. The same is true for the Department of Community Affairs, the Department of Public Works, and the Department of Buildings & City Planning. Across these four agencies, *Bribery and Kickback Schemes* tends to collect the most claims. It is only in the Department of Buildings & City Planning that other types of claims feature as prominently (see Appendix 2).

## Discussion and Conclusion

Our decision to focus on urban corruption should not be misinterpreted. We are not suggesting that cities are generally more corrupt than, say, rural areas. In fact, the opposite seems true—urbanization tends to correlate with lower levels of corruption (Mungiu-Pippidi 2015, 88). Time-honored traditions may view cities with skepticism, teaching that they were founded under shameful circumstances.<sup>18</sup> Prominent urbanists might even warn that cities are prone to disorder (Hall 1998). And yet, contemporary empirical research offers evidence that the expansion of cities fosters human prosperity (Glaeser 2012). It is this prosperity that explains much of the migration to cities—indeed, people vote with their feet (Tiebout 1956), and many of them are choosing to live in cities because they offer better wages, as well as better access to health and education services (de Soto 1989, 9-10).

Still, in spite of the promises of urban life, cities are no panacea. Our analysis of claims submitted to the local anticorruption agency of an urbanized district in central Mexico sheds light on the poorly understood phenomenon of bureaucratic corruption. It reveals trends that are, perhaps narrowly, anchored to the district being studied. However, these trends result from applying a set of categories and subcategories that are transferable to other urban districts across Mexico and Latin America. In this sense, the present study models how anticorruption agencies in Mexico and beyond may structure their caseloads.

The study's specific findings first show that the anticorruption agency in the district being studied is burdened by irrelevant claims—that is, claims that do not refer to corruption. Forwarding these claims to the appropriate authorities, such as the district's Human Resources Department, would allow the anticorruption agency to better direct its efforts.

The study also finds that the subcategory concentrating the greatest number of corruption-related claims is *Access Constraints to Government Information*. This suggests that individuals are sensitive to limits to their right to know—as they should be since government transparency is an important issue with implications for public service provision, trust in the democratic process, and the rule of law. Fortunately, administrative deficiencies of this sort originate from within the government, and so their solution is largely within the ACA's realm of influence. For one, the ACA could adopt a similar strategy as that used by Lagunes and Pocasangre (2017) to monitor each agency's level of transparency. This strategy would involve using aliases to submit Freedom of Information requests, which would then be used to evaluate an agency's tendency to provide timely and relevant information to citizens.

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<sup>18</sup> For example, the book of Genesis in the Hebrew Bible chronicles the story of two brothers, Cain and Abel. Overtaken with feelings of jealousy, Cain murders Abel. As punishment, Cain is banished and goes on to found Enoch, the first city. Another illustration comes from Roman mythology, which describes events believed to have led to the founding of Rome. Romulus and Remus were twin brothers who had a fight. After killing his brother, Romulus is said to have become Rome's first king and namesake.

Among the other types of claims that stand out is *Failure to Comply with Duties*, which refers to claims about the work performance of government officials. On the face of it, many claims of this sort describe mere inefficiencies. However, as is discussed at length in this study, the fact that inefficiencies often mask actual corruption means that anticorruption agencies cannot avoid investigating claims of this nature. The study also finds that local anticorruption agencies must redouble their efforts to curb bribery and kickback schemes. These are obvious forms of corruption that one would hope are in decline; thus, their continued presence in highly urbanized districts should give rise to concern. Finally, the study finds that agencies enjoying ample discretionary powers concentrate a greater number of corruption-related claims. Mindful of this, the local anticorruption agency should develop an improved strategy that gives priority to certain agencies and activities over others. Through targeted audits, high-profile prosecutions, and clear messaging, the anticorruption agency can signal that there are real legal consequences to the abuse of public office. Government officials must be mindful that their decisions are subject to review.

## Appendix I

### A Typology of Urban Corruption and Other Irregularities

The first category is *Regulation of Local Economic Activity*. It refers to instances in which the local government has allegedly failed to prevent a business in the formal or informal sector to act within the bounds of what is legally permissible.

First Category	Sub-category	Description	Example(s) of Claims
Regulation of Local Economic Activity	1. Problems with a Business	Claims directed against a private business, such as a store, restaurant, nightclub, or bar.	The business obstructs the sidewalk, and so the claim includes a request that the business receive a government inspection.
	2. Problems with a Private Development	Claims directed against a private development. Private developments are buildings not owned by the government that are undergoing construction, remodeling, or demolition.	1. Damage to a property by a nearby building that is under construction. 2. The building violates the zoning law.
	3. Misuse of Public Space	Claims against commercial activities that occur in a public space without an official permit.	1. Phone booths installed on the sidewalk without an official permit. 2. Violation of a program that regulates informal merchants who sell their products in a public space.

The second category is *Public Service Quality*. Claims in this category refer to problems with the way that local government officials approach and interact with private citizens.

Second Category	Sub-category	Description	Example(s) of Claims
Public Service Quality	1. Bad Attitude on the Part of Gov't Officials	Claims directed against one or several public officials who allegedly approach citizens with a bad attitude. In this case, bad attitude includes an arrogant demeanor, ignoring citizens, being rude, and even resorting to physical violence. If the claim discusses the mistreatment of one official by another official, then it falls under the <i>Labor Issues</i> subcategory.	In a display of arrogance, the official ended the donation of construction materials.
	2. Differential Treatment	Claims alleging unequal treatment or preferential treatment offered by a public official to an individual or group of citizens without necessarily reporting a payment to secure such a service. This subcategory could incorporate cases of nepotism (i.e., favorable treatment to a family member over a more qualified but unrelated individual) and cronyism (that is, special treatment to members of one's group, rather members of other groups).	1. Obstruction in the process of verifying a vehicle; officials give preference to expeditors. 2. Garbage truck operator does not pick up the trash of neighborhood residents. Instead, he only picks up the trash of one of the businesses in the area.
	3. Abuse of Authority or Extortion	Claims of alleged pressure by one or more government officials. For a claim to fit under this subcategory it must be reported by a citizen; otherwise, if the claim discusses abuse of authority or extortion of one official by another official, it should be categorized under <i>Labor Issues</i> . The exception to the aforementioned rule is any case in which a superior makes sexual advances on lower-level officials. Also, if the claim specifies that a public official is demanding a bribe, then it fits under <i>Bribery and Kickback Schemes</i> .	Displeased with the constant government inspections to his/her business.

The third category is *Neglect or Violation of Official Duties*. It encompasses 11 subcategories that speak to problems with the way that the local government functions. These problems are associated with mismanagement of resources and information, and are thought to be caused by the actions or inactions of local government officials.

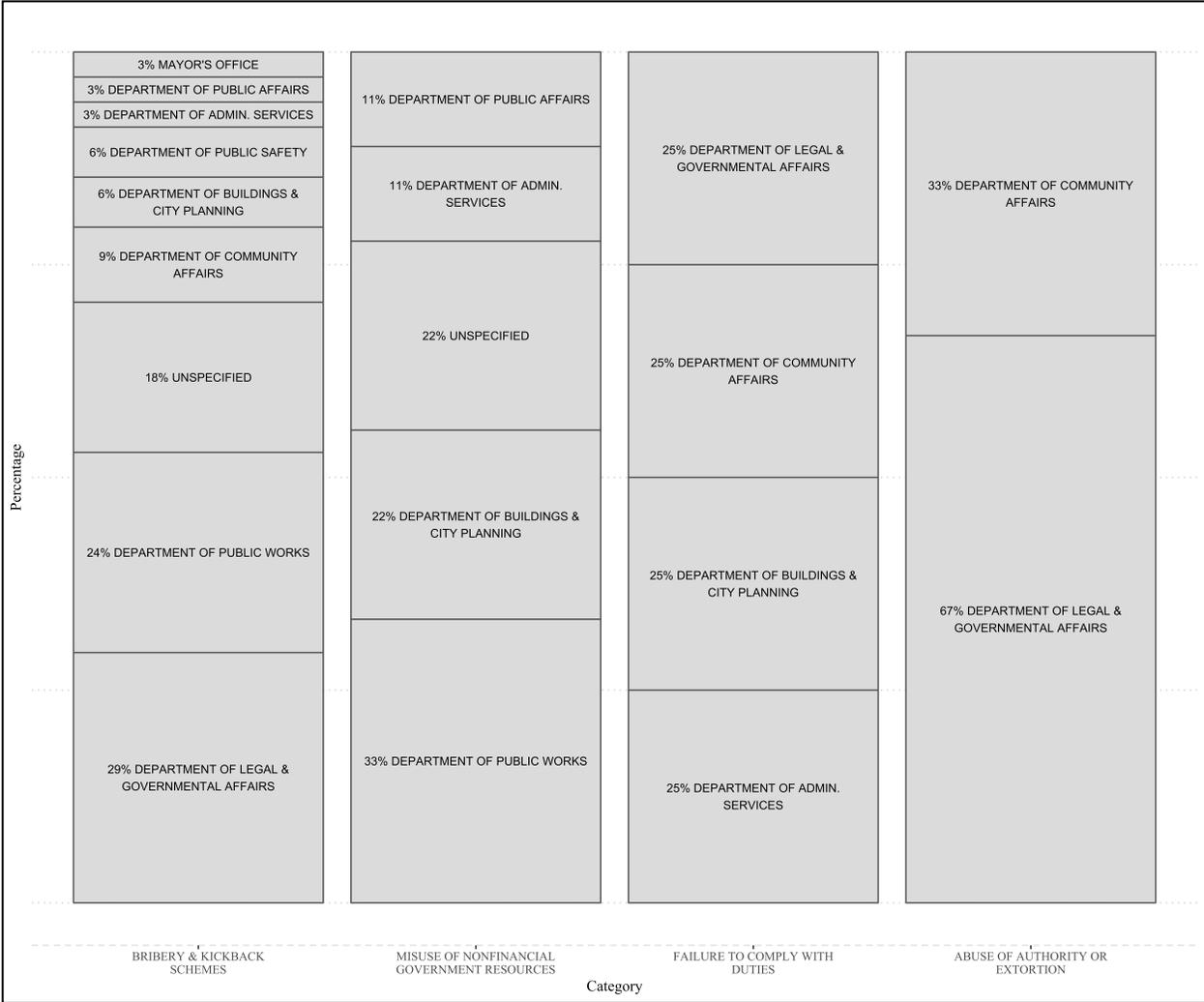
Third Category	Sub-category	Description	Example(s) of Claims
Neglect or Violation of Official Duties	1. Workplace Issues	Claims that would typically concern an office of human resources. The claims may address sexual harassment among co-workers, union-related concerns, arrogant treatment by a superior, etc. Cases in which superiors abuse their power, such as when they sexually harass a lower-level official, fall under <i>Abuse of Authority or Extortion</i> .	The union recognizes that one of its members, a local official, was issued an administrative sanction.
	2. Failure to Comply with Duties	Claims alleging poor work performance by a government official. On the one hand, the subcategory excludes claims about delayed administrative procedures (claims of this sort fit under <i>Red Tape</i> ), and claims alleging lack of attention by a government official (such claims fit under <i>Bad Attitude on the Part of Government Officials</i> ). On the other hand, the subcategory includes claims describing an interrupted public service, but only if the reason for the interruption is not that a public official is demanding a bribe (such claims fit under <i>Bribery and Kickback Schemes</i> ).	Dissatisfaction with the trash collectors. They refuse to do their work.
	3. Breach of Agreement	Claiming the alleged breach of political agreements by the government. This subcategory also encompasses acts of government that violate a court ruling.	1. The local government has not fulfilled its commitment to have official inspectors conduct site visits. 2. The local government has failed to comply with a court sentence.
	4. Red Tape	Claims suggesting that an administrative procedure is delayed or on hold. An example of an administrative procedure is the review of a permit application.	The citizen has complied with all the administrative procedures required to merge properties, but officials continue to withhold authorization for the merger.
	5. Problems with a Public Work	Claims highlighting an issue with a public infrastructure project. Such projects include the paving of roads, fencing, building maintenance, etc. Claims under this subcategory are different to <i>Unpaid Contracts</i> since they do not allege the lack of payment by a public entity.	1. There are irregularities in the construction of a trash collection facility. 2. A relatively expensive public work has been paid for without actually getting built.
	6. Unpaid Contracts	Claims that the local government has failed to pay for services or goods rendered by a private party. The concern is that some suppliers are not paid until they bribe officials in <i>Accounts Payable</i> .	The local government has failed to pay a contractor for the work done on a local public market.

## Anatomy of Urban Corruption

Third Category (cont)	Sub-category	Description	Example(s) of Claims
Neglect or Violation of Official Duties (continued)	7. Access Constraints to Gov't Information	Claims that government officials are limiting access to public information. The alleged restrictions to transparency include refusing to answer Freedom of Information Act (FOIA) requests; the non-delivery or loss of information held by government; or situations in which an individual is excluded from an official meeting where critical information is disclosed.	1. Supplier was not allowed into a meeting organized by the local government where the terms of a public tender were discussed. 2. The transition between administrations was handled improperly; outgoing government officials did not hand over all relevant information to the incoming team.
	8. Mistakes in or Tampering with Gov't Information	Claims stating that an official datum, document, or archive was lost or tampered with. Archives or official documents include government registries, payment invoices, deeds that are part of a building record, etc. Claims under this subcategory are similar to <i>Access Constraints to Government Information</i> . The key difference is that this subcategory does not highlight actions by public officials that restrict access to public information; instead, it points to actions by public officials that affect the integrity of said information. Also, if the claim refers to a datum, document, or archive that was lost or tampered with involving a business, private development, or informal merchant it belongs here as opposed to any of the subcategories in the <i>Regulation of Local Economic Activity</i> category.	1. Destruction of official documents. 2. Tampering of government records.
	9. De Facto Permit Approval	Claims mentioning the term <i>afirmativa ficta</i> , which loosely translates to <i>de facto permit approval</i> . The term refers to a legal mechanism by which citizens secure a permit after government officials fail to respond to a permit application within the legally specified time window. The <i>de facto permit approval</i> was created as a means to avoid the problem of bureaucratic holdup; however, the legal mechanism is subject to abuse. The case is categorized as possibly involving corruption, since officials have been known to ignore a permit application on purpose in exchange for a bribe and as a means of triggering a <i>de facto permit approval</i> . Although there are few claims relating to this topic, it is awarded its own subcategory because of its high impact.	
	10. Misuse of Non-financial Gov't Resources	Claims suggesting the inappropriate use by public officials of nonfinancial government resources, including the clientelistic use of nonfinancial government resources to support a political candidate or party in an election. Nonfinancial resources include computers, vehicles, fuel, tools, etc. This subcategory differs from <i>Bribery and Kickback Schemes</i> since it does not include the government's financial resources. Since time is considered a nonfinancial resource, this subcategory also includes instances in which public officials inappropriately spend their work hours on leisure.	Complaint about the improper use of a white pick-up truck owned by the local government. It was used for the non-official business of helping someone move their private belongings.
	11. Bribery and Kickback Schemes	Claims alleging that one or more public officials are making an illegal profit through bribery or theft of financial resources owed to or owned by the local government. The subcategory is different from <i>Misuse of Nonfinancial Government Resources</i> , since this subcategory refers exclusively to the misappropriation of public financial resources. In addition, the subcategory includes cases of public officials taking a public salary without showing up to work.	Government official demands a 10 percent cut from government contracts in order to allow potential vendors to compete for said contracts.

Appendix 2

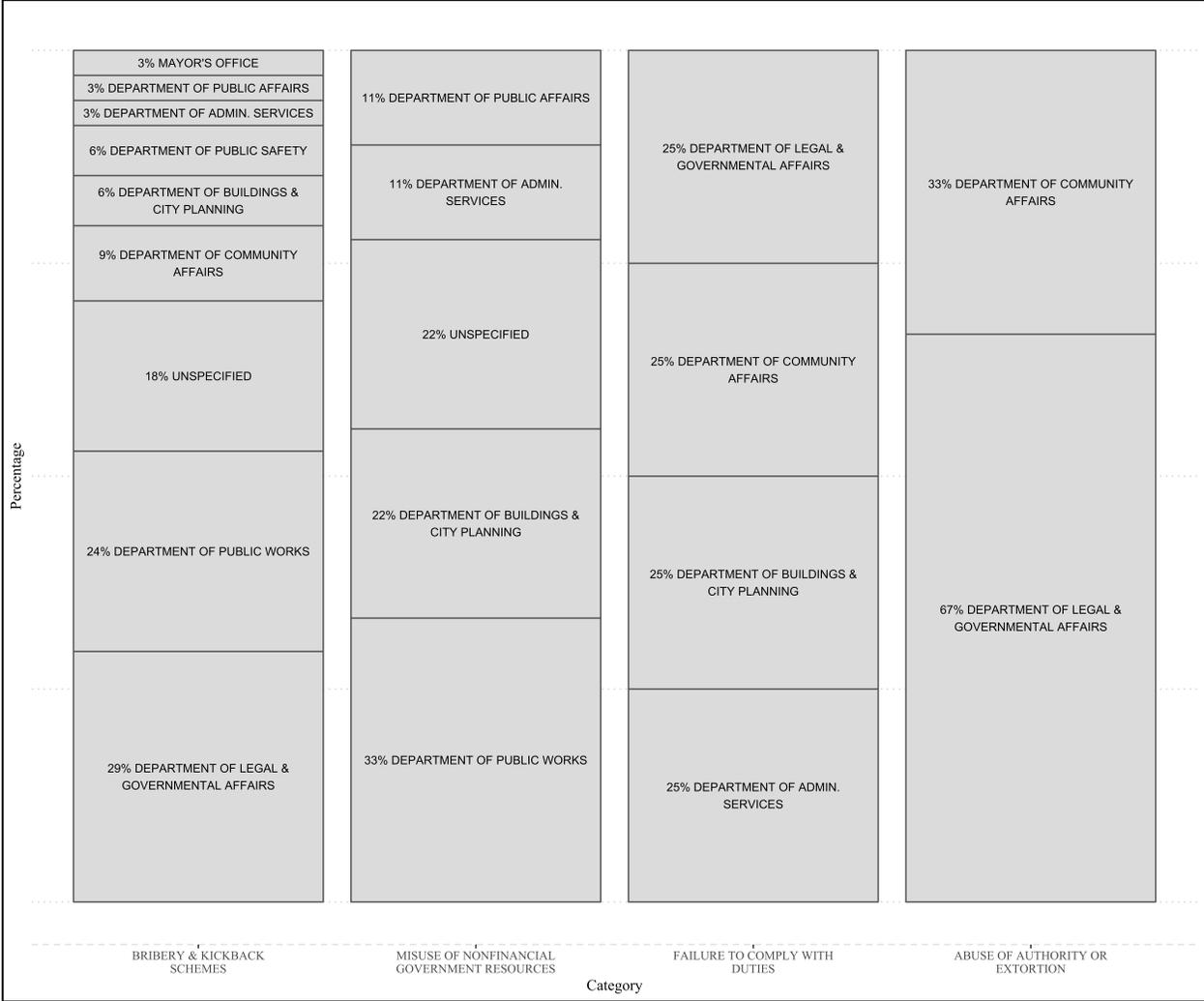
Figure I. Distribution of Most Common Claims (Only Cases of Likely Corruption)



Source: Authors

Note: When focusing exclusively on the 50 cases of likely corruption, the four subcategories concentrating the most claims are: *Bribery and Kickback Schemes* (N=34); *Misuse of Nonfinancial Government Resources* (N=9); *Failure to Comply with Duties* (N=4); and *Abuse of Authority or Extortion* (N=3). For three of the four categories, the Department of Legal & Governmental Affairs appears as one of the worst offending agencies. That said, the Department of Community Affairs, the Department of Public Works, and the Department of Buildings & City Planning also stand out as highly problematic.

Figure II. Most Contentious Departments: Breakdown of Complaints (Only Cases of Likely Corruption)



Source: Authors

Note: When focusing exclusively on the 50 cases of likely corruption, the four departments that are most frequently alluded to are: the Department of Legal & Governmental Affairs (N=14); the Department of Public Works (N=11); the Department of Buildings & City Planning (N=8); and the Department of Community Affairs (N=5). Across all four departments, *Bribery and Kickback Schemes* tends to collect the most claims. It is only in the Department of Buildings & City Planning that other types of claims feature as prominently.

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