The Supply and Demand Sides of Corruption:

Canadian Extractive Companies in Africa

Introduction

With the rapid expansion of Canadian investment in mining and oil & gas around the world (Department of Foreign Affairs, Trade and Development, 2014), it is perhaps not surprising that Canada's reputation as a low corruption country has faltered: Canada currently ranks 9th internationally (with a score of 83/100) in Transparency International (TI)'s corruption perception index (down from 6th, and a score of 87/100 in 2010), and sixth (down from first (i.e. best) in 2009) in TI's Bribe Payer's index (Transparency International, 2011, 2015)[1]. In a cross-Canada survey conducted by Leger Marketing for Transparency International 48 percent of respondents thought Canadian companies were corrupt (Transparency International, 2013).

This article presents the preliminary findings of our ongoing research project[2] which analyzes both the demand-side (that is, the request for bribes, principally by foreign officials) and the supply-side (that is, the giving of bribes, principally by corporations) of corruption. To date, we have examined Canadian mining companies operating in two African[3] countries, Ghana and Burkina Faso[4]. On the demand-side, we are examining the causes of corruption and what measures are being taken by host country governments, and (especially) parliaments – a here-to-fore largely neglected anti-corruption institution[5] – to reduce corruption. On the supply-side, we are examining to what extent companies considered potential demands for corruption from host

[1] In the Corruption Perceptions index, Canada's drop represents increasing global perceptions of corruption <u>in</u> Canada, while in the Bribe Payers index, Canada's drop represents global perception of increasing bribes <u>by Canadian companies operating abroad</u>.

[2] Funded by Canada's Social Sciences and Humanities Research Council

[3] Canada is chosen because 75% of the world's mining companies are based there. Africa is chosen because because African countries are among the most corrupt-prone (Transparency International 2015); these particular countries are chosen because we have good contacts with companies operating there, with governments and with parliaments.

[4] Field work in a third African country, Tanzania, will be undertaken in early 2017

[5] Stapenhurst, Pelizzo and Jacobs (2014) demonstrate that 64% of the variation of corruption across countries can be attributed to differences in the effectiveness of parliamentary oversight

government officials (such analyses typically assumed to be part of political risk analysis (e.g Bremmer 2005, Jessen 2012) and whether the corporations included the results of such analyses into their macro-planning (corporate policies and strategic planning) and micro-level planning/activities (corporate social responsibility).

Public policies are being implemented in Ghana and Burkina Faso to reduce demand-side corruption (e.g. by increasing government accountability through better parliamentary oversight (Stapenhurst et al. 2014). Canada, like most other developed countries, is implementing policies to reduce supply-side corruption (e.g. by adopting anti-bribery legislation[6] and guidelines for CSR[7]). However, the conceptual and theoretical framework to justify confidence in the potential success of these policies is lacking. Indeed, the four strands of research – namely, corruption, political risk assessment/management, CSR and parliamentary oversight, – have proceeded in parallel, with little cross-over, despite apparent synergy, thus limiting the incorporation of research findings into public policy formulation. This paper presents a first step toward exploring the nexus of these four areas.

Context

The growth of the African mining industry has been an increasing focus of attention (De Backer 2012) . Since the 1990s, the World Bank and the International Monetary Fund have implemented series of development programs (Akabzaa and Darimani 2001) which, inter alia, entail economic mining poly reforms designed to accelerate the growth of the industry (Campbell 2008). Canada is one of the biggest players in African mining, with Canadian-based companies owning half of the 315 listed non-African mining businesses in Africa, six of the 12

[6] In Canada, the Corruption of Foreign Public Officials Act
[7] In Canada, the federal government's policy regarding CSR in the extractives industries, called "Doing Business the Canadian Way: A Strategy to Advance Corporate Social Responsibility in Canada's Extractive Sector Abroad" was announced on Nov.14, 2014

largest companies operating in the continent are Canadian, and Canadian companies have invested around $20 billion in African mining projects (Campbell 2011). Assessing risk is thus vital for Canadian interests.

Ghana and Burkina Faso rank 56th and 76th respectively, out of 167 countries in Transparency International's Corruption Perceptions Index (Transparency International 2015). This middling performance translates into most Canadian mining companies reporting that corruption is a 'mild' deterrent to investment in Ghana and Burkina Faso (McMahon and Cerantes 2012),

Literature Review

Political risk (which, according to many scholars and practitioners, typically includes corruption risk) arises when a company's operations suffer as a result of political changes, instability, or host (or home) government interference with business operations. Scholars have identified two types of political risk; macro and micro (Stapenhurst 1992, Khattab et al. 2007, Emel and Huber 2008). There are various methods that can be used to ascertain risk (Goldstone et al. 2010), but many mining companies fail to undertake either political or corruption risk assessments (Rice and Mahmoud 1990, Dake 1992, Slovic 1999, Alon et al. 2006). This is a significant failing, as it leads such companies being reactive to local stakeholder demands rather than proactive. Assessments of *micro-risks* have underlined the importance of foreign investment to the local economy, but Polanyi (2001) noted that individuals, groups and communities may also be embedded in social and political relationships and that what is economically valuable may not necessarily be politically or socially viable. Alon and Herbert (2009) suggested that the extent to which a corporation can be viewed as beneficial for the local community depends on three factors: the company's contribution to the local economy, the bargaining power of the firm vis-à-vis the government and the governance structure of the company. Pelizzo (2010) adds that the benefits a corporation provides to a local community may be symbolic or material, objective or perceptive. It is not known if and to what extent Canadian mining companies in Africa are perceived to be beneficial by local communities, but anecdotal evidence suggests that they are not[8].

Corruption is an important indicator of the performance of a political system (Anderson and Tverdova 2003). Certain characteristics of host governments have been found to increase the prevalence of corruption related to the mining industry, including the poor quality of democracy (United States Institute of Peace 2010), political instability (Winbourne 2002), and government decentralization (Goel and Nelson 2011). The discourse of corruption varies greatly from one country to another since it is dependent on particular historical trajectories and everyday fragments of local culture. Social expectations marking acceptable behavior are not the same; but rather culturally specific and socially produced in the local context.

Corruption is a two-sided transaction with a 'payer' (the supply side of corruption) and a receiver (the demand side). In terms of the supply side, multi-national corporations – usually but not always from advanced countries - pay bribes to public officials (often, but not always in developing countries). On the demand side, the costs of corruption are well documented. Countries with higher levels of corruption have lower levels of economic growth (Mauro 1995), less investment (Lambsdorff 2003) and lower levels of inward foreign investment (Wei 2000), especially from countries with laws against corruption (Cuervo-Cazurra 2016). But as Cuervo-Cazurra (2016) points out, on the supply side, the consensus is less clear. While corruption increases the costs of doing business (Kaufmann 1997, Svensson 2005) individual companies

[8] Comment by Tanzanian investigative journalist Lawrence Kiliminwiko to Stapenhurst in 2005: "Canadian mining companies are the worst (in terms of good corporate citizenship)"

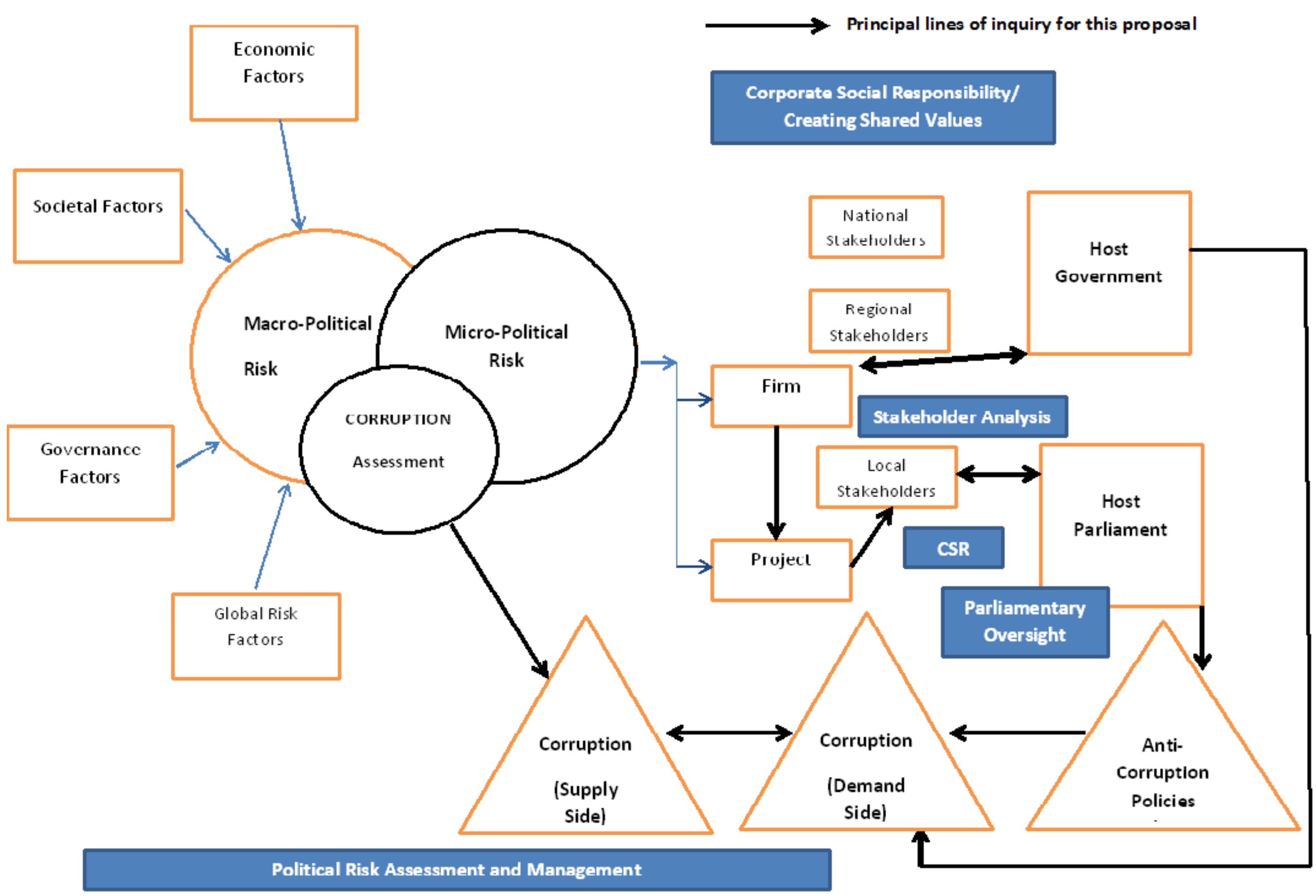
may benefit from getting government contracts or from by-passing complex regulations (Huntingdon 1968).

Many developed countries are starting to tackle the supply side of corruption by making bribe-giving a criminal offence. Canada enacted the Corruption of Foreign Public Officials Act in 1999 but even now is only “moderately” (OECD, 2013) enforcing the law. Canada tops the list of corrupt businesses barred from bidding on World Bank projects (Financial Post, September 18, 2013).

Corporate social responsibility programs can help mining firms resolve their micro-political risk problems (Knox and Maklan 2004, Rangan et al. 2012, Africa Study Group 2013). Different standards have been created to assist mining firms in the development of CSR, most prominent of which is the International Finance Corporation’s (IFC) ‘Performance Standards on Environmental and Social Sustainability’ (2012). To assist, Canada’s Department of Global Affairs has re-aligned its development assistance programs to provide support to Canadian companies investing in developing countries to meet these standards (Fantino, 2012). To meet the increasing demand for good corporate citizenship, a growing number of corporations around the world are practising some form of CSR. However, ongoing tensions between business and social/environmental goals remain. The World Bank found pockets of excellence from which lessons can be drawn, but gaps in company-community engagement at the project-level. Interestingly, Cuervo-Cazurra (2016) introduces the concept of corporate social *irresponsibility* – the notion of corporate managers using corruption to gain a competitive advantage.

Diagram 1 presents our project’s theoretical framework. At the core is the relationship between the mining firm in the host country and local stakeholders. The line of inquiry (bold lines) is upstream, to examine how the company assesses micro-political risks, particularly as they relate to corruption issues, and downstream, to examine how this shapes relations with the host government and parliament. The key theories we draw on are shown in the shaded boxes. For this article, we are presenting the preliminary findings on the how Canadian mining companies undertake corruption risk assessment, and how this informs corporate activity in the host country (i.e. the supply side of corruption) and the actions of host country governments and parliaments, and how these affect the demand side of corruption.

Diagram 1: Theoretical Framework



Methodology

We have adopted a qualitative research approach, surveying and interviewing approximately 60 key informants: Canadian mining officials, host government officials, legislators and civil society representatives, in Canada, Burkina Faso and Ghana. We have also conducted a significant document search to gather other (home and host) country-specific evidence. We have adopted a mixed method of data collection because we recognize that traditional social science methods like surveys and quantitative studies run the risk of being identified with police interrogations and they may produce embarrassed silence and biased results. By engaging in semi-structured conversations and by immersed ourselves in people's everyday discourses we able to gather a contextual richness (including observations and anecdotes) typically lost in purely quantitative research.

Data Analysis

Thematic analysis (Miles and Huberman 1994) was used to examine interview and field work data. Transcribed interviews were read to get an overview of the responses. They were re-read and first level codes were assigned to data by two researchers independently. These first level codes were then clustered into themes. The data were again reviewed to ensure that the content fit the identified categories. The themes were reworked until two researchers reached agreement and all coded data fit into the identified themes. These constitute the basis for the themes described in the Results section, below.

Then all the qualitative materials and data were reviewed using constant comparison method (Glaser and Strauss 1967), and the following blocks were produced: 1) Memos that capture similarities and differences in participants' perspectives of corruption; 2) A catalogue of the community projects, CSR practices, ethical codes of Canadian mining companies operating in the African context; 3) An inventory of all metaphors, meanings, rituals and symbols encountered during field work and ethnography. The data obtained from these blocks confirmed the themes identified in the thematic analysis.

Results

Our results to date indicate ten interesting findings and tensions.

The first contradiction and tension is regarding the **definition of corruption.** Generally, host country civil society representatives and, to a somewhat lesser degree, government officials and legislators, defined corruption broadly, as ‘the abuse of public trust for personal gain’, consistent with much of the literature (see, for example, Alvaro Cuervo-Cazzura, 2016); indeed, one respondent went further and argued that “*It is not only public office holders who are corrupt. There is evidence that private sector actors engage in corruption. The definition should be broadened to include everyone.”* In contrast, corporate officials defined it more narrowly, as ‘an illegal payment to a public official for corporate or personal benefit’ (consistent with Rose-Ackerman, 1999 and 2006).

The second tension that arose from the data was regarding the **costs of corruption.** Host country informants tended to describe the costs of corruption in socio-economic and development terms: “*Through corruption the state is losing effectiveness, efficiency and resources in general.” “Corruption is impacting the economy as a whole”,* generally consistent with development theorists and practitioners (e.g. Mauro, 1995; Kaufmann & Dininio, 2006). By contrast, corporate respondents referred to the additional cost of the bribe itself, plus – and more notably “the time spent by management in attending to investigations, press inquiries or regulatory processes [which] can distract management from the business of developing or operating a mineral property” (L’expert, 2012) and management time spent with corrupt bureaucrats (Kaufmann, 1997).

A third tension is between **official corporate policy against corruption and the necessity to give bribes** in order to do business in Africa. Interestingly, corporate officials at headquarters in Toronto, Montreal, Calgary and Vancouver were generally aware of the anti-bribery provisions in Canada's Corruption of Foreign Public Officials Act (CFPOA), passed in 1999, which made the bribing of foreign officials by Canadian companies a criminal act. Not enforced until a decade later, the Can $ 9.5 million fine Niko Resources paid for bribing a government Minister in Bangladesh "*was a wake-up call to Canadian companies operating abroad to more rigorously control corruption by their officials".* While some company officials in host countries were reluctant to be interviewed by us 'without permission from headquarters', others were more forthcoming. Reported by one official, the company "*bribes frequently",* notwithstanding the official company line that *"we never bribe"*. Some corporate officials working in Africa were unfamiliar with the CFPOA.

A fourth tension is **recognition of a need to assess corruption risk and actually doing so.** The majority of corporate respondents believed that their company had better anti-corruption policy/programs than other companies in the same industry. They strongly agreed that their company emphasized the importance of ethics and social responsibilities in society and that their company rejected offers of bribery. However few companies undertake corruption risk assessment prior to undertaking investment and several are seeking guidance regarding the dilemma they are facing: under Canadian law, it is illegal to bribe foreign officials, but the reality on the ground is that nothing gets done without some sort of bribe. The majority of respondents reported that there is both petty and grand corruption: "[There is…] *some - in that it helps to have connections and relationships to ensure that the bureaucracy does its job on a timely basis."* The majority of the correspondents viewed corruption as a necessary evil that comes with doing business in Africa: *"There is corruption in all industries due to a lack of the rule of law -*

the laws are there but they are not fairly and generally applied - corruption up to level of courts and ministers...and by inference – president".

While respondents from mining companies reported that they have a code of conduct or system of due diligence to prevent corruption, along the lines of that proposed by Troyer and Boucher (date unknown) and Klotz (2013), they admitted that their officials and agents (or at least, officials from other companies) did pay bribes: *"There are known examples with other companies operating there" "It is part of doing business in that part of the world."* In the words of a senior manager: "[There is a]… *a certain group of companies who, by that corruption, support the lack of will to change. This supports the Governmental groups and gangs who thus maintain this time honoured practice. The way ahead in* [name of country withheld by authors] *is the shake down method learned from an early age."* This may be a particular problem for junior companies (Christer Michelsen Institute, 2015) that generally lack the resources or knowledge to implement sophisticated due diligence systems.

A fifth tension is between the **large and integrated mining companies and the smaller ("junior") exploration and development companies**. The latter, said a senior host government official,*"…can be unscrupulous. A company came fuming* [to the appropriate government department when its license was refused] *but a few weeks later obtained one of the open grants. So when the law suits them, they comply. When it doesn't, then they try to get around it."* One civil society representative concurred: *"The stories about these* [foreign] *companies, particularly the juniors (and especially the Canadian companies) are not good."* However, when asked, a senior host government official said: *"The larger companies are just as bad. It is just that they have the resources and knowledge to avoid getting caught."* The data suggested that there are differences in the strategies, resources, and discourses of large and small companies; however corruption seemed to be a prevalent problem for both large and small companies.

A sixth tension is the **gap between law and practice in host countries**. All of the three countries in this study have laws against corruption. In Ghana, for example, the Criminal Code criminalises corruption in the form of active and passive bribery, extortion, wilful exploitation of public office, use of public office for private gain and bribery of foreign public officials. Corruption is illegal and both agent and principal are liable; the nationality of the person who is bribing or being bribed is irrelevant (Business Anti-Corruption Portal-GAN).

The problem on the demand side is not lack of laws, but lack of their implementation. Said one host country government official: *"There are so many laws that tell you what not to do but do not spell out what happens if you do it. There is a very weak sanctions regime and very weak oversight mechanisms. Parliament's understanding and appreciation of the issues is very low so they are unable to do much."* A civil society representative explained that the core of the problem is institutional: *"The institutions that are mandated with enforcing the law are not independent enough. The Commission for Human Rights and Administrative Justice is financially constrained, just like many other* [oversight] *institutions. It needs to be resourced to be independent* [from government control] *to fight corruption*" and that *"…issues of corruption often become politicized which makes it difficult to prosecute."* Another striking case, narrated by a civil society representative, demonstrates how corruption is multilayered and entangled with multiple institutions: *"In regard to environmental pollution in the communities or mining areas, and the extent to which states institutions – such as the Environmental Protection Agency (EPA)- are supposed to regulate the operations of mining companies all enforce compliance of the law, such institutions are quick to take up the defense of the very companies they are supposed to be regulating. The nature of such defense shows some level of interference in terms of possible corrupt practices that might have taken place. For example,* [name of company withheld by authors] *is a Canadian company operating in the* [name of region withheld by authors] *region of*

Ghana. The company was supposed to post a bond a requirement under Ghanaian law for reclamation of the environment after the mines closed. The company wound up its operations and left the country, leaving a depleted environment and various unpaid bills while the EPA at the same time was reporting that the company was requesting a time extension for the posting of the bond. It was subsequently indicated that there was some level of exchange of money between the company and EPA, which resulted in the EPA continually requested an extension to the bond posting."

The existence of weak state institutions was confirmed by a government official, who noted that: *"There are very weak oversight institutions. There is weak supervision from regulatory bodies, some of which rely on mining companies to cover their costs of regulation. Furthermore, the* [host country] *parliament's understanding of the issues is very low so they are unable to do much."* Another example was provided by a high ranking official who said the major oil and gas contracts were considered by the parliamentary energy committee but that "*the Members of Parliament on the Energy Committee attested not to understanding the terms of the contract, but that the agreement was approved by Parliament anyway.*" One Member of Parliament summarized this theme as follows: *"It is not a lack of laws that is the problem, rather it is the weak implementation of the laws that is the problem."*

A major related problem reported by respondent MPs was the lack of public culture of accountability in host countries: *"Accountability in Ghana has a very short history…accountability has come into Ghanaian culture only recently. It is only recently that we have begun to question people who seem not to be accountable or transparent.*" It is perhaps not surprising, then, to find that 76% of Ghanaians reported in 2015 that corruption had increased over the previous 12 months – the largest reported increase in Africa other than South Africa (Transparency International - Global Corruption Barometer, 2015). In Burkina Faso, the situation is similar: said one National Assembly member: *"...a law against corruption was passed by the National Assembly but implementation of that law is lacking."*

A seventh tension regards **corporate social responsibility** (CSR)**.** Mining companies, host governments and civil society representatives have different perspectives: mining companies often see CSR as a means to fight corruption and/or to promote local good will, although host key informants often see it as self-serving or even contributing to corruption. A majority of mining company respondents said that their companies use CSR to help combat corruption. One manager provided examples of these CSR activities as follows: *"We have engaged in different collective action efforts ...These include engagement with communities, education, transparency efforts, and information sharing with government officials and other companies."* Another manager similarly described a diverse range of CSR activities intended to reduce corruption: *"We use our CSR activities to illustrate the benefits to the community employment and assistance with local initiatives. Road, water, school and to control the havoc from illegal mining activities."*

On the other hand, some companies disagreed with the view that CSR activities curbed corruption: *"Social responsibility activities are not targeted to curb corruption but we believe assistance to local community will improve community life and therefore potential for involvement in corruption decreased.".* The view from host government officials, civil society representatives and MPs is mixed, in terms of whether CSR programs are part of the solution to reduce corruption, with some suggesting that it is part of the problem: *"CSR programs have increased, rather than decreased, corruption. The approaches by many companies to CSR questionable."* This would seem to support Cuervo-Cazurra's (2016) notion of 'corporate social irresponsibility'. Another official suggested that: *"Corporate social responsibility projects are not necessarily good or bad, but the fundamental reason for them is so that the mining company* *can receive a tax deduction for expenses incurred. Some sort of minimum national standard should be established that mining companies could be asked to adhere to."* A third official pointed to a major recurrent challenge*: "The problem boils down to the fact that there are substantial expectations that local communities have when a mining project starts. When these expectations are not met, activists in the community may disrupt mining operations, thereby holding the company to ransom"*. In short, there is a long-standing discussion around whether CSR is just another term for 'greenwashing,' or whether CSR is a platform for ensuring sensitivity to social and environmental concerns, facilitating local social and economic development and shared value; and for addressing impacts and redressing harms when they occur[9].

An eighth tension regards **how companies deal with local chiefs and governments**. A particular problem is that many mining companies do not fully appreciate local customs and traditions, with the result that the traditional concept of paying (modest) tributes to tribal chiefs as a token of respect… *"Actually there is usually a kind of relationship between the mining companies and the Chiefs in terms of granting contracts, which boils down to saying: 'take this and then make sure you silence your people from protesting about operations."* One government official noted that: "*one of the Chiefs in a region in which a large multinational mining company operates, is alleged to have received gifts including cars, foreign trips and contracts from the mining company. The revenues that go to traditional Chiefs and the local district assemblies is largely unaccounted for."*

A former Member of Parliament explained the cross-cultural gap as follows: *"One of our values is that when going to a tribal chief, you cannot go empty-handed in the traditional sense, a bottle or two of schnapps is enough but when mining companies are visiting the chief maybe it*

[9] We are grateful to Jeffrey Davidson for this comment

could be that intermediaries mistake these companies to send big gift so large amounts of money or maybe it could also be that the companies think the Chiefs are corruptible so they go prepared to pay their way through in so doing the companies may be responding to our traditional values but to what extent? Some of these gifts are clearly meant to influence the chief to act in one way or another I'm not to swear to compromise."

These observations support the findings of Standing and Hilson (2013) that "In Ghana 45% of mineral revenue disseminated to the grassroots is, at some point, 'handled' by traditional authorities and that too often Ghana's chiefs have tended to show a low level of interest in investing the revenues derived from natural resource wealth in their jurisdictions" (page 6). Furthermore, quoting the CHRAJ report (page 5) they state that: "…Communities impacted by mining activities do not directly benefit from mining royalties. In most cases, most communities did not even know of the existence of the facility [transfer of funds to their chief]. In communities where people expressed knowledge of the facility, they said the chief was the main beneficiary of these funds." (Standing & Hilson, 2013 page 7).

Local governments and assemblies, with which mining companies also collaborate to obtain 'social license' are no better. In the words of a Member of Parliament: *"The actors can be both at the local and state level. Take the connivance of local politicians and chiefs because when he comes to mining, the Chiefs wield significant power due royalty issues. But the Chiefs do not have the power to mobilize state support to be able to allow such operations but he/she can do so if they align themselves with a local or national politician*. It is not surprising, then, that according to the latest Afrobarometer report (2015), that 62 % of Ghanaians have little or no trust in their local assembly and 47% have little or no trust in traditional leaders.

A ninth tension concerns **small-scale or artisanal mining**. Early commentators, such as the World Bank, saw such mining as "…fertile ground for the growth of indigenous entrepreneurship" (Noetstaller, 1987, page 16, quoted in Hilson, 2009), as creating a social safety net and cash generating alternative for local people in times of economic or environmental stress (Davidson, 1993), and as providing livelihoods for retrenched civil servants, teachers and others as a result of structural adjustment policies (e.g Banchirigah, 2006; and Chachage, 1995). In most countries, such mining is illegal (i.e. miners do not have a license to mine) and, in recent years has expanded greatly, with adverse environmental and safety concerns. Our data confirmed the rise of such illegal mining practices: A former mayor in Burkina Faso reported that *"There is corruption, particularly in the galamsey or illegal mining and it gets worse as the election nears."* Some host government interviewees confirmed the problem and concern, noting that increasingly, such mining "*is backed by foreign (particularly Chinese) investors.* In Ghana, where such mining is colloquially referred to as 'galamsey', it is estimated that there are 200,000 artisanal miners, and in Burkina Faso 150,000. In 2006, Banchirigah reported that there were "…tens of thousands of illegal artisanal miners now working with the concession awarded to the Canadian multinational Golden Star Resources. The company has no intention to mine the plot…" having decided that it is unfeasible economically; yet its management remains opposed to the idea of returning the land of the government for possible demarcation to small-scale miners. Mining companies in our data set remain concerned. One representative summarized this as follows: *"It is clear that corruption has increased in the country (Ghana) in the last 5 years and the huge impact has been in a dramatic increase in illegal mining which appears to be happening with impunity if it is not brought under control it will lead to the formal mining sector beginning to leave."* In Burkina Faso, a former mayor reported: "*When I was mayor, a small-scale miner came to me to explain the problems he had with a competitor and asked for my intervention. At the end of the meeting, the miner gave me an envelope, containing money*".

Finally, a tenth tension relates to the **multitude of stakeholders yet a piecemeal approach to the problem.** There are, clearly, two sides to corruption, the supply side and the demand side. On the supply side, there are mining companies many of which, in order to be good corporate citizens and not face prosecution under home government laws that make foreign bribery illegal, have adopted compliance regimes and codes of conduct for their employees. There appears to be a dichotomy between corporate head office officials, who espouse anti-bribery initiatives, and employees based in host countries who face the day-to-day pressures to bribe to get things done. There is also the home country parliament, which has the responsibility to ensure that anti-bribery laws are implemented. On the demand side, there are host government officials at both the national and local levels and tribal chiefs who demand bribes, host country oversight institutions (including parliaments) which do not adequately ensure that national anti-corruption laws are implemented.

Discussion

The findings clearly illustrate that corruption in this context can be characterised as a 'wicked problem' (Head and Alford, 2015; Rittel and Webber, 1973) as there is no definitive formulation or solution, the problems are socially complex and multi-layered with many stakeholders, proposed measures may have unforeseen effects, and there are many interdependencies and multi-causal aspects (Head and Alford, 2015). As the responsibilities to solve the corruption problem in the mining sector in Africa stretch across multiple organizations and stakeholders, their perspectives and the gaps and contradictions among these perspectives do matter. In this regard, this paper has outlined some of these gaps, issues, and tensions that arose from our field research. These findings clearly demonstrate that any attempts to prevent corruption require radical shifts in attitudes and deep behavioural changes by managers, mining professionals, local administrators, citizens, host government representatives, members of parliament, civil society leaders, and other stakeholder groups.

Findings also indicate that corruption is an ambiguous phenomenon often causing diverse, ambivalent, and contradictory understandings among scholars, policymakers, and practitioners alike. Given such ambiguousness, discourses of corruption can only be understood when seen as part of wider social and cultural contexts. In this article we have argued for a broader understanding of corruption. Finding the conventional definition on corruption too narrow and excessively concerned with the illegality of practices, a more open approach has been argued for. Anthropological research might open up new venues as it has an inventory of methodological tools and analytical approaches appropriate for capturing people's own assessments of courses of action.

The most interesting debates about corruption are those which explore the complex relations between private and public sectors in particular contexts, and those that embed analyses within an appropriate understanding of local political cultures and unique historical contexts. These ask vital questions about concepts such as transparency, accountability and governance and ask us to analyse what they mean within the socio-political and cultural context in which they were constructed.

Several approaches mention that those involved in corruption deny doing or intending harm. Perpetrators try to avoid the term 'corruption' and disengage their actions from ethical and moral discourses. Part of a strategy to fight corruption for corruption researchers is to emphasize and highlight the moral aspects of corruption and corruption cases. Who is the victim? What is the harm? Identifying the victims and damage gives corruption a face and a voice. We know from social science theories on morality and ethics that victims who can be seen and heard receive more attention. Further research also needs to provide a holistic and multi-layered perspective of corruption dynamics; which can only be achieved through a triangulation of research methods collecting data from diverse stakeholders.

Public Policy and Corporate Implications

Regarding the **demand side** of corruption, anti-corruption laws are largely unenforced. This seems to reflect a lack of political will among some key influential bureaucrats and politicians to combat corruption. What is needed is a multi-stakeholder approach, involving governments, parliaments, civil society, the media and business. The host country parliament – charged with overseeing probity and accountability of government, needs to more effectively oversee public sector activities. As well as strengthened oversight committees – such as Public Accounts and Finance - parliaments need to ensure that other 'watchdog' institutions – such as supreme audit institutions, ombuds offices, and anti-corruption agencies, are adequately resourced and operate freely, without government interference. They also need to verify that all points of contact through the project cycle (from the granting of licenses, through mining agreements, contracting, procurement and revenue payment) between mining companies and local (including tribal leaders) and national governments are transparent. The Extractive Industries Transparency Initiative is a step in the right direction[10], but only covers payments from companies to governments – it needs to be more rigorously expanded to cover other parts of the project cycle[11]. Both parliaments and governments need to encourage ethical behaviour by their members and staff, through the establishment of ethics regimes, including codes of conduct,

[10] Part of EITI is developing local in-country capacity to hold the central government to account for the way it spends or allocates these revenues. Several of our respondents noted, however, than implementation of EITI in host countries remains weak, as does oversight (and even knowledge of EITI) by host parliaments.

[11] As is now happening with EITI++ (i.e. upstream and downstream approaches) and a variety of home country initiatives, such as Dodd-Frank in the United States, and more recently by Canada's Extractive Sector Transparency Measures Act.

restrictions on the receipt of gifts, declaration of interests (to avoid a conflict of interest) and declaration of assets (for both politicians and senior officials and their close family members), and declaration of interests. Such regimes should operate in a wholly transparent fashion and have sanctions for wrong-doing. In short, public officials need to be encouraged to serve the public, not themselves.

Civil society has important roles to play. As Pelizzo and Stapenhurst (2012) pointed out, governments and parliaments will rarely act with probity, unless citizens demand this of governments and parliaments as a precondition for (re-) election of politicians, who in turn demand this of public servants. The media plays a critical role in reporting incidences of corruption – and following up on actions taken against the miscreants. Here, an access to information law can assist the media carry out its investigative functions, as can the repeal of laws, such as seditious libel, which some governments use to restrict investigative journalism.

On the **supply side**, the Canadian parliament, government and mining companies can all help reduce corruption. Canada was an early signatory to the OECD Convention Against Corruption, and after a slow start the RCMP are becoming more rigorous in investigating foreign corruption by Canadian companies. Despite recent improvement, moving up the OECD convention enforcement rankings from 9th in 2012 to 6th in 2014, more can be done: the Canadian government still lags behind the United States, Germany, the United Kingdom, and Switzerland in the implementation of anti-bribery legislation. The government has already beefed up support through Global Affairs' Trade Commissioner Service and Export Development Canada. Further support could be given to Canadian companies to help them better understand and assess corruption risks and avoid demands for bribes, and to host country parliaments to better EITI and other transparency initiatives[12]. The Canadian parliament also has a role to play overseeing the implementation of such policies.

And of course, Canadian mining companies need to take a more pro-active stance against corruption. The incentive for many to develop anti-corruption compliance programs is the threat of investigation by the RCMP. Perhaps a better understanding of *why* corruption is, in the words of former World Bank President James Wolfensohn, "a cancer" and how it distorts public policy making in host countries, weakens governance and democracy and ultimately impacts adversely on the poor would be an additional incentive to reduce the supply of corruption. Many of the large integrated mining companies already have relatively sophisticated compliance and ethics regimes; these need to be main-streamed within their global operations. Junior companies generally do not have such in-company anti-corruption programs. The outputs of this research project should assist them in developing such programs.

Conclusions

There is a larger agenda of research that can be conducted to shed further light into the dynamics of corruption in the mining sector in Africa: First, further research should develop an integrated framework to link corruption, political risk, corporate anti-corruption programs, including CSR initiatives, and host government accountability through parliamentary oversight. The hypotheses regarding the links between these variables could be tested; thereby creating an empirical model based on the framework. Second, further research can inquire whether corporate anti-corruption programs and CSR activities are reactive to host country corruption problems and adverse stakeholder reaction, or whether, via ex-ante micro-political risk assessment, such corruption problems can be anticipated and corporate activities, including CSR, can be designed

[12] With Canadian government support, UN Global Compact Network Canada has recently published the e*book "Designing an Anti-Corruption Compliance Program: a Guide for Canadian Businesses"

pro-actively and strategically. Third, further research should examine if, and to what extent, the host governments (both executives and legislatures) take into account corruption problems associated with foreign direct investment in the extractive industries at the national and constituency (project site) levels. Fourth, there is a need for further research and guidance for mining companies on how to manage political risks and corruption as well as for the home and host governments and parliaments on how to develop appropriate public policies regarding corruption problems caused by mining operations.

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