# The Genesis and Impact of Anti-corruption Policies in Portugal: A Preliminary Assessment of Corruption Risk Management Plans

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**Purpose:**

The purpose of this paper is to assess the impact of public services and corporations' corruption risk management plans on international perceptions of corruption in Portugal and on the detection and court conviction of corruption behaviours.

**Design/Methods/Approach:**

This research assumed that political systems, institutions and social groups, and the variety of forms in which individuals interact with them play a major role in corruption behaviours. Corruption risk management plans have formed part of the Portuguese anti-corruption strategy since 2009 and their design and implementation has been politically and socially contextualised. Official data on corruption provided by governmental and non-governmental agencies and covering the period between 2001 and 2014 were used to identify corruption trends before and after implementation of the plans.

**Findings:**

Existing data suggest that, at least until 2014, the corruption risk management plans had no impact on international perceptions of corruption in Portugal, or on the detection and court conviction of corruption cases.

**Research Limitations/Implications:**

The outcome of a single anti-corruption measure, such as the plans, is difficult to identify and isolate since several other measures are activated or remain active during the same time period, as do several social, political, economic or cultural factors. This first and preliminary assessment will have to be followed by a more in-depth, qualitative analysis.

**Originality/Value:**

This paper highlights the need to assess the outcomes of every anti-corruption measure. The corruption risk management plans are a time- and resource-consuming measure that must be further tested with regard to its social and political benefits.

## Razvoj in vpliv protikorupcijske politike na Portugalskem: preliminarna ocena načrtov za obvladovanje tveganja korupcije

### Namen prispevka:

Namen prispevka je oceniti vpliv načrtov za obvladovanje tveganja korupcije, ki jih uporabljajo v javni upravi in korporacijah, na mednarodno dojemanje korupcije na Portugalskem ter na odkrivanje in obsodbe koruptivnega vedenja.

### Metode:

Pričujoča raziskava predpostavlja, da igrajo politični sistemi, institucije in družbene skupine ter različni načini posameznikove interakcije z njimi pomembno vlogo pri pojavu koruptivnega vedenja. Načrti za obvladovanje tveganja korupcije so od leta 2009 del portugalske protikorupcijske strategije. Njihovo oblikovanje in izvedba sta bila tako politično kot tudi družbeno kontekstualizirana. Za ugotavljanje trendov korupcije pred in po izvedbi načrtov smo uporabili uradne podatke vladnih in nevladnih agencij o korupciji med letoma 2001 in 2014.

### Ugotovitve:

Obstoječi podatki kažejo, da vsaj do leta 2014 načrti za obvladovanje tveganja korupcije niso imeli nobenega vpliva na mednarodno dojemanje korupcije na Portugalskem ter na odkrivanje in obsodbe primerov korupcije.

### Omejitve/uporabnost raziskave:

Izide enega ukrepa za boj proti korupciji, kot so načrti, je težko prepoznati in izolirati, saj so v istem časovnem obdobju potekali ali bili aktivirani številni drugi ukrepi, prav tako pa številni socialni, politični, gospodarski in kulturni dejavniki. Prvi in preliminarni oceni bodo morale slediti bolj poglobljene, kvalitativne analize.

### Izvirnost/pomembnost prispevka:

Ta članek poudarja potrebo po ocenjevanju rezultatov vseh protikorupcijskih ukrepov. Načrti za obvladovanje tveganja korupcije so dolgotrajni ukrep, ki potrebuje tudi določena sredstva in vire, zato jih je treba še dodatno preskusiti glede na socialne in politične koristi.

## 1   INTRODUCTION

Corruption reduces economic and social efficiency and results in distortions. Generally speaking, corruption causes harm. It damages the potential for sustained

growth or other aspects of the economy and society, even when corruption seems to be a more efficient way of bypassing abusive government regulations, or to bring about other benefits. As Klitgaard (1988) clearly stated a long time ago, the harmful effects of corruption greatly outweigh its (occasional) social or economic benefits and, although the effects of corruption are still disputed, it can be generally assumed that corruption has a deleterious, often devastating effect on governance and on economic and political development.

Corruption behaviours are linked to a wide array of political, social, economic and cultural factors. One single factor is usually not sufficient or necessary to explain or predict corruption. Limited or occasional corruption behaviours can be explained by individual factors, ranging from persistent or occasional financial strain to revenge or long-term general unlawful rent-seeking behaviour. However, more or less widespread corruption behaviours can be better explained by complex social structures and networks that in an organised manner and systematically drive individuals, or allow them to be driven into corruption (Scott, 1972). Different political systems facilitate different types, levels and effects of corruption in each system, so corruption "must be understood as a regular, repetitive, integral part of the operation of most political systems" (Scott, 1972: 26).

Political systems, institutions and social groups, and the variety of forms in which individuals interact with them, play a major role in corruption behaviours. The abuse of public and public-related office for individual or group gain is unethical or criminal individual behaviour only in as far as it cannot be linked to societies that are structured according to specific social groups' interactions – either cooperative or conflicting – and interests. In such a case, corruption should be regarded as a social phenomenon going beyond the sum of individual unlawful rent-seeking behaviours.

Democratic systems, like the one existing today in Portugal, tend to be relatively well equipped to prevent all forms of corruption. The election systems allow for almost universal participation at national and regional political levels. Barriers to the political participation of the vast majority of the population are virtually non-existent and the democratic political system can handle almost all demands being made on it, regardless of their scale and nature. Through regular elections voters can hold politicians and public officeholders accountable and citizens, who feel disenfranchised from formal political power and are potentially drawn to corruption as an informal way of influencing it, are generally a minority (Lambsdorff, 2006).

The rule of democratic law is in force and regular checks and balances of political institutions and actors, as well as of public and public-related office holders, are done by specialised and stable auditing and judicial institutions. The capture of political power and of government by national elites, trying to violate existing rules against the exercise of certain types of private-related influence and aim at private-related (personal, close or enlarged family, interest group) pecuniary or status gains, is not impossible but reasonably prevented by institutionalised accountability or, as a last resource, by whistle-blowing processes that are assured by a fairly extensive and protected freedom of writing and speech.

Democratic countries, like Portugal, are nevertheless still affected by corruption, be it in the form of bribery, kickbacks, extortion, 'speed money', collusion, fraud and an immense variety of other actions of individuals, groups or corporations, in both the public and private sectors, aiming to influence the formation of laws, regulations, decrees and other government policies to their own advantage.

Several factors have been found to be linked to a higher prevalence of corruption in democratic regimes: low governance transparency and accountability, usually associated to a recent or unstable democratic regime; high government control of the economy and of society in general; complex and difficult-to-understand administrative and business regulations; complex and low-scale progressive taxation systems; low payment levels of public or public-related officials; socio-political and cultural leniency towards unlawful rent-seeking strategies, compensating for the underpayment of officials; or high income inequalities (Gupta, Verhoeven, & Tiongson, 2002; Lambsdorff, 2006; Lambsdorff & Cornelius, 2000; Wittemyer, Bailur, Anand, Park, & Gigler, 2014).

## 2 CORRUPTION IN PORTUGAL – A BRIEF EXCURSION INTO THE RECENT PAST

Portugal has a relatively recent democratic regime. During the former regime (lasting from 1928 to 1974), political power was almost entirely centralised in a single person (Rosas, 2012). The effectiveness and continuity of this power centralisation was assured by all available means, going from persuasive mass propaganda to strict obedience based in widespread physical and psychological repression. The former regime was clearly authoritarian in nature, following the definition mentioned by Linz (2000).

The regime rested on emergency decrees that were enforced through violence or the threat of violence in the first stage, but was later disguised under the cover of apparently democratic constitution and laws that assured that government rested on the people. Elections were held regularly, but everything was set to ensure that only candidates loyal to the regime were elected. The rule of democratic law seemed to be in force, although law enforcement agencies and courts were in fact forced to primarily engage in the incrimination of political dissidents – as well as to be lenient on criminals loyal or instrumental to the regime. Freedom of speech and assembly, as well as freedom of the press, were also formally legally granted, although fierce censorship was in fact brutally imposed or even self-imposed due to the fear of consequences. Overall, the level of protection of fundamental individual human rights, as they were internationally agreed upon since 1948, was very low or simply non-existent.

The former Portuguese regime can be described as autocratic benevolent in the sense such regimes are described, for example, by Dixit (2006). Instead of fiercely controlling and exploiting all resources for the sole benefit of one person or family, as usually happens in predatory autocracies, the regime shared the available resources with a limited number of elite families and distributed the

remains in order to provide for the most basic needs of the majority of citizens. However, this was only done to the extent needed to ensure the power monopoly was not seriously challenged.

Despite this benevolent characteristic, political decision processes were inherently non-transparent. They were not intended for and did not allow public discussion on the criteria used or on the objectives or expected outcomes of each decision. Who benefited from a given decision was a sort of open secret that was neither supposed to be publically discussed nor challenged, only very carefully gossiped about. Political dissidents and the mass media were not supposed to question any type of political decision and inevitably they became brutally obliged or self-imposed non-reliable or non-trusted whistle-blowers. Political accountability was simply not needed.

Resembling what was described, for example, by Gerring and Thacker (2004) or by Aidt, Dutta, and Sena (2007), how to counter-resist or avoid the regime's abusive interference in business and everyday life became part of a socialisation process crucial for the majority of Portuguese citizens – and it seems to have had long-lasting effects. A widespread and deeply-rooted belief slowly developed that corruptly engaging with the ruling autocratic rulers and public officers, or exchanging favours with them, were the most successful tools for avoiding the abusive governance norms or rules, or for getting something from the autocratic government. Well-placed relatives or friends in the regime political or economic structure became valuable assets and the exchange of personal favours a social norm and rule. For regime outsiders, the chances of getting some share of the available resources depended on being or not being able to pay disproportionally for it – and paying to avoid regulations in practice, not theoretically, is what corruption is about in a broad sense. Governance was not expected to make sure that all citizens had similar competing opportunities – and certainly not to take the values or needs of those with little or no power or opposed the regime into much consideration. Although theoretically protected by constitutional or other types of laws, women or religious, ethnic, national or gender minorities were, for example and in practice, prevented from entering competing processes aiming at sharing the most valuable resources.

The shadow economy flourished in order to counter the abusive, privilege-oriented, administrative business regulations, as did tax evasion or fraud, simply because regulations and taxation were not perceived to be instruments intended to benefit the majority. Senior, middle and low public officers slowly learned that everything could be tailored according to the regime's most powerful players' needs and interests, especially laws and norms and rules of conduct. Transferring these learning outcomes to relations with other less powerful players was only a matter of time. Political and public service ethics slowly became a synonym for 'whatever serves a mutual interest and does not challenge the regime is right'.

Although it is still difficult to assert objectively on account of the existing brutal censorship (Madeira, Pimentel, & Farinha, 2007) and the lack of official data, corruption and trafficking in influence on all political and public service levels and ranks seem to have flourished and been generally tolerated at the

top as the price for having blind-eye loyalty. The questioning of the abusive privileges held by the regime´s elites was simply avoided by rewarding the most loyal bottom-supporters with a shadow income arising from holding offices with greater corruption opportunities – most likely in customs, public procurement, public corporations or the police. The cost of this strategy was negligible, as explained by Wintrobe (1998) and Besley and McLaren (1993) since the shadow income was paid by the end-users as some sort of shadow tax.

Similarly to other cases described by Darden (2008), Sun (2001, 2004) or Urban (1985), corruption or trafficking in influence was normally dealt with by caution by law enforcement agencies, especially when they involved top players of the ruling elites. Occasional harsh   sentences were applied just to show that corruption and political dissidence should both be seen as morally unacceptable. But it goes almost without saying that whistle-blowing by the mass media, political or public officer dissidents or ordinary citizens was not encouraged at all and could have very unpleasant consequences whenever the accused party was an extremely loyal regime-politician or public office holder.

# 3   ANTI-CORRUPTION STRATEGIES AND FRAMEWORKS IN DEMOCRATIC PORTUGAL

By April 1974, when the autocratic regime had been overthrown by a *coup-d'état*, Portugal ranked high in almost all factors usually associated with a higher prevalence of corruption. Soon after the *coup-d'état*, government control of the economy even increased substantially following an extensive nationalisation process. However, the ensuing democratic regime stabilised by Portugal joining the European Union in 1986 brought substantial social and economic development. Salaries and labour rights increased, as did the overall living conditions. Income inequalities diminished; payment levels of public or public-related officials increased; new and more transparent and progressive taxation systems were implemented, as were less complex and more transparent administrative and business regulations. Starting from the last decade of the 20th century and still ongoing, further reprivatisation processes were carried out and government weight on the economy decreased (Barreto, 2002).

Governance transparency and accountability increased, notably through extensive administrative reforms and the implementation of e-governance processes. Since 2006, an extensive reform of central government has been designed and implemented, aiming at the modernisation and rationalisation of services and at the increased transparency, accountability and quality of the services rendered to citizens, corporations and communities (Council of Ministers Resolution no. 124 of 2005, 2005).

Almost all Portuguese democratic governments have committed themselves to the fight against corruption. Almost all have pursued legislative and institutional anti-corruption measures and some have even created anti-corruption specialised agencies. Amendments to penal legislation, party-funding laws, the recruitment system for senior and middle-management levels in public administration,

auditing procedures, banking supervision and accountability standards within the public administration and state-owned corporations happened in the last decades of the 20th century (Ferreira & Baptista, 1993).

Despite all the social and economic developments and political commitments and practical efforts to curb corruption, with the latter involving the invaluable assistance of the Council of Europe Group of States against Corruption, by the end of the 20th century Portugal was still scoring below most European Union member states in Transparency International's Corruption Perceptions Index (Table 1). Only Italy and Greece were perceived as even more 'corrupt' than Portugal. It seemed that the deeply embedded values and behaviours that had flourished during the autocratic regime simply did not vanish overnight with democracy.

**Table 1: Transparency International's Corruption Perception Index (inverted score: 0 – high corruption; 10 – low corruption) (Source: Transparency International Corruption Perceptions Index, 2001–2014)**

| | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | Average |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Greece | 4.2 | 4.2 | 4.3 | 4.3 | 4.3 | 4.4 | 4.6 | 4.7 | 3.8 | 3.5 | 3.4 | 3.6 | 4.0 | 4.3 | 4.1 |
| Italy | 5.5 | 5.2 | 5.3 | 4.8 | 5.0 | 4.9 | 5.2 | 4.8 | 4.3 | 3.9 | 3.9 | 4.2 | 4.3 | 4.3 | 4.7 |
| Portugal | 6.3 | 6.3 | 6.6 | 6.3 | 6.5 | 6.6 | 6.5 | 6.1 | 5.8 | 6.0 | 6.1 | 6.3 | 6.2 | 6.3 | 6.3 |
| Spain | 7.0 | 7.1 | 6.9 | 7.1 | 7.0 | 6.8 | 6.7 | 6.5 | 6.1 | 6.1 | 6.2 | 6.5 | 5.9 | 6.0 | 6.6 |
| France | 6.7 | 6.3 | 6.9 | 7.1 | 7.5 | 7.4 | 7.3 | 6.9 | 6.9 | 6.8 | 7.0 | 7.1 | 7.1 | 6.9 | 7.0 |
| Belgium | 6.6 | 7.1 | 7.6 | 7.5 | 7.4 | 7.3 | 7.1 | 7.3 | 7.1 | 7.1 | 7.5 | 7.5 | 7.5 | 7.6 | 7.3 |
| Ireland | 7.5 | 6.9 | 7.5 | 7.5 | 7.4 | 7.4 | 7.5 | 7.7 | 8.0 | 8.0 | 7.5 | 6.9 | 7.2 | 7.4 | 7.5 |
| Germany | 7.4 | 7.3 | 7.7 | 8.2 | 8.2 | 8.0 | 7.8 | 7.9 | 8.0 | 7.9 | 8.0 | 7.9 | 7.8 | 7.9 | 7.9 |
| Austria | 7.8 | 7.8 | 8.0 | 8.4 | 8.7 | 8.6 | 8.1 | 8.1 | 7.9 | 7.9 | 7.8 | 6.9 | 6.9 | 7.2 | 7.9 |
| UK | 8.3 | 8.7 | 8.7 | 8.6 | 8.6 | 8.6 | 8.4 | 7.7 | 7.7 | 7.6 | 7.8 | 7.4 | 7.6 | 7.8 | 8.1 |
| Luxembourg | 8.7 | 9.0 | 8.7 | 8.4 | 8.5 | 8.6 | 8.4 | 8.3 | 8.2 | 8.5 | 8.5 | 8.0 | 8.0 | 8.2 | 8.4 |
| Netherlands | 8.8 | 9.0 | 8.9 | 8.7 | 8.6 | 8.7 | 9.0 | 8.9 | 8.9 | 8.8 | 8.9 | 8.4 | 8.3 | 8.3 | 8.7 |
| Sweden | 9.0 | 9.3 | 9.3 | 9.2 | 9.2 | 9.2 | 9.3 | 9.3 | 9.2 | 9.2 | 9.3 | 8.8 | 8.9 | 8.7 | 9.1 |
| Finland | 9.9 | 9.7 | 9.7 | 9.7 | 9.6 | 9.6 | 9.4 | 9.0 | 8.9 | 9.2 | 9.4 | 9.0 | 8.9 | 8.9 | 9.4 |
| Denmark | 9.5 | 9.5 | 9.5 | 9.5 | 9.5 | 9.5 | 9.4 | 9.3 | 9.3 | 9.3 | 9.4 | 9.0 | 9.1 | 9.2 | 9.4 |

The anti-corruption political commitments and implementation of practical anti-corruption measures continued during the first decade of the 21st century and, in 2006, the gap between the Portuguese Perceptions of Corruption Index scores and the average scores for the European Union had clearly diminished. However, the Portuguese scores deteriorated after 2006 and, in 2008 following growing suspicions of increasing corruption behaviours, the Council for the Prevention of Corruption (CPC) was set up within the Portuguese Court of Auditors and tasked with coordinating and analysing prevention policies (Law no. 54 of 2008). The following year, the Council recommended that all central and local public services, including state-owned or controlled corporations, should prepare and implement plans for managing the risks of corruption and related-offences (Conselho de Prevenção da Corrupção, 2009).

The management plans started being implemented and, at almost at the same time, in 2010, the Portuguese National Assembly (Parliament) adopted a

new anti-corruption legislative package, including adding the violation of urban planning rules as a new type of crime, an extension of prison prescription terms for corruption offences, the setting up of a central register of bank accounts and a new amendment to the law on funding political parties (Laws no. 26, no. 32 and no. 55 of 2010).

An assessment made in 2013 by the Council of Europe Group of States against Corruption (GRECO, 2013) singled Portugal out for having satisfactorily implemented or dealt with six of thirteen previous recommendations on incriminations and party funding. The assessment also noted that six other recommendations had been partly implemented and only one had not been implemented.

New amendments to the penal code were adopted in early 2013, including greater sanctions for offences committed by holders of political office or senior public officials (Law no. 4 of 2013). Changes in the penal sanctions for corruption offences in the private sector, for trafficking in influence and for offences by foreign officials were implemented according to the GRECO recommendations. Finally, specialised units from the national prosecutor's office (the Central Department of Investigation and Penal Action) and the national judiciary police (the National Unit for Combating Corruption) were designated to investigate corruption cases (European Commission, 2014).

It is also worth mentioning that in May 2011, following the 2008 global financial crisis and the subsequent European sovereign debt crisis, Portugal started to be financially assisted by the 'troika' (European Central Bank, European Commission and International Monetary Fund). Officials from the 'troika' started closely monitoring the Portuguese national, regional and local governments' management strategies and instruments, as well as any mismanagement practices, including those possibly involving corruption.

## 3.1 Corruption risk management plans

The Council for the Prevention of Corruption (CPC), set up within the National Court of Auditors in 2008, was tasked with the coordination and analysis of prevention policies. As mentioned, in 2009 the Council recommended that all central, regional and local public services, including state-owned or controlled corporations, should prepare plans for the management of the risks of corruption and related offences.

The recommendation stated that the top-level management of each public service or corporation should draw up an internal plan taking into consideration: a) the existing corruption risk in each department, unit, sector or function; b) measures to prevent or counteract the identified risk, like internal control mechanisms or processes, separation of functions and tasks, prior criteria to be applied, for example, to the concession of public benefits, the recruitment of external experts, the nomination of juries, or appropriate training; c) the nomination of those in charge of implementing the plan. An annual report on the plan's implementation and main outcomes was also recommended to be sent to the Council for the Prevention of Corruption and to all applicable supervision, control

and auditing services or agencies. For the sensitive areas of public procurement and the concession of public benefits, the use of special guidelines and checklists, made available by the Portuguese Court of Auditors, was also recommended.

Supervision, control and auditing services or agencies were recommended to verify the existence and implementation of the plans and the Council for the Prevention of Corruption tasked itself with randomly visiting the different services and corporations in order to assess the existence of a management plan. It has to be noted, however, that the CPC was not granted verification or sanctioning powers concerning, for example, the degree of implementation of a plan.

Overall, the plans were intended as an internal tool for each public service or corporation to identify risks, to ensure greater internal and external awareness of such risks and their prevention and, whenever possible, for the early detection of possible corruption schemes and behaviours, leading to more successful investigations, prosecutions and proceedings. A typical plan includes a brief characterisation of the service or institution: the main mission, values, internal structure and available human, financial and logistic resources; the existing current management plans and instruments; a corruption risk diagnosis describing the core identified risk areas and factors and the functions and responsibilities of the different internal officials in charge of the plan; a description of the designed and to be implemented prevention measures; and a description of the designed monitoring, evaluation and updating processes and instruments.

By the end of 2013, 643 Portuguese public institutions and services, employing around 400,000 civil servants (roughly 70% of the total employed by central, regional and local governments) had implemented corruption risk management plans. The majority of these plans were available on each institution's or service's website for the sake of public consultation and internal awareness. Most plans were designed by middle and senior management staff and officially approved at the highest level. However, the quality and extensiveness of the risk assessments and corresponding prevention measures were uneven, as recognised by at least half the Portuguese public services that implemented the plans (Conselho de Prevenção da Corrupção, 2014).

## 4    THE MEANINGS AND METRICS OF CORRUPTION

The meanings of corruption and the behaviours embraced by its definition are constantly changing. The most common understanding of corruption today, as defined by the World Bank in 1997, is that it constitutes an "abuse of public office for private gain" (Johnston, 2005). Such abuse can assume several forms: speeding up or omitting steps or requirements in a governmental licence or permit process, in accessing a public sector service or good or in another type of governance decision-making process; setting up public procurements for unnecessary or useless goods or services; tailor-made specifications; collusive bidding; unclear selection or evaluation criteria; abuse of negotiated procedures; abuse of emergency grounds and amending contract terms after concluding a contract in public procurements; or the actions of individuals, groups or firms in

both the public and private sectors aimed at influencing the formation of laws, regulations, decrees and, in general, government policies.

The measurement of corruption is still far from being uncontroversial. Like almost all other deviant or criminal behaviours, corruption is supposed to remain a secret shared by those who corrupt and those who are corrupted. Whistle-blowing by harmed third parties or by well-intentioned politicians, public officers, citizens or the media is not an entirely reliable source of data because it depends strongly on who has something to gain from the whistle-blowing. Detections made by supervising or auditing services or agencies are a more reliable data source provided they are relatively free from corruption – but they are also a less extensive data source. The same can be said about cases reported to and registered by judicial and law enforcement agencies. Finally, cases reaching a law court and ending in a conviction could indeed be considered the most reliable data source if they were not so dependent on why and by whom the case was initially detected and reported – not to mention the power or status of who was under investigation, and possible corruption behaviours in the courts themselves (Golden & Picci, 2005; Heywood & Rose, 2014).

Measuring corruption through subjective perceptions of the prevalence of corruption behaviours or schemes is an alternative method. The idea that corruption within an entire country can be accurately quantified, and compared and ranked, to facilitate cross-country comparisons emerged in the 1990s. The Corruption Perceptions Index, sponsored by the non-governmental organisation Transparency International (TI) started measuring corruption in countries around the world as perceived by experts and business people (Lambsdorff, 2006). This Index does not assess the true prevalence of corruption but only the level at which corruption is perceived by, for example, business people and people working for multinational companies and institutions. Although the index does not reflect the complex social, political, economic and cultural realities that underlie corruption, it nevertheless allows for a different view on corruption. The Index tends to measure different things from country to country and often lacks rigour or is misused (Thomas, 2010) but certainly is an alternative measure of corruption.

Such an alternative is important because official data tend to reflect mostly 'low-level' corruption, typically involving individual actors who rarely operate in collusion with others, while international perceptions tend to also reflect 'institutional' corruption, which operates at higher levels and entails networks that can have a decisive influence on the running of public services, as well as on institutional and legislative designs and frameworks (Lessig, 2014; Pardo, 2004).

Determining how corruption risk management plans have contributed to the greater prevention and detection of corruption in Portugal was the main aim of this study. It was assumed that an increased prevention capacity would be reflected in international perceptions of corruption (Corruption Perceptions Index), and that an enhanced early detection capacity would be reflected in the number of registered corruption cases and number of convictions for corruption.

## 5    SOME INDICATORS AND TRENDS CONCERNING CORRUPTION IN PORTUGAL

International perceptions of corruption in Portugal grew with the 2008 crisis and clearly regressed after 2009. This trend is interesting because corruption risk management plans started being implemented in 2010 and, by the end of 2013, were active in more than two-thirds of Portuguese public institutions, services and corporations (Figure 1).

**Figure 1: Transparency International's Corruption Index (inverted scores: 0 – high corruption; 10 – low corruption) (Source: Transparency International's Corruption Perceptions Index, 2001–2014)**
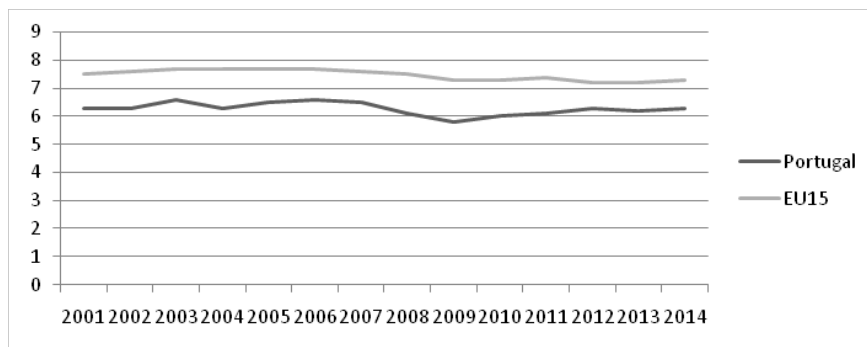


However, the 'recovery' of international perceptions started before a significant number of plans were implemented. Data on the year of implementation are not available, but a qualitative report prepared in 2014 by the Council for the Prevention of Corruption mentioned the steady but also slow implementation process. This means that other factors and other anti-corruption policies must have been instrumental for the international perceptions that corruption was again diminishing in Portugal. On the other side, international perceptions of corruption increased on average in the European Union member states with the 2008 crisis, and declined afterwards, including in Portugal. A contamination effect therefore cannot be discounted since the 2008 crisis was accompanied by widespread suspicions about the role played by politicians and senior public servants before and during the crisis, in particular in member states that, like Portugal, went bankrupt. The 2009–2014 recovery can thus simply be attributed to this social phenomenon.

The only evidence supporting the plans' preventive impact is that Portugal 'recovered' after the 2008 crisis at a much faster and steadier pace than the average EU member state. By 2014, Portugal was scoring as highly in Transparency International's Corruption Index  as it did in 2001. The problem here  is that such 'recovery' can also be attributed to the wide range of the factors mentioned previously that were activated after 2009 – namely, the extensive anti-corruption legislative packages approved in 2010 and 2013; the closer monitoring by officials from institutions financially assisting the Portuguese government since 2011; or the sharp drops in public investment and intermediate consumption of goods and services, as well as in private investment, that followed the 2008 crisis, with an unknown impact by way of fewer corruption schemes or opportunities.

The data on corruption cases recorded  by Portuguese judicial and law enforcement agencies and on individuals convicted for corruption also do not

give any evidence supporting the corruption risk management plans' positive impact on prevention or early detection capacity. The decline in the number of recorded corruption cases started before the plans were implemented and increases happened in 2011 and after 2012 (Figure 2).
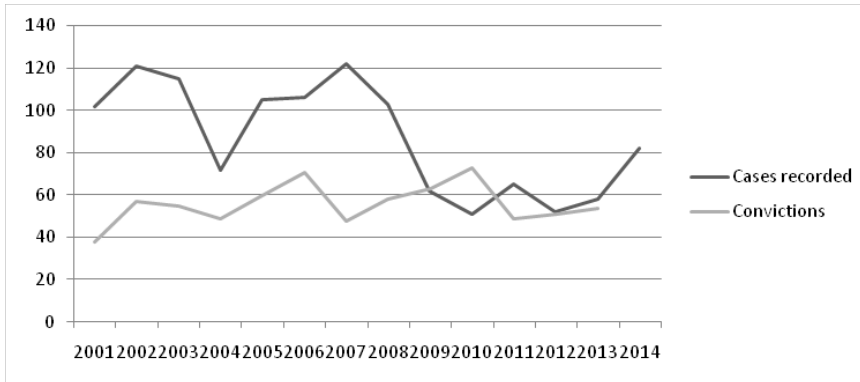


**Figure 2: Corruption cases recorded by judicial and law enforcement agencies, and individuals convicted for corruption (Source: Portuguese Justice Statistics Database, 2001–2014)**

The number of corruption cases recorded after 2012 contradict a prevention effect but indicate a better detection capacity. The extent to which the increase can be attributed to the plans or the other mentioned anti-corruption measures is unfortunately something that still cannot be objectively assessed.

The plans' non-significant impact becomes clearer when the figures on convictions for corruption are considered. They show a regular pattern of ups and downs that persisted until 2013. The figures for 2014 were unavailable at the time this paper was being prepared but, if they ranged between 60 and 80 convictions, the only possible conclusion would be that the plans simply did not have a significant impact on the trend of convictions.

## 6    CONCLUSION

The available evidence suggests that, at least until 2014, the corruption risk management plans had no evident impact on the prevention, detection, persecution and proceedings of corruption. However, regarding this type of anti-corruption measure, it must be remembered that by the end of 2014 the plans were still not implemented in all Portuguese public institutions and services, nor in all publicly-owned or controlled corporations; and that an incomplete diagnosis of the existing corruption risk and the lack of effective implementation of internal anti-corruption measures were regularly mentioned weaknesses in official reports.

The following years will certainly shed more light on the impact of this type of anti-corruption measure, even considering that an objective assessment will remain difficult. Portugal is still implementing a comprehensive anti-corruption national strategy and this will clearly mean the activation of factors like, for example, more practical measures to assure effective transparency and accountability of governance and the more effective protection of whistle-blowers. As ever more anti-corruption measures are introduced to counteract the peculiar

historical heritage of the Portuguese autocratic regime, Portugal will certainly reduce the gap existing with the majority of more socially and economically advanced European Union member states. The ways in which the corruption risk management plans will contribute to this process clearly need to be further assessed.

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