

U4 Expert Answer



Impact of corruption on indigenous people

Query

Has there been any study or work that explores the impact of corruption on vulnerable groups such as indigenous people? I am particularly interested in the impact of corruption on indigenous women.

Purpose

Corruption is known to negatively impact the effective delivery of services. Indigenous people are often marginalised from development processes and are disproportionately poor.

Content

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Summary

There is little empirical research specifically focused on the impact of corruption on indigenous people. There is also limited disaggregated data available that would make it possible to track the impact of corruption on these groups with regard to incidence of poverty and other socio-economic indicators. However, indirect attribution is plausible. Indigenous people often experience extreme poverty, abuse and discrimination, and are often referred to as the “poorest of the poor”. There is some evidence that poor and marginalised people are particularly vulnerable to corruption. It could be inferred that indigenous people as a group will therefore be disproportionately affected by corruption.

In addition, indigenous communities may have profiles that render them particularly vulnerable to exploitation and corruption. They often live in remote, natural resource rich areas, and depend upon natural resource for their livelihoods. Their social organisation may also be poorly respected by more rigid political and legal institutions. Some forms of corruption may be especially harmful to indigenous communities since they may directly threaten their social, economic and cultural survival. Corruption risks relate to the illegal exploitation of land and natural resources, which may lead to resource degradation or dispossession that has a ripple effect on all aspects of indigenous peoples’ livelihoods.

1 Why are indigenous people vulnerable to corruption?

In the absence of a formal, widely accepted definition, the notion of indigenous people broadly refers to tribal groups or ethnic minorities who share common characteristics, including: 1) self-identification as indigenous groups; 2) significant historical attachment to their territory; 3) commitment to a distinctive culture and a set of customs and traditions; and 4) a singular cultural, social and economic status that distinguishes them from other segments of the national community (Hand, J., 2005). It is estimated that indigenous people represent over 370 million people spread over 90

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countries, accounting for approximately 4-6 % of the world's population. (United Nations: 2009).

Few countries systematically collect data disaggregated by ethnicity, making it difficult to monitor poverty and socio-economic indicators or assess the specific impact of corruption on indigenous people. However, there are reasons to believe that the socio-economic hardships often experienced by indigenous peoples, and – in some instances - their inability to assert their rights, may make them especially vulnerable to corruption.

Indigenous people may experience extreme poverty

While comprehensive statistics on the socio-economic situations of various indigenous people are not readily available, it has been documented (especially in the Americas, New Zealand and Australia), that indigenous people often experience extreme poverty in terms of income levels and socio-economic conditions. They are also often one of the most marginalised and discriminated-against segments of national populations. It is not only their living circumstances which may make them targets for corruption: their widespread exclusion from most economic and political processes may also enhance their vulnerability to corruption.

The World Bank has published a cross-country assessment of poverty and socio-economic indicators for indigenous people that consistently finds high poverty rates among these groups, both in the developed and developing world (Hall G., Patrinos, H., 2010). In Latin America, for example, indigenous people are consistently poorer than the non-indigenous population, with evidence pointing to significant disadvantages in health, education, and labour market outcomes as well as in access to essential public services.

The 2009 State of the World's Indigenous People report confirms this picture (United Nations: 2009):

- Indigenous people are over-represented among the poorest and suffer disproportionately from poverty, marginalisation, illiteracy, ill health, lack of adequate housing and income inequality. In Guatemala, for example, 53.5% of indigenous youth aged 15-19 have not completed primary education as compared to 32.2% of non-indigenous youth. Throughout Latin America, child mortality is on average 70% higher among indigenous people.

- Traditional livelihoods such as fishing, hunting or small-scale agriculture are seriously threatened by challenges of globalisation, environmental degradation, land ownership, (mis)management of natural resources, climate change, and conflict;
- Indigenous people face systematic discrimination and exclusion from political and economic processes. For example, in terms of employment and income, indigenous workers in Latin America earn on average only around half as much as non-indigenous workers;
- Although there have been some improvements in recent years, indigenous people continue to face grave human rights abuses;
- Indigenous people are often effectively outside the system of social and legal protection available to other members of society.

The poor are particularly vulnerable to corruption

Some surveys suggest a correlation between income levels and experience of corruption. Transparency International's 2007 Global Corruption Barometer, for instance, indicates that corruption affects respondents with lower incomes more than other income groups. While they can least afford it, poor respondents consistently report paying more bribes than other income groups to access public services. The amount of bribes paid by low income households is also likely to represent a higher share of their total income. A 2005 study conducted in Mexico confirms that corruption significantly affects the basic livelihoods of the poor, acting as a regressive tax on already heavily burdened households. The study found that approximately 25% of the income in households earning one minimum wage was lost to petty corruption (Referenced in Transparency International: 2008).

Indigenous people will often exhibit the vulnerability factors that leave other disadvantaged groups particularly exposed to corruption. These factors have been documented in various publications, including three recent U4 Expert Answers exploring the link between gender and corruption in service delivery (Chêne, M: 2009):

- Disadvantaged groups are more reliant on public services as they lack the resources and

economic power to look for higher quality private alternatives to poorly performing public services. As such, they are likely to disproportionately suffer from the devastating impact of corruption on the cost, quality and availability of public services.

- As disadvantaged groups have less access to decision-makers and fewer opportunities to participate in economic and political life, they also have a weaker voice to assert their rights and entitlements, making them easier targets for corruption. They have fewer opportunities to counter undue influence by well-organised special interests with regard to policies that affect them. They find it more difficult to communicate their needs to policy makers, participate in public policy-making and effectively demand accountability.
- Disadvantaged groups also have less power and resources to seek legal protection and representation and are less likely to have effective access to mechanisms for redress and remedial action.

A specific corruption risk profile

In addition to the characteristics mentioned above (which indigenous people may share with other groups that are disadvantaged in socio-economic terms), additional factors that are specific to indigenous people may result in a particular vulnerability to corruption (Hand, J: 2005):

- A low level of technological expertise may exclude indigenous groups further from social, economic and political processes that increasingly require the competent use of conventional and new media tools;
- Their form of political organisation - based on kinship ties, decentralised political structures and overlapping spheres of territorial control –diverge from the dominant *modus operandi* of government, which is based on a hierarchical and centralised patterns of authority and an exclusive territorial domain. Since indigenous practices do not easily fit with dominant institutional structures, indigenous groups have historically been insufficiently recognised by international laws and public institutions.

2 The impact of corruption on indigenous people

Impact of corruption on disadvantaged groups

There is little empirical research specifically focused on the impact of corruption on indigenous people. Since indigenous people may belong to marginalised and socially disadvantaged groups that experience various forms of poverty and discrimination, it is reasonable to assume that the literature exploring the links between corruption, poverty and disadvantaged groups, may at least to some extent, also apply to indigenous people.

The impact of corruption on poverty reduction has long been recognised both in the literature and within the development community. There is evidence that corruption stymies development by deterring investment, undermining economic growth, and distorting tax structures, ultimately reducing the long term revenue-generating potential of the economy (Jennet, V: 2007 and Nawaz, F: 2010). In Africa, it is estimated that the cost of corruption could represent up to 25% of the continent's GDP and increase the cost of goods and services by as much as 20% [Reported by BBC News: 18/09/02; and The Economist: 19/09/02].

Corruption is known to have a disproportionate impact on the poor in terms of income inequalities, access to essential services and resource distribution. Corruption creates bias in the composition of and undermines effectiveness in public spending. It negatively affects the cost, availability and quality of public services on which socially disadvantaged groups are reliant for survival (Azfar O. and Gurgur T: 2005). Corruption is also a factor in limiting access to essential services such as health, water and education and has long lasting - and empirically confirmed - consequences on health and education outcomes (Suryadarma, D: 2008). A lack of access to quality education and health care also compromises the poor's income earning capacity and productivity and thereby ultimately undermines opportunities for building secure livelihoods and economic empowerment.

Disadvantaged groups also suffer from the indirect impact of corruption in policy design and budget allocations in terms of public resources withheld from poverty alleviation and social sectors, as well as misappropriation by powerful interests.

The specific impact of corruption on indigenous people

While corruption affects all disadvantaged groups, corruption involving the illegal exploitation of land and natural resources may affect indigenous communities in a particularly harsh manner.

Access to ancestral land

Corruption in land management may result in the misappropriation/dispossession of indigenous land for individual gain. According to the State of the World's Indigenous Peoples report (2009), severe human rights violations continue to be perpetrated against indigenous people who are defending their right and access to ancestral land and territories.

Examples of corrupt practices in land dealings

The New South Wales Independent Commission Against Corruption (ICAC) has documented several ways in which government officials can (mis)appropriate the land of indigenous people for their own gain or support other private interests in doing so (ICAC: 2010). In many cases, corrupt practices occur through the interactions of the Local Aboriginal Land Councils (LALC) – who own and manage large tracts of land - and private developers when LALCs decide to develop or sell portions of these lands.

ICAC's investigation into Wollongong City Council, for example, identified various social interactions between the council officers and developers which often involved the exchange of gifts and benefits, and undisclosed close personal relationships between the two parties.

Undue influence exerted on public officials and corrupt land management processes may result in favouring development projects that are not designed in the best interests of indigenous people, potentially depriving them of access to land and territories and to the benefits of land development schemes.

Impact on indigenous communities

Dispossessing indigenous people of their land can have far reaching impacts on tribal communities, since land often has a strong cultural value for indigenous communities. One of the few studies to specifically address government corruption and the exploitation of indigenous people strongly emphasises attachment to their territory as a means of sustaining the singularity of their culture and the survival of their community (Hand, J: 2005). A primary concern for indigenous groups is

the protection of their cultural identity through the preservation of their land base. They typically resist the development of their territories, which often puts them in direct conflict with governments and private developers. Corruption in land management processes can therefore have a particularly damaging impact on indigenous communities as it represents a direct threat to both the long term economic and cultural survival of indigenous people.

Natural resource management and indigenous rights

Indigenous people often live in areas that are rich in natural resources. Their livelihoods may directly depend on uncompromised access to these resources. This means they are directly and disproportionately affected by corrupt natural resource management that facilitates the illegitimate appropriation or degradation of natural resources and commodities - from water to minerals to wildlife species. Extractive industries, in particular, are often confronted with indigenous communities and their claims to tracts of land. Due to the revenues at stake indigenous people may be a primary target for corrupt dealings and rent-seeking behaviour. As a consequence, arrangements for natural resource extraction often fail to respect the rights and interests of indigenous communities.

Logging and mining activities can have an extremely disruptive impact on the preservation of indigenous communities if guided by unaccountable, corrupt policies. The wholesale displacement of indigenous people from their ancestral land is not unheard of (Hand, J: 2005). In addition, traditional modes of livelihood - such as fishing, hunting or small scale agriculture – may be threatened if corruption weakens control of the environmental impact of extractive industries. Indigenous natural resources and land may end up being plundered by commercial interests in collusion with local governments (UNDP: 2009). In addition, the State of the World's Indigenous People report (2009) also points towards the widespread practice of dumping toxic waste in indigenous territories, causing environmental health hazards.

The development of large scale hydropower projects presents another area where risks for corruption and risks for indigenous communities intersect. Large dam projects frequently take place in remote, mountainous areas populated by indigenous communities. For example, a review of the thirty-four large dams in India reveals that tribal communities – politically marginalised groups that comprise only 8% of India's population –

constitute 47% of those displaced. In the Philippines, almost all dams are located on the land of indigenous people, who make up less than 10% of the country's population. Ensuring that dam projects mainly benefit well-connected urban or industrial consumers and that the dam industry respects and protects the rights and needs of marginalised indigenous communities is a significant challenge for accountable and inclusive policy-making. Where resettlement is inevitable, the related financial support measures and initiatives have also proven to be prone to corruption. The World Commission on Dams estimated in 2000 that between 40 and 80 million people had been displaced by dams in the previous fifty years and that corruption has been documented to be a major cause of impoverishment for re-settlers who fail to receive promised compensation and development benefits (Global Corruption Report: 2008).

There is also literature that indigenous people may be particularly vulnerable to the effects of climate change and may suffer from corruption in climate adaptation and mitigation responses. For example, Programmes for Reducing Emissions from Deforestation and Degradation (REDD) are being considered for forests inhabited by indigenous people. The monitoring and verification requirements for such programmes are demanding and the Climate Change Monitoring and Information Network has noted that corruption in the management of REDD programmes may reinforce the exclusion/marginalisation of indigenous people from these programmes ([CCMIN Website](#)).

Unequal access to health, education, housing

The displacement of indigenous people from their land, where it occurs through corrupt processes and without adequate compensation, can have a ripple effect on livelihoods, increasing their dependence on public services and benefits. This may also increase the likelihood that they will become victims of corruption in service delivery.

The literature points towards high disparities and discrimination against indigenous people in their access to quality education and health care. There have also been instances of misuse of funds allocated to aboriginal people. [Survival International](#) – an international NGO supporting indigenous people worldwide – reports on the lack of access for Yanomani people to critical medical care on account of corruption and inefficiencies in Brazil's National Health Foundation.

A 2005 global overview of indigenous peoples' right to adequate housing also documents the socio-economic disadvantages and inferior living standards of indigenous people worldwide (UN-HABITAT/OHCHR: 2005). Although it does not establish a direct link with corruption, the report's case studies stress the lack of indigenous self-determination and the exclusion from decision-making that are likely to facilitate the victimisation of indigenous people by corrupt officials and individuals. The report reveals systematic discrimination and inequalities in almost all aspects of housing, including discriminatory allocation of resources for housing, as well as discriminatory practices of private landlords in rental markets.

The report finally emphasises that land dispossession and security of tenure have a particularly severe impact on indigenous women. As a result of displacement they often end up with an increased workload, having to walk longer distances to collect water or wood or are driven out of income-earning activities into economic dependence on men.

Human right violations and lack of access for redress

There are many examples of serious human (and tribal) rights violations connected to access to indigenous land, often occurring with either the tacit or active support of governments.

For example, an Independent People's Tribunal in India in April 2010 heard testimony about serious abuses in land acquisition and mining, as well as about tribal rights violations that have occurred without any response from the executive and judicial organs of the state. In some cases, the peaceful resistance of indigenous communities against their forced displacement reportedly led to violent clashes with police and security forces as well as state- and privately funded militias. (Please see: [Independent People's Tribunal: Interim observations of the jury](#)).

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