

Embezzlement of Conservation Funds: The (Relative) Importance of Transparency

By

Salvatore Di Falco

University of Geneva

Brice Magdalou

University of Montpellier

David Masclet

University of Rennes

Marc Willinger

University of Montpellier

Marie-Claire Villeval

University of Lyon

Extended Abstract

Embezzlement of funds is one of the most pervasive forms of corruption. This paper uses a lab experiment in Tanzania to 1) measure embezzlement and 2) understand the potential role of transparency in curbing misappropriation. We find large extent of embezzlement and that a transparency policy is ineffective when the number of players is large. A total of 1080 students were recruited at two University campuses of the University of Dar Es Salaam (540) and at the Sokoine University (540). These are the two biggest Universities in Tanzania providing

education on a wide range of subjects (including, agriculture, business, economics, planning etc.). We organized in total ten sessions. Students participated voluntarily in response to advertising for a paid decision experiment. Upon arriving at the experiment subjects were seated in a large aula and received the instructions in both Swahili and English. The instructions were also read aloud. A Questions and Answers sessions and a short quiz were undertaken to ensure that the tasks were understood. After this general session, subjects were randomly assigned to different rooms. In the room students were given with some time to read again the instructions. Each room represented a role. Subjects were asked to fill a small questionnaire to collect some basic socio economic data. A very simple risk experiment à la Binswanger was also played to elicit individual risk preferences. Self-assessment of impatience and risk preferences were also collected. Participants were split randomly in 3 or 4 separate rooms (depending on the experiment) before knowing the role assigned to subjects in each room. Each room represented a role. The experiment was run during standard term time by paper and pencil and lasted about 1.5 hours. The average earning during the experiment was TS 11330 (while the average wage in the private sector was TS 78 000 per month - about USD 45). Instructions were presented in a very neutral language. For instance: person A has to decide how many TS to transfer to person C. If person A sends money to person C, the transfer has to be done through an intermediary. The role of person B is to transfer the money to person C. Person B is not allowed to transfer his/her own TS to person C.