

Corruption: the need-greed equation

Dr. Sania Nishtar

Pakistan's ranking on the 7th position in the recently released Global Corruption Barometer by Transparency International should lend a serious impetus to address an issue, which is deeply ingrained in the institutional processes of the country, both in the public and private sectors and in many fiscal, ethical and moral shades. However it is important to recognize that corruption is not specific to Pakistan but is a systemic phenomenon, endemic to developing countries and prevalent in many in western nations. Corruption is also not a new occurrence in Pakistan but is a manifestation of a time long practice; this is evidenced by a reference made to the phenomenon by the Quaid on the occasion of his address to the Constituent Assembly of Pakistan on August 11, 1947. Corruption is also not a phenomenon for which a particular government can be blamed; notwithstanding, various governments have set precedence for ingraining different forms of corruption and have failed to pay due attention to the matter.

Corrupt behaviors fall on a spectrum and although it may be difficult to categorize them, it is useful to draw a distinction between the two forms of corruption from the point of view of the feasibility of anti-corruption reform in Pakistan. On one end of the spectrum are corrupt practices, which fall in the operational/administrative domains; most of these represent *individual coping strategies* and are relatively, more readily amenable to reform. At the other end of the spectrum, corruption involves a level of state capture, which is rooted in weak capacity of state institutions along with lack of control and accountability and vested economic interests of the powerful elite. The determinants of state capture are not amenable to reform within an isolated sector.

The first kind of corruption involves a variety of patterns in the operational, administrative and regulatory domains; these range from financial corruption in contracting and procurements where a huge margin exists for building in kickbacks to corruption in many regulatory domains; these include granting permissions, licenses and registrations and monitoring and inspections to ensure compliance with stipulated standards in the domains of quality, price and volume regulation. In these cases, commissions, bribes and deliberate inattention to oversight are endemic and clearly it is not just the public sector which is involved but also the private sector that fuels this practice. This form of corruption also includes the moral, procedural and financial forms of corruption in the delivery of services as in the case of the health, population and education sectors, where discretionary funds can be embezzled, inspectors may be deliberately inattentive to oversight and providers can get by through moonlighting in the private sector, pilfering state funds and charging costs for services that are meant to be provided by the state for free. There can be no condoning these practices, notwithstanding it must be appreciated that many of the above represent individual coping strategies and are economic responses to low incentives in the public system.

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When a public servant is not paid enough to pay for his utility bills and cover the cost of the children's education, but at the same time has the discretionary authority which enables him to raise money elsewhere, it is only plausible that he will exercise that power. These practices are exacerbated by poor oversight, accountability and ultimately get institutionalised in the system, enabling most of the stakeholders to benefit from them in one way or the other

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There is evidence to show that corruption at this level can be addressed to some extent if attention is paid to three aspects of reform, which strengthens the incentives-performance-accountability nexus. Lessons learnt from police reforms in the federal capital can be instructive in this regard and show that where systems of compensation adequate to sustain appropriate livelihood are set up, and where services generate incentives for performance, it is possible to implement ethical and administrative codes of conduct. Such examples can be used as evidence to structure transparent systems of public service that safeguard accountability and can be strengthened further by mainstreaming technology. There is also the need to promote market harnessing methods in

regulation using contracting and self regulation; these mitigate reliance on discretionary command and control mechanisms. Some level of success in this approach has been shown in the domain of taxation reforms and needs to be further built upon in other areas, particularly the social sector where governments can leverage markets to deliver services in new models of service delivery. *The National Commission for Government Reform* can be a good entry point for such reforms, albeit if the government has sustained policy support.

The other kind of corruption — much harder to fight — is rooted in state capture, which is a broader phenomenon in policy and decision making, where the laws and

regulations of the land are made to favor select few — usually cronies of power with access to the corridors of power. In this form of corruption, decision makers use state resources and leverage for patronage either for personal or institutional gains. In addition to straightforward commissions or large transactions, this form of corruption also manifests itself as preferential treatment to well connected individuals. This form of corruption also overlaps with regulator capture, which results in regulation to be serving.

Here an anticorruption agenda needs to go beyond the traditional technocratic approach focused on administrative reform to a more overarching set of measures to address many issues related to structural reform: this creates a number of policy and institutional imperatives. In the first place, necessitates reform of political institution and building mechanisms of oversight. Secondly there is need for judicial and prosecutorial reforms; within this context, the current emphasis to ensure an independent judiciary is well placed, however it must be ensured that the judiciary is transparent in view of the evidence presented in Tran-

parency International's World Corruption Report of 2007, which focused on corruption in the judicial system. In the third place, there is a greater need to expand the use of consumer voice by creating avenues for seeking redress, rejuvenate the civil society and ensure that the media remains open. In addition it must also be recognized that economic reforms can be one of the most powerful anti-corruption strategies; by promoting competition and market entry, it can enable a vibrant sector of small and medium enterprise to weaken the concentration of economic interests promoting state capture.

In order to implement these approaches, Pakistan needs neither new statutes nor another set of institutional mechanisms. A number of federal and provincial laws exist, including the *Ehtesab Ordinance 1996*. What is greatly required is strengthening of the institutional framework as well as the implementation and application of the existing laws and procedures. However it must be ensured that new laws do not dampen the spirit of existing anti-corruption efforts; in particular the National Reconciliation Ordinance has been a set back to anticorruption work in Pakistan, at least in spirit.

Pakistan also does not need new institutional mechanisms to counter corruption. The Federal Investigation Agency (FIA) and the National Accountability Bureau exist and must be strengthened further and where needed depoliticized. The office of the Wafaqi Mohtasib, which is currently not mandated to deal with corruption but has a related role should be broadened and closer synergies created between institutional arrangements.

A focus on these arrangements would also enable redressing mis-governance, mis-management and inefficiencies in addition to corruption as these are deeply inter-woven and failure to address them will continue to mis-target resources and compromise public investments, regardless of the level of economic growth and the increase in fiscal space.

We cannot afford to regard corruption taboo anymore. Patriotism does not entail shying away from core issues but addressing them through constructive criticism and helping develop and deploy solutions. However garnering an unyielding commitment to this agenda in the wake of Pakistan's geo-strategic vulnerability would be a feat — it would be interesting to note how many political parties commit them to this agenda in the forthcoming months.

The writer is the founder of a health think tank, *Heartfile*. E mail: sania@heartfile.org

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