

Anti-corruption reform – strategic imperatives

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Elections 2008 will hopefully soon come to fruition with the formation of a new government. Regardless of who assumes office, being in the government is not going to be an enviable position if the ground reality is brought to bear, as it should. As practical action replaces rhetoric, limitations of the government to deliver on election catchphrases will become evident, particularly in serving the needs of the disadvantaged.

The foreseen inevitable worsening of inflation is likely to put a tremendous pressure on the impoverished masses whereas the stalling macroeconomic situation will limit the government's ability to allocate additional development budgets. Failure to improve social conditions will ultimately have implications for many deep seated issues we face today such as violence and instability. In order to do something meaningful therefore, certain insightful policy decisions will have to be taken beyond quick actions demanded in the interest of political expediency.

In the quest for a sustainable solution, the new government might want to consider a common determinant that has led to most of the maladies

faced by the country over the last 60 years and a cause that is widely under-rated in terms of its impact to undermine the effectiveness of governments – the determinant is called 'lack of transparency'.

Most of the problems today stem from it in one way or the other. Food shortages are related to cartel activity; violence and conflict are the outcomes of lack of transparency in decision making whereas gaps in institutional accountability – an indicator of the level of transparency – is responsible for the present energy crisis.

Lack of transparency also has a direct bearing on other systemic issues that often make headlines; nepotism in human resource hiring and political inductions over the years are responsible for many issues faced by public sector institutions; politicization of decision making undermines the strength of ministries and collusion in public procurements over the years has led to pilfering of public resources including humanitarian aid and emergency procurements. In addition, preferential treatment to well-connected individuals leads to mis-targeting of services and subsidies whereas deliberate inattention to oversight leads providers in health and education to serve in the private sector. Most importantly, state capture

and political patronage biases the policy environment to favour the elite.

The actual volume of revenue lost has never been calculated; however, estimated losses of US \$ 3.3 billion through tax evasion alone are the tip of the iceberg; the staggering costs of commissions in public procurements, revenue lost due to crony privatization and political patronage and the shadow economy all incur huge losses. In addition to mis-targeting resources and augmenting the rich poor divide, lack of transparency and corruption in their fiscal, ethical and procedural forms, undermine political, social and economic development and threaten stability, security and ethical values in our society.

It is recognized that ridding the country of corruption requires deep-rooted systemic reform; it is impractical to expect miracles overnight. Notwithstanding, certain implicit transparency-promoting measures by the new government are critically needed rather than coercive action, as has been the norm. The following can be pragmatically achievable in this regard.

First, in relation to policy and strategy, it should be recognized that Pakistan is a state party to the UN Convention Against Corruption, the international reference framework for

anti-corruption work; this can provide an entry point to reenergize Pakistan's National Anti-Corruption Strategy (NACS). Many flaws in NACS have been flagged over time; these include its orientation as an ambitious broad set of recommendations rather than the living documents needed to ingrain structural reform and its overall inspirational character removed from economic and political realities of implementation. Despite these limitations, NACS is a coherent strategic framework and the next government should ideally develop intra-agency sub-strategies based on the analysis already conducted. In doing so they must also develop mechanisms of parliamentary oversight and civil society engagement.

Secondly, it is important to bridge gaps in institutional mechanisms relevant to anti-corruption reform. Mechanisms of public redress exist in the form of the ombudsman's office but have a narrow mandate; here legislative action to include anti-corruption work within the institution's remit and linkages with public participation bodies such as Community Citizen Boards appears feasible. The commitment to create an ombudsman's office in every district, as envisaged by a party manifesto is a hugely important initiative if appropriately structured. Oversight institutions include the Public Accounts Committee and the auditor's General Department; these need to be strengthened as a tool for public sector accountability. In relation to investigative work, NAB is an important arm of the state, which must be strengthened to engage in impartial pursuits; this can be done by making governance broadly representative and by fostering an open disclosure policy. It must be recognized that there is adequate institutional infrastructure in place for anti-corruption work; what is required is the will to enforce, which can get the new government started on a moral high.

Thirdly, it is important to institutionalize integrity promoting measures in the public sector. As an initial step, it is important to ensure while appointing cabinet members that they have no conflict of interest in terms of major business involvements relating to respective ministries; this is a critical safeguard against patronage and support for debt writing off, tax exemptions and other favours.

In addition, existing reforms should be used as an entry point to promoting integrity. The macro-policy stance to separate the policy-making functions of ministries from regulation and housing the latter in au-

tonomous agencies is important for fostering transparency in regulation and needs to be built further upon. Similarly, civil service reform aimed at developing systems of compensation adequate to sustain livelihood and institutionalizing accountability, initialized through the work of the National Commission for Government Reform, needs to be further built upon. Efforts to promote integrity should also reenergize development partner efforts to promote transparency in governance as in the case of the Access to Justice Project of the ADB, the Project to Improve Financial Reporting and Auditing of the World Bank and likewise other such efforts.

In the fourth place, certain implicit transparency building measures should be prioritized. The use of technology can be helpful in this regard and can enable plugging leakages from the system, obviating unauthorized payments, eliminating abuses such as paying ghost workers seen in the health and education sectors and promoting greater transparency in procurements. Providing a level playing field for businesses and fostering competition can weaken economic interests that promote state capture; in this regard, the recently created Competitiveness Commission can provide an entry point.

Finally, it is important to strengthen the countervailing forces of the state – the parliament, judiciary, media and the civil society. Whilst doing so it should be remembered that corruption in the subordinate judiciary and politicisation of the superior judiciary is well recognized; that capture of the media by vested interest groups is a potential threat and that the civil society, which is seen as a panacea for all ills and appears altruistic may in certain cases, have very complex motives. It is also not fair to blame the executive branch of the state entirely for the prevailing lack of transparency; as the onus of responsibility lies with all the actors in the state system as well as the private sector; the latter is both a beneficiary as well as a victim of corruption as a result of public private collusion.

There can be no generalizations here; bonafide and non-bonafide entities exist in every structure and it is the role of the government to provide safeguards and to be the honest hand that separates shades of grey from the black and white. The new government should place this high on its list of priorities.

The writer is the founder and president of the think-tank, Heartfile. Email: sania@heartfile.org

Elections 2008 will soon come to fruition with the formation of a new government. Regardless of who assumes office, being in the government is not going to be an enviable position if the ground reality is brought to bear, as it should. As practical action replaces rhetoric, limitations of the government to deliver on election catchphrases will become evident, particularly in serving the needs of the disadvantaged.

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In the quest for a sustainable solution, the new government might want to consider a common determinant that has led to most of the maladies faced by the country over the last 60 years and a cause that is widely under-rated in terms of its impact to undermine the effectiveness of governments – *the determinant is called 'lack of transparency'*.

Most of the problems today stem from it directly or indirectly. Food shortages are related to cartel activity; violence and conflict are the outcomes of lack of transparency in decision making whereas gaps in institutional accountability – an indicator of the level of transparency – is responsible for the present energy crisis.

Lack of transparency also has a direct bearing on other systemic issues that often make headlines; nepotism in human resource hiring and political inductions over the years are responsible for many issues faced by public sector institutions; politicization of decision making undermines the strength of ministries and collusion in public procurements over the years has led to pilfering of public resources including humanitarian aid and emergency procurements. In addition, preferential treatment to well-connected individuals leads to mis-targeting of services and subsidies whereas deliberate inattention to oversight leads providers in health and education to serve in the private sector. Most importantly, state capture and political patronage biases the policy environment to favor the elite.

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