

# AN ASSESSMENT OF VARIOUS APPROACHES FOR COUNTERING CORRUPTION IN POOR ECONOMIES

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## INTISARI

Tulisan ini mengupas berbagai cara yang bisa ditempuh dalam upaya pemberantasan korupsi. Pertama mengidentifikasi penyebab dasar korupsi, agar upaya pemberantasan korupsi dapat dititiberatkan ke akar rumput permasalahan tersebut. Pengurangan peluang korupsi yang terdapat dalam rentetan peraturan melalui kebijakan deregulasi, swastanisasi, mendorong terciptanya persaingan dalam penyediaan jasa umum, menaikkan upah dan gaji riil pegawai negeri sipil, yang harus kenaikannya harus dikaitkan langsung dengan kinerja mereka, adalah beberapa cara ke arah pengurangan prevalensi korupsi. Selain itu, kebijakan tadi harus diimbangi dengan beberapa mekanisme untuk memonitor kinerja pegawai negeri sipil, dan kepatuhan mereka pada peraturan yang ada. Pendirian dan pemberdayaan upaya badan pemberantasan korupsi anti-corruption agency dengan tenaga ahli dari berbagai bidang dan ketrampilan, diberikan wewenang untuk mencegah, menyelidiki dan menyidik kasus-kasus korupsi, serta mengadakan pendidikan tentang hukum pemberantasan korupsi, penyebab korupsi, dampak yang ditimbulkannya, dan tanggungjawab masyarakat dalam upaya pemberantasan korupsi. Penegakan hukum tanpa pandang bulu pada siapa saja yang terlibat kasus korupsi memberikan sinyal yang jelas pada masyarakat bahwa korupsi tidak bermanfaat karena resikonya amat berat. Upaya yang tidak kalah penting dalam upaya pemberantasan korupsi adalah pemberdayaan civil society melalui kebijakan yang memerikan berdirinya kebebasan media massa, kegiatan LSM, dan transparansi di lembaga legislative, akna memberikan checks and balances pada kegiatan pegawai negeri sipil dan perusahaan swasta dan miliki pemerintah. sipil Komitmen pemerintah, yang terwujud dalam wewenang yang diberikan badan pemberantas Korupsi, sumber daya alam dan manusia yang diperuntukkan kea rah tersebut, dan dasar hukum yang kuat yang melandasi kegiatannya, dan pemberian izin dan wewenang untuk mendapat berbagai bantuan dari luar negeri yang perlu dalam operasinya amat penting untuk keberhasilan pembersihan negeri dari 'penyakit' korupsi. Upaya untuk memberantas korupsi seyogyanya harus berkelanjutan supaya masyarakat sadar akan kerugian korupsi pada masyarakat baik yang bersifat jangka pendek dan panjang.

**Kata kunci:** Facilitation payment, bureaucracy, governance

## INTRODUCTION

Corruption which is generally defined as the abuse of public office for personal gain, is manifested in a diversity of forms. It entails among other forms, giving favor to a relation in hiring persons for a job (nepotism), awarding contracts to supporters (cronyism), taking advantage of having to privileged information to sell and buy stock (insider trading), disposing of company assets at lower than market value prices by management to themselves and employees (as occurred in Russia in the course of the flawed privatization of the oil industry), dividing company assets into productive and non-productive ones, with the former offered for sale at low prices to inside parties while the latter is opened for sale to the public (asset-stripping). Chan (1999) identifies several factors that motivate the corruption culture, interlia, decision-making that involves discretionary power, arrangements that involve patronage and conflict of roles, prevalence of amaze of regulations that entrusts one with powers to approve licenses, conferring benefit to others, and situations involving security and confidentiality with possibility of compromise, situations where standard operating procedures are not well streamlined.

Kaufman (1997) expounds on opportunities for corruption by listing in details areas where risk of corruption is high and has generally been generated. These include the issuing of licenses, permits, quantitative restrictions, passports, and customs, across countries; existence of price controls; blocking entry to new firms and investors, and offering monopoly power; awarding of public procurements; contracts; granting of subsidies and soft credit; tax exemptions; inflated pension schemes and allowing tax evasion; imposition of foreign exchange controls, causing multiple exchange rates which leads to the over-invoicing of imports and capital flight; allocation of real estates, grain storage facilities, telecommunications, and power infrastructure; adopting a maze of socially desirable regulations on public health and environment; and the maintenance of obscure budget accounts., .

Hofman et al. (2003:8) on corruption and decentralization in Indonesia which has been carried out without significant improvements in law enforcement institutional capacity, local government institutional capacity enhancement, and strong civil society, finds out that the incidence of corruption instead of declining is on the increase and spreading to the legislative body, education and health

offices. The implication is that devolution of power tantamount to devolving centers of corruption collection points from the center to the regions, where capacity to control the abuse of power and discretion is at best minimal. New avenues have been created in forms of claims for wages of relocated civil servants, procurement process in public works projects, promotion of civil servants, election of village, parish, sub district and regency heads.

### **BRIEF REVIEW OF CAUSES AND EFFECTS OF CORRUPTION IN DEVELOPING ECONOMIES**

Causes of corruption are varied. On the extreme, the autarky (closed economy) model or its legacy as in countries of former Soviet Union and Eastern Europe (economies in transition) with few links to the outside model is fertile for corruption. Corruption practices in transition economies are engendered by the prevalence of totalitarian administrative structures that are opaque to checks and balances and obsequiousness to command; economic decline and political instability, anachronistic and inappropriate legislation; inefficient government institutions; weak civil society that does not have the knowledge and capacity to monitor

public service delivery; weak democratic traditions, which is manifested in public disrespect for the law, incompetent judicial systems, parochial adherence to organizational interests as opposed to national interests. Immense opportunities for corruption in transition economies are enhanced by privatization of government property without strong legal mechanisms and administrative infrastructure to support the process, culture of illegal lobbying in law enforcement, collusion between law enforcement and organized crime organization to foster interests of powerful kleptocrats and oligarchs (USAID, undated).

Somewhat related to the foregoing is the degree of state involvement in economic activities provides immense corruption opportunities for bureaucrats and politicians alike (Quah, 1999; Fombad, 1999; Mauro, 1998; Rose-Ackerman, 2001; Kligaard, 1998). This is attributed to the fact that in a state controlled economy officials decide who enjoys access to economic resources and opportunities. This leads to a situation whereby economic success depends on the degree of influence-peddling one can muster rather than the forces of the market. Bribery, extortion, payoffs, and kickbacks become potent avenues of influencing wealth distribution. Thus the larger the size of the government

in running or controlling economic activities, the greater are opportunities for malfeasance (Sandholtz and Koetzle, 2000; Ades and Di Tella, 1999; Fombad, 1999; Quah, 1999).

The belief by clients that providing facilitation payments quickening the process of obtaining service delivery, which becomes entrenched overtime, institutionalizes bribery taking and giving. Providing *pungli* illegal payments has become an acceptable even inevitable undertaking for whoever wants to obtain a trade license, land title, birth certificate, (*akte kelahiran*) evidence of birth, during court sessions to have favorable judgment in court, (*tilang*) to grease your squeaking automobile or motorcycle by the fully alert policeman. The culture of *tabu sama tabu* (obvious that payment should be made to quicken things up) which has come pervasive in many parts of Indonesia is one such instance (Dwiyanto et al., 2002). Insufficient wages is another entry point for corruption and indeed is the justification used by civil servants to demand side payments as has been hinted above (Dwiyanto et al., 2002:72).

The level of economic development may provide some indication as to the prevalence of corruption with low development associated with high levels of

corruption (Erlich and Lui, 1999). Low economic development creates immense opportunities for bureaucrats to have discretion over access to resources through permits, licenses, price controls, by the private and public sectors. Corruption is paradoxically high in countries that are moving away from poverty middle income economies due to the prevalence of huge investments in sectors that customary provide good opportunities for corruption such as road, railway and airport construction; reclamation projects and huge housing projects; educational and health expansion and improvement projects; and widening communication network facilities.

It is the same vein that Rose Ackerman (2001) contends that the lack of a clear distinction between the public and private jurisdiction, common many a poor developing country, provides opportunities for indulging in corruption behavior. This is often attributed to quasi democratic political structures created for the convenience of their concoctors. Over time incidental behavior becomes customs because "...culture, repertoire of cognitions, feelings, schemes of evaluation that process experience into action, which orientate people's dispositions to act in certain ways in sets of situations." Thus, different cultural orientation may

explain the different incidence level of corruption among countries (Sondholtze and Koetzle, 2000). The incidence of corruption in many Africa and Asia communities for instance is said to be embedded in "...logics of negotiation, gift giving, solidarity.... allocating projects to one's home village (pork-barrel politics) is seen as redistributing income and development" (Sardan ,1999; Quah, 1999:490).

Corruption opportunities have also been nursed by policies that are in principle put in place to propel economic growth by enhancing efficiency. Privatization and deregulation of economies, which are motivated by the need to increase the role of market forces in the economy, give rise to opportunities for public officials to indulge in corruption (UNDP, 1997). Privatization contrary to expectations may not reduce corruption unless the political-economic system that induces the creation of bribery collection is expunged. This is because privatization creates opportunities for bureaucrats to use their discretion in disposing of the state assets. Besides, privatization by propelling the economy towards a higher growth path, promotes higher income thereby widening the scope of corruption opportunities for bureaucrats. Thus at both low and or high levels of growth,

corruption opportunities are manifested in trade restrictions, tariffs and import quotas, subsidies and tax deductions, price controls, multiple exchange rate practices, foreign exchange allocations schemes, and directed credit schemes.

The striking multiplicity of causes of corruption is equally, if not more that half again as much, replicated in the variety of its effects. Evidence on the detrimental effects of corruption on economic development is well documented. High incidence of corruption slows investment and growth (Mauro, 1995; Banerjee, 2002:24); reduces competitiveness (McArthur and Teal, 2002; Kompas, December 8, 2003:14); engenders the dissipation of foreign assistance (Svensson, 2000), skews investment from productive to rent seeking activities (Svensson, 2003; Sheifer and Vishny, 1993; Acemolgu and Verdier, 1998); increases cost of doing business (Chan, 1999; Svensson, 2003; Fridriksson and Svensson, 2002; MU FEE-MAN,1999; CIPE, 2001; TI and SAI, 2002; Kaufman, 1997; Ray, 2003:5; Iwasaki, 2000); and saps firm productivity (Watt, 2002).

The guess estimate of the loss that the Indonesia has suffered is a staggering Rp. 444 trillion, (Kompas, 25 October, 2003:37); and this at times of marked secrecy, one can only shudder at the amount involved in

unreported cases which are confounded and is subterfuged in pretexts of corporate financial confidentiality and client privacy. The problem of corruption is receiving increased attention among the population of the developing countries and developed countries alike, the former motivated by glaring failures despite high indebtedness of their countries, while the latter are driven by aid 'awareness' disease caused by putting money in a seemingly endless pit with no remarkable success registered by way of change. What is equally disturbing to citizens of developed nations is the reality that some individuals in developing countries are becoming far richer than many an average citizen in donor countries due to their ability to siphon off most of the donated funds to their foreign accounts. The success of any anti corruption program lies in the identification of the underlying factors that motivate the culture of corruption, nourish and reinforce it, and over time induce the passing on of the practices from older to younger generations in form of values.

## **AN ASSESSMENT OF COUNTER CORRUPTION STRATEGIES**

Though corruption is pervasive in most of the developing World, there are countries in that part of the World,

which have put in place policies that have minimized the scourge to a great degree. The list is not that long, but includes such countries are Singapore (though no longer a developing country), its protracted and consistent war against corruption even in times of poverty is worth emulating), Hong Kong ( East Asia) and Botswana (Southern Africa).

A good number of studies have been carried out on the causes of corruption. One such variable is the percentage of the adult population with primary education (schooling) is found to lower the level of corruption. This is because with a highly educated population would demand accountability of persons holding public offices, and are thus likely to form pressure groups, which serve as watch dogs that monitor the performance of public servants. An educated population will also demand political representation, more democratic rights, and press freedom which will leave little room for conducting covert corruption practices (Sandholtz and Koetzle, 2000; Fombad, 1999; Quah, 1999). It is thus evident from the foregoing that education of the general population should be the long term goal of a series of efforts to reduce the incidence of corruption.

The long term goal of providing education to the population requires

immense efforts and time over the long haul, hence must be supported by a multiplicity of other short-term and medium term strategies to counter the incidence of corruption. Otherwise, billions of dollars will continue to be siphoned off in marked-up project costs on education and military expenditures, costs of establishing enterprises will continue to soar as rent-seeking gets entrenched into the sinews and fabric of the economic and social system, socially desirable but corruption-mean projects such as health survives will continue to receive meager budgets leaving millions under the weight of disease, ignorance, and poverty, quite fertile turf for the perpetuation of corruption.

The success stories today in the drive against corruption include Singapore, Hong Kong and Botswana where anticorruption boards were established, along with other measures, to reduce the incidence of malfeasance in all its forms. Beset by the colonial legacies left by the British and Japanese, one of which was high corruption incidence (Quah, 1999). Singapore leaders took bold steps to not only declare political independence but also to do away with the scum that had evolved overtime.

The Singapore government enacted the prevention of corruption act (POCA) which was the precursor for the establishment of an anti

corruption agency, the Corrupt practices Investigation Board (CPIB). The act strengthened the anti corruption ordinance of 1937 which made corruption a criminal act in Singapore and outside Singapore for Singapore citizens (so there was no safe havens for Singaporeans on the basis of where the act takes place as long as the actors are Singaporeans by nationality). The CPIB was entrusted with the tasks that encompassed receiving and investigating complaints from both the public and private sector, investigate malpractices and misconduct by public officers, and examine the practices and procedures in the public service in order to minimize opportunities for corrupt practices.

The anti corruption agency is also empowered to put charges against an individual on the basis of the motive to indulge in a corruption act, without necessarily 'being caught in the act'. The bottom line here is that such motive is proved by CPIB in court. This gives the anticorruption drive a pre-empting weapon, which is lacking in many acts set up in many developing countries to deal with the corruption scourge. The scope of activities covered by the anticorruption law was widened over time through legislation which shows the determination, consistency and sense of purpose the leaders had to not only reduce the

incidence of corruption but to eliminate it. The fines were staggering once convicted, for one had to lose the job, pay immense amounts of money for committing the offense, relinquish property that might have been acquired through underhand means, and imprisonment. In fact according to Quah (1999) conviction for a corruption offense in Singapore lands one a five-year term of imprisonment or a fine of S \$100,000 or both.

The enforcement of the anticorruption drive is impartial which has made it credible among the population as well as foreigner doing business in the territory (Guan, 1998). The underlying goal was to create a feeling among Singaporeans and whoever lives within the city state that corruption does not pay and never will on Singapore soil. Small wonder Singapore's corruption level is very low compared to its ASEAN neighbors. Lower corruption level induce competitiveness as the cost of conducting business transactions becomes lower, more investment both foreign and domestic is henceforth made, which propels the economy to higher growth rates.

The DCEC in Botswana can be seen in a similar light. Driven by the worrying state of corruption the leadership enacted the Corruption and Economic Crime Act 1994 which laid the foundation for the establishment

of an anti-corruption body called the Directorate of corruption and economic crimes. The DCEC was empowered to conduct investigations and prosecute persons suspected of indulging in corrupt practices, with sweeping powers to investigate, and ask for any information that the agency deems important in carrying out its work, has the right to look into confidential records in course of its investigations, is empowered to search and seize both person and premises of the arrested person without a warrant.

The anticorruption agency in Botswana as was the case in Singapore by giving the body wide ranging powers provided the necessary leverage to deal with an extra ordinary crime of corruption. It is the Achilles' heel of most anticorruption bodies set up in many developing countries not with the intent to eliminating the incidence of corruption, rather as a show piece by the authority that they are also doing something about the scum (Quah, 1999). In Botswana the penalties are equally heavy. This is in line with the argument that certainty and heaviness of punishment deters people from engaging in crimes by raising the cost above the benefits from carrying out the offense (Erllich, 1996).

The anti corruption body in Botswana is in addition entrusted with the task of preventing the occurring of



corruption by examining procedures and practices of public bodies in order to identify possible sources of corruption and make suggestions on eliminating them. It is also supposed to instruct, advise and assist any person requesting for ways of eliminating corrupt practices. It is further entrusted with the responsibility to advise heads of public bodies on changes in practices and procedures to reduce or eradicate the occurrence of corrupt practices. The effectiveness of the anticorruption campaign is underscored by the fact that the leadership acknowledges the prevalence of corruption as a bad practice, which laid the ground for putting in place legal mechanisms to alleviate, and if possible eradicate it (Fombad, 1999).

The government of Botswana realizing that prevention is less costly than law enforcement established the national integrity system. This task was carried out by a body established by the Directorate of Corruption and Economic Crimes (DCEC), with tasks encompassing investigating practices and procedures of government bodies, identify areas of weakness where opportunities for corruption are likely to emerge, and design work practices to eliminate identifies sources of corruption opportunities. The Crime prevention group (CPG) in addition gives advice on the award and

administration of major constructive contracts, promotes the creation of codes of ethics for public and private bodies.

The performance of the anti corruption agencies in Singapore and Botswana is however, dwarfed by the success of the Independent Commission against Corruption (ICAC) of Hong Kong, China. Motivated by abundant opportunities for corruption in huge infrastructure projects, maze of regulations on permits and licenses, availability of large scale construction projects, complicated designing, specification and supply requirements of many projects, bulk purchases of supplies, complex consultancy activities, corruption was rife in Hong Kong; that is before the 1974 promulgation of the act that brought into being ICAC (Chan, undated). The agency pursues a three pronged approach to fight against corruption which encompass investigation, prevention and education. ICAC acts on reports from the public or on request by the government and private company to probe into public books, provide advice on designing anti corruption programs on request at no cost to the beneficiary, study management and government procedures with the aim to identify current controls and possible risks of corruption in order to suggest possible remedies. The ICAC

takes a systems analysis of the government and company operations to identify corruption risk areas which encompass possibilities of misuse of discretion, neglect of duty or omission thereof, favoritisms, administrative deviations, breach or regulations, inappropriate legislation, and confidentiality breaches. Studies on internal control loopholes that are apparent through audit reviews and cases of corruption help in highlighting discrepancies and flaws that exist, reported deviations from management controls, identifies control measures that can be sidestepped by higher authorities, the matrix of management authorities and accountability.

The agency provides public education through seminars, workshops and as guest speakers and through mass media on the causes, effects and costs of corruption. It also educates the public and private and state enterprises on the law on corruption and how to ensure compliance with its provisions in the conduct of business transactions. The agency keeps in touch through regional community officers to ensure constant public awareness of the drive against corruption. The agency looks into the guidelines on purchasing, stock control, rules for staff on accepting bribes, managerial accountability and corporate

governance, training in ethics development available in organizations it studies. The agency provides inputs in new policies and procedures adopted by government departments, which enable it to identify possible loopholes and make recommendation for improvement before they are implemented. It is also represented on tender and procurement bodies, construction advisory board, and in policy of key projects.

The ICAC has reduced corruption in Hong Kong thanks to its comprehensive consistent involvement in studying the institutions and systems used by organizations to identify possible risk areas, which enable it to provide timely remedies. The immense authority it was given to investigate and probe companies is no mean contribution to its success. This is coupled with immense skilled staff, good financing from the government, involvement of clients in its operations, taking a long term view to reducing corruption by focusing on the underlying causes of corruption and pursuit of transparency in all its operations. The point of concern for some of course is the immense power the ICAC has which infringes on individual and corporate rights. This is a normative issue, which the benefits and costs of the anti corruption drive

can only be the measure to come up with some informed position.

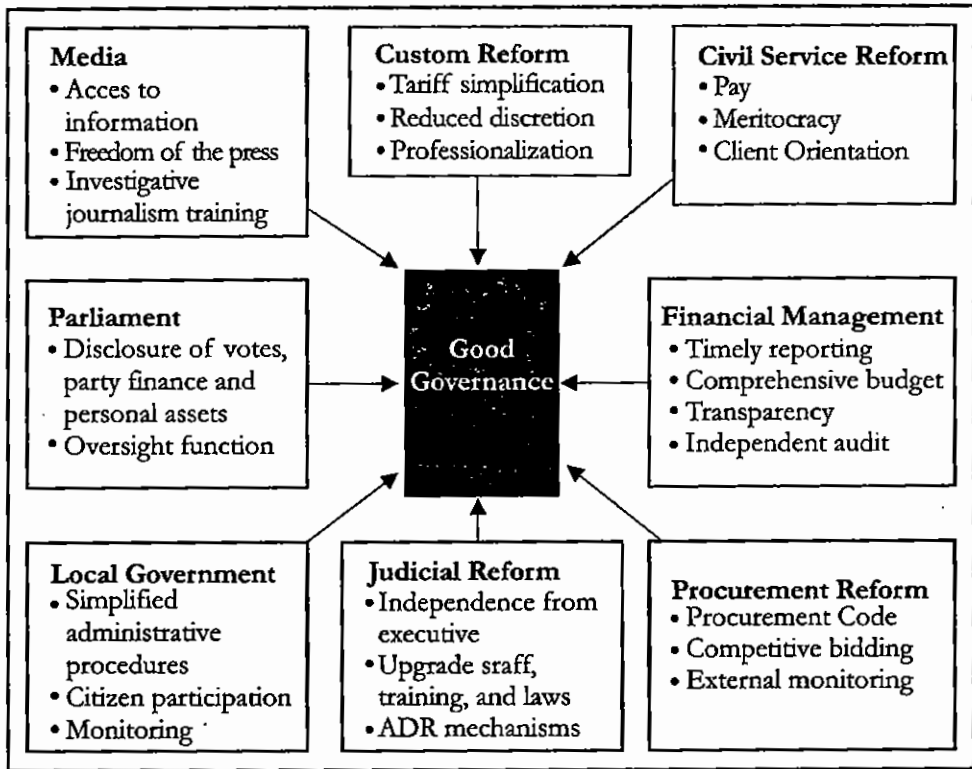
The importance of education as a vehicle to enlighten the public on all aspects of corruption encompassing its dangers, manifestations, and ways of avoiding it must be an essential part of the counter bribery effort if its is to achieve success. Education also gradually changes the attitude of people toward corruption from acceptance to rejection and shunning of those who indulge in it. This is in addition to ensuring constant contact between the champions of anti corruption drives and the public, which is very vital for sustaining the effort in the long run. It is in this light that many anti corruption agencies have public education as an integral part of the endeavor. It is in such light that the government of Botswana, Singapore, Hong Kong included community education as a vital components of their war against corruption. The anticorruption bodies in the three countries, DCEC, ICAC, CPIB, for Botswana, Hong Kong, respectively, utilize public media, forums, workshops, seminars, and training to encourage professionalism, highlight integrity in public life, informing the public about that role to report cases involving corruption. The media used include radio programs, posters, pamphlets, advertisements, newspapers, and magazines. To depict

an image of efficiency and high integrity, the anticorruption body projects its impartiality in handling corruption cases irrespective of who is being taken to task (one vice President implicated in corruption had to resign).

There are various ways of reforming the administration to make it less vulnerable to the strong and inimical 'forces' of corruption. The most favored approach is the cutting down on the functions of the government. The objective is to effect economic reforms that cut down the opportunities for corruption. The rationale being that by reducing government functions, the number of regulations decreases, which reduces the bureaucrat's opportunities to engage in corrupt practices.

Public service reform has been championed as one of the most potent weapons against corruption practices (Kaufman et al., 2001). Corruption is rife in conditions where there is labyrinth of regulations, the removal of such regulations is expected to diminish the chances for the bureaucracy to indulge in corruption. The objective underlying administrative reforms should be to achieve good governance (Figure 1). This implies that the anti corruption program must be total and comprehensive in its scope yet detailed enough in its specificity. It should entail

**Figure 1. Reforms for Improving governance and combating corruption**



Source: Kaufman et al. 2001.

economic reforms to remove motivations for corruption, foster the establishment of institutional changes that are in line with accountability and transparency, should be supported by administrative reforms to produce new incentives for government officials to perform better. Reforms should revamp the state of rule of law by encouraging and fostering the emergence of independent judiciary and prosecution, reduce the opportunities for corruption among members of parliament by changing the voting laws, immunity from

prosecution, and disclosure of personal wealth, should revamp government procurement procedures, induce the adoption of new financial management culture of timely reporting, overhaul the treasury, and civil service reforms. Reforms of the customs department should be handy as well as part of the effort, and encouraging the emergence of a bold investigative mass media. To ensure that reforms are not only limited to the center local government administrative reforms should be made as well.

Some Countries legitimize the hitherto controlled activity for instance Hong Kong by legalizing off-track betting, cut off the source of police corruption, while Singapore by allowing the free importation of merchandise to reduce on illicit payments to customs to officials in attempts to reduce on import taxes (Bardhan, 1997; Mookherjee and Png, 1995). The problem with this option is that by deregulating the controlled activity, the officials may use their influence as implementers of such policy to transfer ownership to either a monopoly where they have commercial interests, or establish such activities by proxy. This would mean that the public monopoly is being replaced by a private one, which does not have much significance in the fight against corruption. Moreover, deregulation or privatization of state monopolies that provide essential services such as health, education, and defense may endanger the social welfare of the poor. Private Companies unlike state monopolies have to be profitable to survive, which necessitates the rise in the price of services rendered. The case of billions of dollars that change hands through the sales of understated state enterprises in many developing countries and transition economies that privatize and deregulation their economies has become a buzzword.

The practice has become so common that many corruption experts consider it inevitable.

Decentralization of authority especially in countries with large population or vast terrain has been given as one of the potent weapons against corruption (CGI, 2001). This is because decentralization of authority from the central government, increases peoples participation in policy making on issues that affect them, which reduces discretion of public servants to dispense services to clients they hardly know about. The proximity of the client and the providers of public services is likely to increase the capacity of the former to know the nature and performance of service delivery, which equips it with the weapon to effectively monitor service delivery. Civil servants having lesser discretion and increased monitoring and pressure for continuous improvement will have to be more accountable for their actions to the public. Competition among regional governments for investors is likely to induce improvements in investment climate . Investors will relocate their enterprises to regions with lower corruption incidence to reduce the cost of conducting transactions (Hofman et al., 2003) Decentralization of authority, must however be accompanied by financial decentralization which increases the

capacity of local governments to run the devolved public functions and services. The problem is that decentralization may create new opportunities for corruption in forms of authority to impose local taxes without necessarily making improvements in service delivery (Ray, 2003:6), enhanced power of local community leaders to demand graft in return for good business environment (Hofman et al. 2003; Ray, 2003), and abuse of power given to regional governments to borrow money to fund local projects because of lack of sufficient measures to ensure transparency and accountability.

Another approach to fighting corruption is by making jurisdictions over the job under to more than one individual. This implies that the client has the opportunity to demand the service from any one of the persons responsible for carrying out the tasks in question. This is meant to remove the feeling of indispensability by an official who is the sole man doing the job. Competition among the officials is expected to intensify with the effect of reducing the bribe over time. The problem may arise however, when the official responsible for the job expect the other to do the job. This will lead to more inefficiency. Moreover, competition on the job has the danger of intensifying the looting of government property by the officials.

Preferably, the change in jurisdiction ought to be accompanied by more monitoring and auditing to ensure the officials' commitment on the job (Bardhan, 1997). Yet another approach would be to use overlapping jurisdictions over a single job (UNDP, 1997). The problem with such an approach is that it raises the cost of carrying out the job, increases uncertainty in the officials doing the job, may result into coordination problems, and may prove impractical due to the indivisibilities inherent in a particular job (for instance buying in bulk)

The institutionalization of various accountability mechanisms in the Country is another indispensable approach in efforts to eradicate corruption for good. These could take the form of allowing the operation of independent investigating agencies, independent auditing office, establish the office of the local ombudsman, citizenship watch committees to monitor corruption as well as provide information, pursue public interest litigation. Room should also be provided for vigorous and an independent press, as well as strengthening libel laws.

Economic reforms must be supported by administrative reforms to ensure the reduction in the motivation to involve in corruption. This is by improving the incentives of

state officials in order to remove the motivation to indulge in malfeasance. This is effected through increase in remuneration, reduction of discretion powers, linking remuneration to responsibility and performance , removing possible area of conflict of interest. It is expected that by increasing legal payments as well as offering bonus based on the performance of the official, reduce the attractiveness of bribes.

Yet salary increase for civil servants should be in tandem with increased auditing of the activities of the officials activities to leave no room for indulging in acts that may enrich him as a result of his position (Di Tella, 2001). In addition, salary increase should as much as possible be linked to performance if the increased state expenditure on wage bill is to contribute positively to productivity. Another incentive that may be used to maintain the commitment of the civil servant from recruitment to old age is to link the payment of retirement benefits to compliance with anti corruption behavior (Rose-Ackerman, 2001).

Public administration may also be reformed by making superiors responsible or even accountable to their subordinates, which increases the cost of engaging in a corrupt practice by the superior. It is however, debatable whether such mechanism

can work in paternalistic societies where the position held by subordinate is by and large a result of the good office of the superior. In any case, corruption being a pervasive social illness means that in most cases the bosses as well as the subordinates are in perfect collusion in an organization wide network where roles are divided among members. The establishment of procedures to encourage 'whistle blowers' as well as guaranteeing their anonymity is seen as a dent in such an opaque structure. This is because costless and responsible whistle blowing creates uncertainty by increasing the risk for corrupt officials of getting 'caught in the act' unawares. This implies that the promulgation more rules, albeit well intentioned, may prove detrimental to efficiency as they add to the logjam.

The development of well defined career paths in the civil service that are not dependent on the favor of the superior, could be one of the ways that corruption networks in an organization are prevented from developing. Once again, the problem becomes complex in societies where the superior is not only a level above, but is considered to be an elder whose advice and direction is important in establishing one's position in society.

Leadership should be pivotal in ensuring the availability of information on government

performance and signs of corruption, increase public awareness on corruption issues, dissemination of information to galvanize the support for reform. The use of surveys on government activities enables the public to monitor government performance and its commitment to the anti corruption agenda. Government reforms that make inroads in the fight against corruption reduce opportunities for corruption by carrying out economic reforms, increase accountability of public officials by increasing transparency and reduction of discretion, promote the rule of law by encouraging the emergence of an independent judiciary through the revisiting of appointing, assigning, remunerating procedures. The judiciary can be strengthened through capacity building by eliminating opportunities for corruption, upgrading judges, improve legal training, revise existing laws, strengthen investigative capacities. The state should always however, involve the NGOs and journalists in monitoring the activities of the judiciary (Kaufman et al. 2001; Di Tella, 2001).

Most corruption in government is inherent in budget estimates and allocations , which is why many pundits on corruption suggest the increase in the powers of the legislature to control the executive in

determining the items and allocations. As has been evidenced in Indonesia, however, it does not take long before the legislature becomes part and parcel of the network that time and again defrauds government funds (Hofman et al, 2003:7). This is why contrary to theoretical and abundant empirical evidence on the efficacy of decentralization, fiscal decentralization that came into effect on January 2001, resulted into increased routine expenditure, low investment and development expenditure, increased fragmentation, increased workers (possibly many were ghost workers) and widening regional income disparity (ADB, 2002: Kompas, 25 October, 2003:42). This is due to opaque procedures under which budget estimates as well as approvals are made. Increasing transparency, reducing discretion of local government heads, coalition with NGOs, civil society and journalists should increase the pressure on both local government officials and members of parliament to perform in accordance with social expectations. There is no better way to achieve this than increasing the accountability and responsibility of local government executives and legislature to the public through direct elections. The establishment of an independent body to monitor and evaluate the performance of the local government



should also go some way in reminding the officials of their social obligations as opposed to the pursuit of private interests. (ADB, 2002:17).

The involvement of civil society, non governmental organizations and the grass roots in coalition should be encouraged to increase watch dog activities as well as put pressure of the public service to improve service delivery at the center and local government levels. The local government capacity to initiate and design programs should be enhanced by augmenting their technical capacity, simplification of administrative procedures, increased community participation, and the increasing the monitoring function of NGOs and mass media on local government activities. Increased the number of parties involved in local government activities reduces the possibility of indulging in malfeasance (Kaufman et al. 2001).

The fight against corruption cannot be won without the involvement of the multilateral agencies and developed world governments. This is because many activities that involve corruption are carried out outside jurisdictions of the country that actually suffers the loss as a consequence of such acts. The increasing role of the private sector in economic activities increases the likelihood of enterprises getting

involved in illicit business transactions to their benefit at the cost of the state. This is why the involvement of the international community is an imperative as essential part of the anti bribery drive.

In addition to or complementary to the part played by international multilateral agencies in the fight against corruption in developing countries, which is in the main indirect, the effort can be enhanced through services provided by international organizations that concentrate on the establishment of good governance at the corporate and the government levels in both the developing and developed nations. Such organizations include among others, Transparency international (TI) social accountability International (SAI), center for international private enterprise (CIPE), International criminal court (ICC), and organization for economic cooperation and development (OECD). Transparency international is the leading international NGO that focuses on researching the causes, effects and counter measures against poverty incidence in many countries. Social accountability international SAI is an international NGO with a mission to "improve work places and communities around the world by developing and promoting voluntary standards combined with independent verification and public reporting," (TI

and SAI, 2002:8). The activities of CIPE include the promotion of good governance by encouraging the establishment of "institutions that govern the relation between investors and creditors on one hand, and managers on the other," (CIPE, 2001). OECD the organization that assembles industrialized nations in its efforts to curb unfair competition among companies and countries in international business transactions established a convention on combating bribery which public officials and employees of enterprises in OECD member countries are obliged to comply with.

### **THE COMPONENTS OF AN EFFECTIVE ANTI CORRUPTION PROGRAM**

In order for the establishment of an effective anti corruption program, several elements must be addressed. These include the clarity of objectives, the scope of the program, understanding the core causes of corruption, counter measures that deal with core causes other than derived causes of corruption, the integrity of the executing organization, coalition of private, public sector, NGO, mass media, and the community, the political support which emanates from the strong commitment of the powers that be to reduce and if possible eradicate corruption.

The clarity of objectives of the anti corruption program are essential for designing an effective strategy to counter malfeasance. The objectives can be drawn from an in-depth study of the root causes of corruption which is possible if a thorough analysis of the administrative mechanisms, procedures, and chain of control is carried out. That way, flaws in the existing management and administrative arrangements are highlighted, which facilitates the identification of the 'commanding heights' of corruption (corruption opportunities), the beneficiaries of the arrangements and the attendant measures to remedy the situation.

The success of the anti corruption drive also depends on the precision of the scope covered by the program. The program should cover all the risk areas identified as sources of corruption with concomitant measures to remove the loopholes that cause such susceptibility. In addition to overt source areas, the program should attempt to change values that motivate individuals to take opportunities presented to them for their own benefit instead of rectifying them. An intensive education campaign in the affected sectors, and departments as well as nationwide. This is because corruption has contagion and domino effects, which can only be redressed through persistent public education

campaigns on the causes, effects, and counter measures to bribery .

The integrity of the organization or agency that shoulders the responsibility to carry out counter corruption measures is also crucial to the success of the program. It should have the requisite authority to investigate, prevent, and prosecute the culprits without fear or favor. The activities of the agency should thus be based on a law that underscores the extraordinary nature of corruption crimes , which should thus be dealt with through equally extraordinary ways. The agency should have access to information on financial reports, operations, management practices, control measures of any public or private organization that is under the spot light of its operations. It should have the staff with expertise and experience in all professions from police work to engineering to equip it with the skills to investigate the underlying causes of all corruption crime it handles and the competence to come up with feasible solutions. The good track record of the staff should enable the agency to maintain liaison with key officials in state and private enterprises at all time. Moreover, such expertise can easily draw up custom programs that can be provided on request to companies.

It is not disputable that strong as it may be, an anti corruption-executing

agency will remain a paper tiger unless it forms a coalition with the private and public organizations, the mass media, NGOs and the community. This is necessary for an effective dissemination of the work of the agency, its scope of operations, and mandate. It must generate public interest in the work it does, which is accomplished through public education campaigns and other forums. The change in attitude of the community from acceptance to revulsion of corruption practices can only be done if the mass media, NGOs and the community participates in the anti corruption effort. The cause should involve all stakeholders, with the executing agency serving as coordinating rather than just a coercive force to achieve results. The involvement of the community in the anti corruption drive, enables the sustenance of the effort through reports submitted by the public, creates social sanctions that are more effective in some cultures where the community spirit as opposed to the individuality is still high. In addition, it must be remembered, constant contact with the community enables the anti corruption drive to get to the root of the givers and takers of bribe since these are members of the community.

Many well designed anti corruption programs have been put in

place in many countries with hardly any breakthroughs in reducing the incidence of corruption. This may be attributed to the lack of genuine political support of the authorities. Political support is reflected in the mandate the anti corruption program is given, and the resources both domestic and international that are made available to it, the staff that it can draw upon which in one way or the other depends on the resources. Political support can be also reflected in the willingness of the authorities to lead by example by opening themselves to scrutiny, disclosure of their wealth before they take offices, and the increment thereof once in office. Political will is also shown in the absence of exemptions of key bureaucrats and political figures from corruption charges, which is usually encapsulated in powers of immunity to prosecution, which can only be lifted by at the discretion of the executive head. The existence of such exclusions limits the anti corruption drive to small fries without significant effect to the entire effort. The political will can also be shown by the readiness of the authorities to call upon the services of international agencies that have wealth of experience on fight corruption as well as calling upon donor agencies to put up anti corruption measures in their fund disbursement procedures. The show

to the public of the commitment to clean government can be another indication of the seriousness of the politicians to the counter corruption drive. This can be done through political statements, establishments of codes of conduct of public officials, streamlining political contributions, and outlawing off-budget accounts in the conduct of government business.

### **CONCLUDING REMARKS**

Corruption is fostered by the nature of political economy that provides opportunities for its emergence, growth and entrenchment. The prevalence of a bloated bureaucracy, with poor pay, working under a maze of regulations that empowers them to control public good and service prices, offering licenses, import quotas, land, housing, state procurement contracts, infrastructure projects in transport and communication, health, education, defense, provide immense avenues for bribery. The absence of transparent, competent, and accountable law enforcement, parliament, mass media, and NGOs increase the incentives for indulging in the malpractice. Social attitudes to corruption change from shunning to complicity and eventually to acceptability as corruption becomes entrenched. Offering bribes to 'jump

the queue' assumes respectability as it indicates the depth of one's pockets. Corruption behavior intensifies under conditions of economic and social uncertainty as economic mismanagement takes hold. Fighting corruption requires equally varied measures. Reducing opportunities for corruption inherent in a maze of regulations through deregulation, privatization, encouraging competition in the delivery of public services, increase real wages of civil servants which should be linked to performance made, and attendant mechanisms to monitor the performance and adherence to such provisions. Empowering an anti corruption agency is another measure which should be equipped with skilled personnel from a variety of professions armed with the capacity to prevent, investigate and educate the public on corruption law, causes effects and what is expected of them. Impartial punishment to all offenders irrespective of social status sends the right signal that corruption does not pay. Empowering civil society through the freedom of mass media, NGO activities, and transparent parliament can checks and balances on abuses made by civil servants as well as enterprises. State commitment to the corruption cause is vital. This is judged from the power given to anti corruption agency, resources at its

disposal, legal framework underlying its operations, calls for international assistance to fight the cause.

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