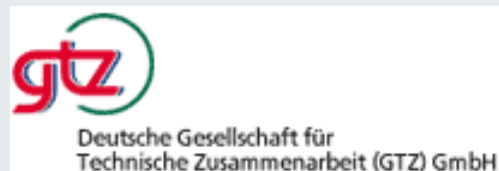


Integrity reform in Afghanistan: taking stock and the way
ahead –
towards shared priorities and better donor co-ordination

Harald Mathisen
CMI / U4 Anti-Corruption Resource Centre

Kabul – May - 2009

Who we are:



Ministerie van
Buitenlandse Zaken



Canadian International
Development Agency Agence canadienne de
développement international

Canada

Why U4?

- **Information overload**
- **Knowledge insufficient for the need of pro-integrity reform**
- **Bilateral agencies, not good learning institutions**
- **Practitioners are constantly reinventing the wheel**

- Projects Database
 - Selected literature
 - Tool kits
- Links
 - Web-sites
 - Organisations
- Services
 - Helpdesk
 - Training
- Resources
 - Theme Pages/Focus Areas
 - Public Finance Management
 - Health and Education
 - Anti-Corruption Commissions
 - Natural resource management
 - Donor Coordination
 - Knowledge management
 - Corruption in Emergencies
 - Political Corruption
 - Private sector
 - Fragile states
 - UNCAC
 - Ethics

<http://www.U4.no>

Corruption and anti-corruption: an introduction

Harald Mathisen
CMI / U4 Anti-Corruption Resource Centre

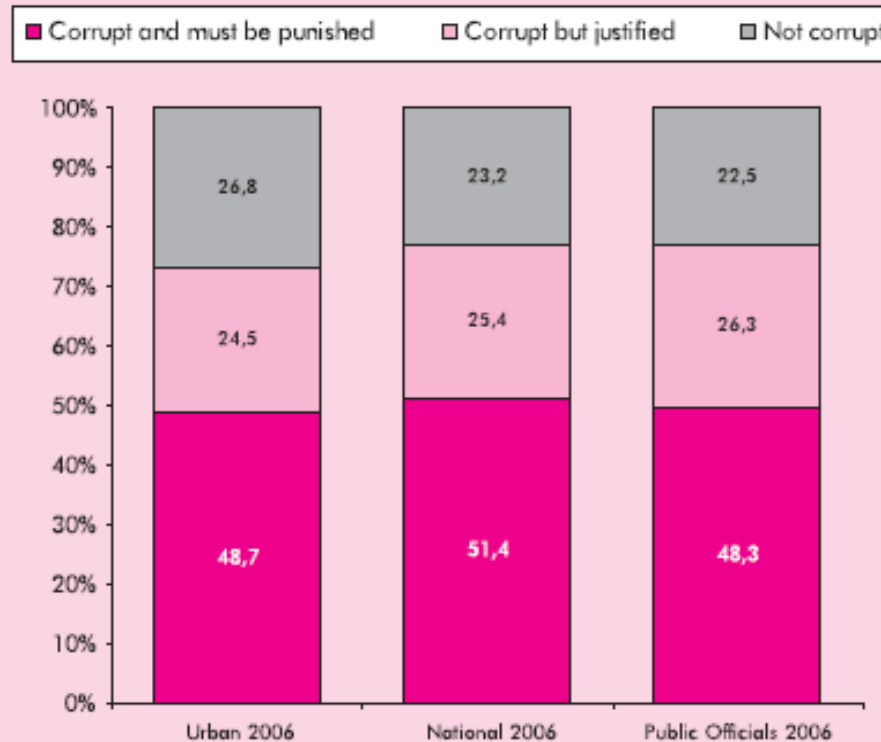
Kabul – May - 2009

Goal for Session 1:

To reach an understanding of corruption and its significance for the development agenda

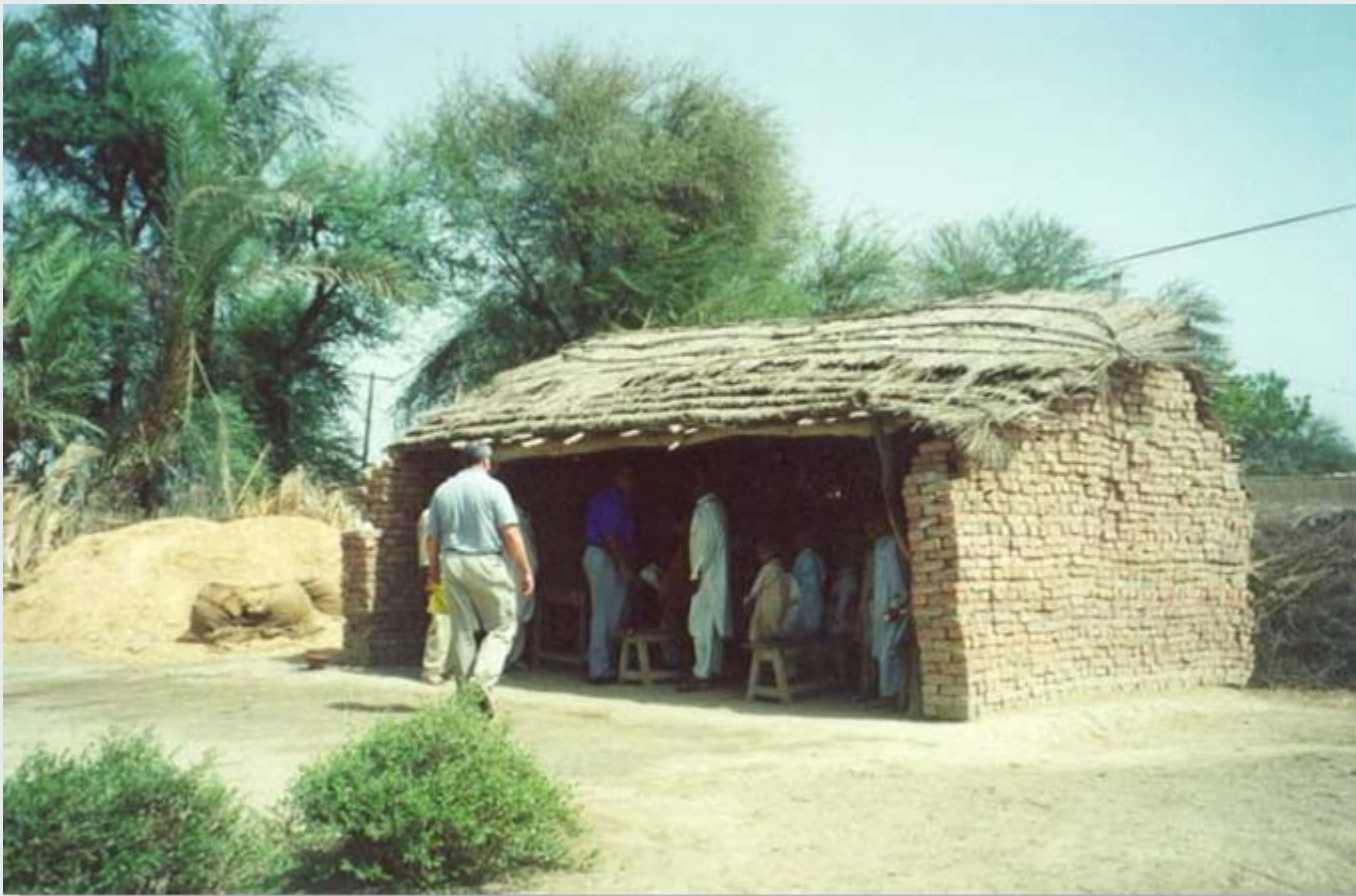
- What is it?
- Why does it matter?
- International comparative perspectives

Fig. 21 Perception of a flower store owner who raises flower prices on holidays (Comparison between samples 2006)



Is it corruption?

Internationally-financed rural “school”



What is it?

Commonly applied definitions:

- The misuse of entrusted power for private gain
(Transparency International)

- The abuse of public power for private gain
(World Bank)

Some characteristics

- Illegal and immoral
- Concealed, hidden, under-the-table
- Informal
- Personalised
 - Middlemen, brokers

Awarding or execution of contracts

S election

P rice

Q uantity

Q uality

D elivery

What is it?

Common forms of corruption:

- **Bribery**
 - Act of offering someone money, services or other valuables, in return for a benefit
- **Embezzlement**
 - Theft of state assets/public resources by public officials
- **Favouritism**
 - Granting offices or benefits to certain individuals regardless of merit. Called **nepotism** when family members are involved

What is it?

Levels of corruption

- **GRAND/POLITICAL**
 - High level officials and politicians
 - Large amounts of money
 - High economic impact
- **PETTY/ADMINISTRATIVE**
 - Public officers usually lower level
 - Smaller amounts of money, exchanged more frequently
 - Severe social impact, especially for the poor

Medical-militaristic language

- Corruption
 - *Disease*
 - *Social cancer*
 - *Virus*
 - *Beast*
- AC *crusades*
 - *Fighting...*
 - *Combating...*
 - *Eliminating...*
 - *Eradicating...*
 - *War on...*
 - *Root out...*
- Capital punishment
 - China & Vietnam



**Costs of
CORRUPTION**

ECONOMIC

Less revenue income
Investment aversion
Higher investment costs
Bigger informal sector
Reduced competition
Capital flight

POLITICAL

Reduced credibility
and legitimacy
Lack of political will
Non-transparent
decisions
Perverted elections
Less accountability

SOCIAL

Greater inequality
Exclusion based on
ethnicity
Trust
Reduced social capital
Brain drain
Weakened civil society

ENVIRONMENTAL

Faster destruction of
scarce resources
More pollution

INSTITUTIONAL

Less access to services
(esp women and girls)
Budget bias away from
social services
Less access to justice
Unreliable contract
enforcement
Unclear property rights
Inefficient contracting
Unfairness
Waste

SECURITY

Increased military
spending and arms
smuggling
More crime: trafficking,
drugs, terrorism
Prolongs war

***DONOR
ASSISTANCE***

Less impact
"Aid fatigue"
More costly to
cooperate

Citizens

**Services ↓
Voice ↓**

What causes it? Explanatory factors

- Perceptions (and some research!)
 - History
 - Geography
 - Religion, ethno-linguistic fractionalisation
 - Gender

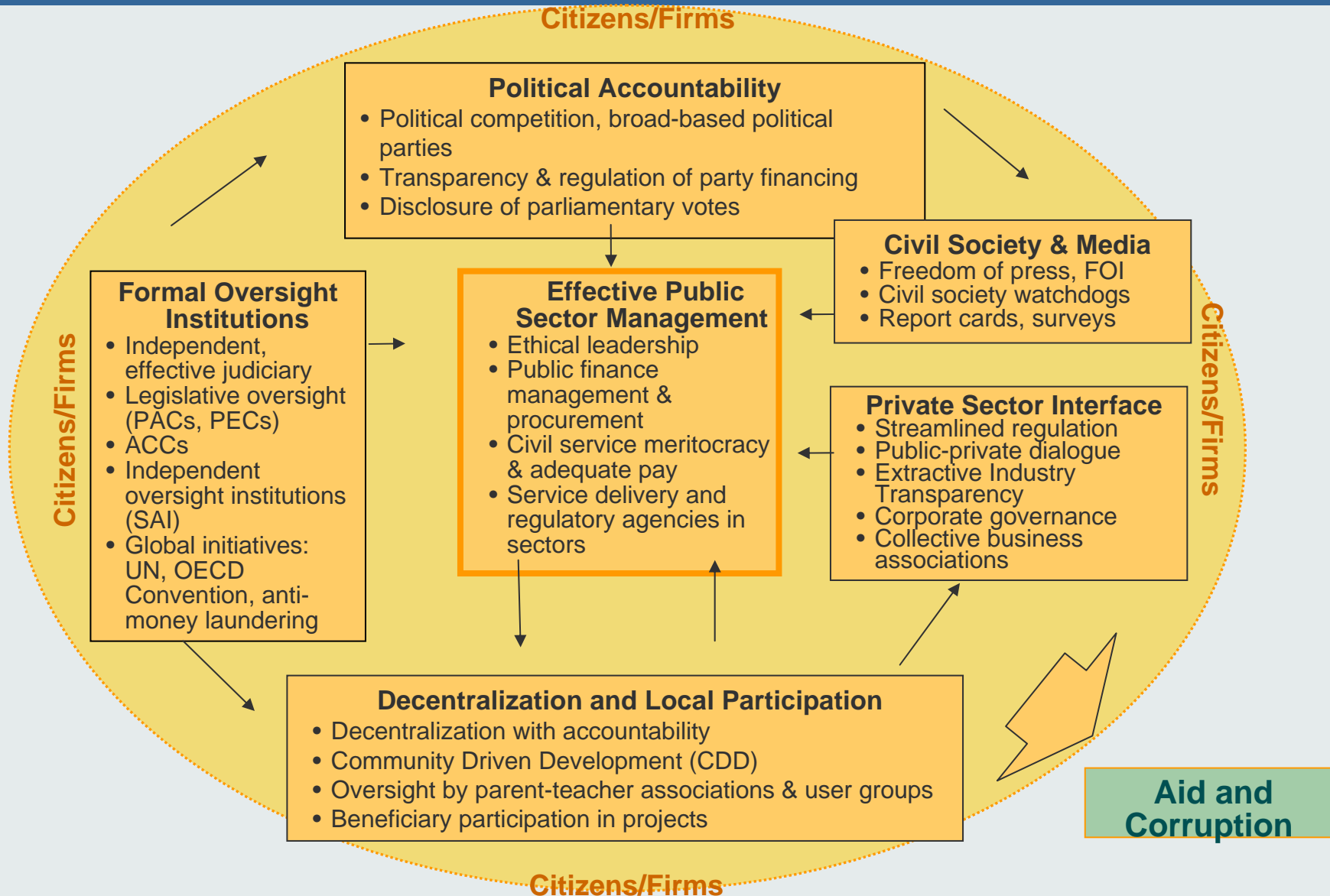
... but not very helpful for strategy development ...

Causes & Consequences

- Weak state
- No separation between public and private
- No tradition of public service as a responsibility of public office
- Traditional informal authority systems
- Values, norms and loyalties
- Weak checks and balances - media, civil society
- Weak oversight mechanisms – parliament, audit institutions

Thinking like economists and lawyers :

- **Economic policy and management** (deregulation, tax simplification, reducing monopolies) — *reducing discretion*
- **Financial controls** (strengthening financial management, audit and procurement) — *reducing discretion*.
- **Budget transparency**, including at the local level and in the natural resources sector – *reducing discretion*
- **Public service reforms** (reducing size, use of merit-based methods for recruitment and promotion, salary reform in context of other reforms) — *reducing discretion and incentives*.
- **Strengthening the rule of law** through legal–judicial reform (independence of the judiciary, strengthening the legal framework, improving performance of the judiciary, use of alternatedispute resolution methods) — *increasing risks*.
- **Electoral reform and party finance** – *reducing discretion and incentives*
- **Public oversight** (Parliamentary oversight, freedom of information, support to media and civil society) — *increasing risks*.



Reforms introduced without evidence of effectiveness

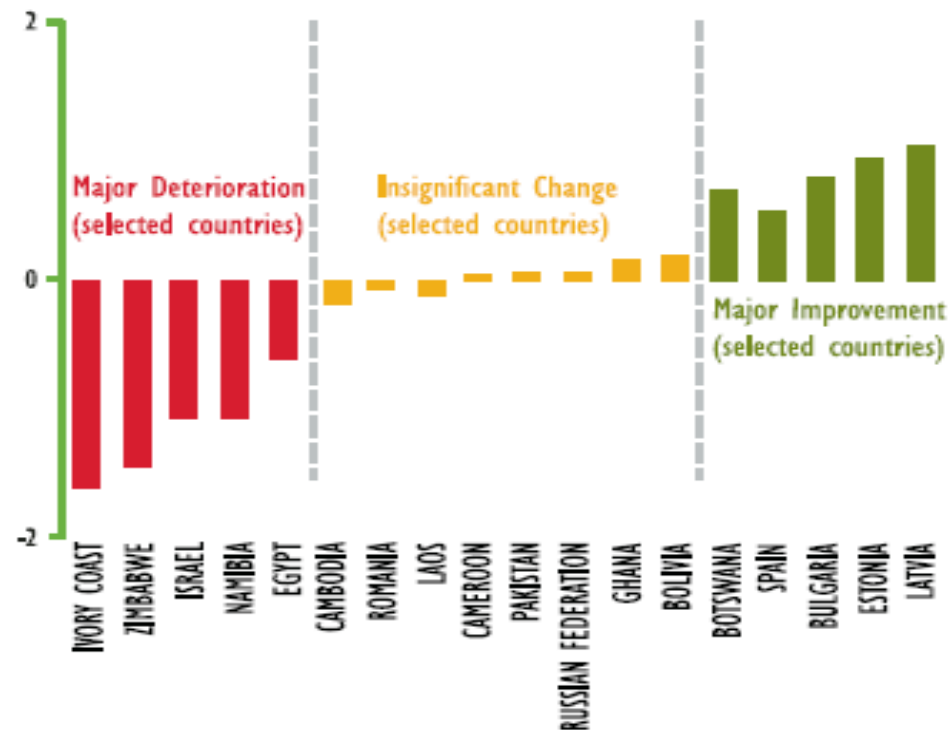
- **Overvalued:**
- Anticorruption Plan
- Anti-corruption Commissions
-

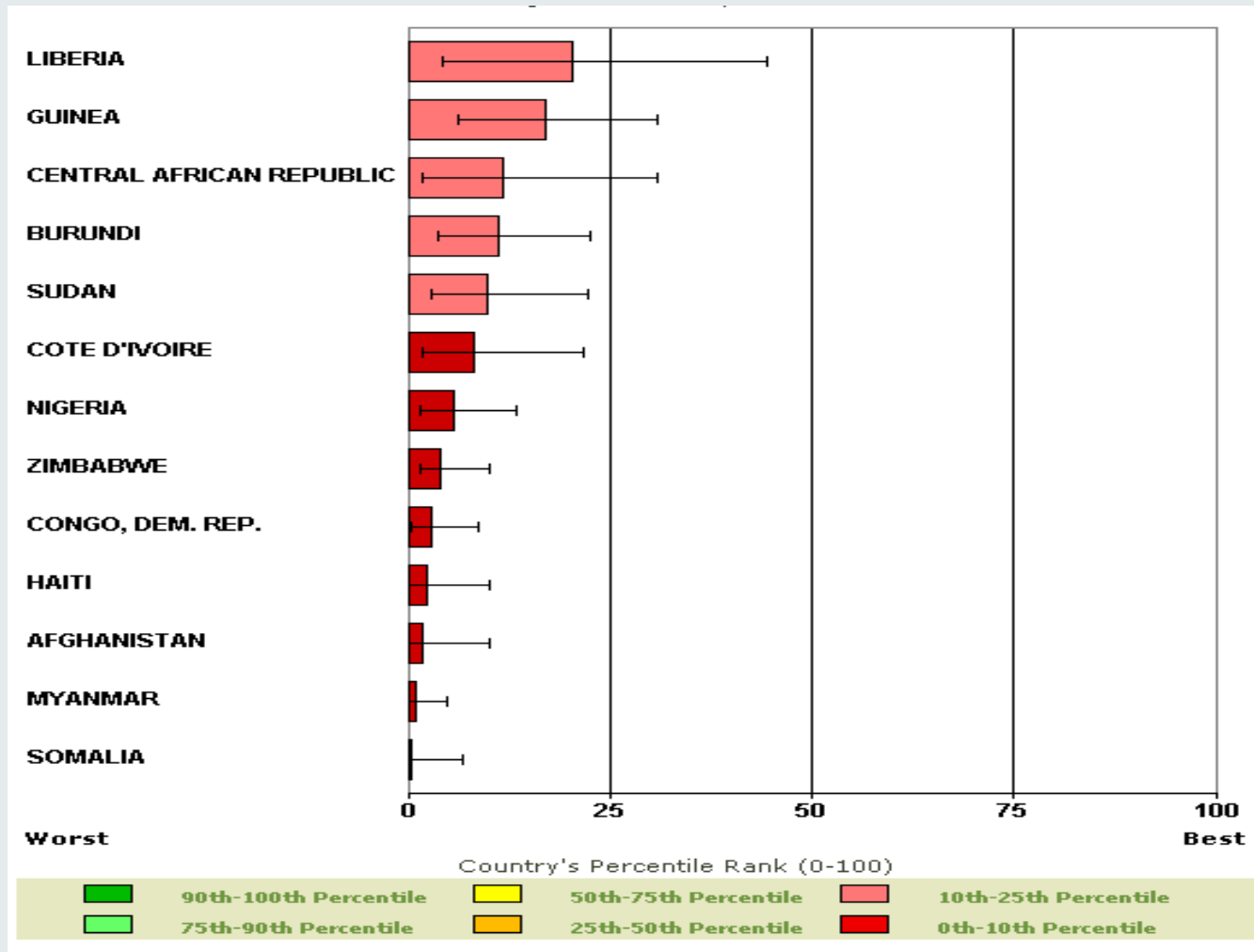
- **Undervalued:**
- Financial Management Reforms (transparency in the budget)
- Domestic Accountability Institutions: Parliament, SAI, CSOs
- Freedom of Information
- Transparency of donors themselves (Afghanistan?)
-

The rise of an effective anti-corruption reform agenda?

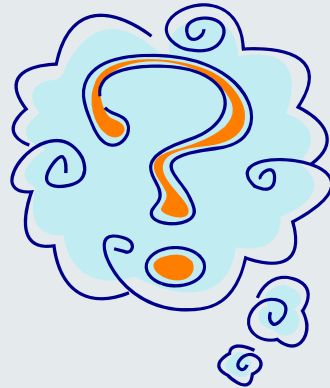


Changes in control of corruption in selected countries, 1996–2005





Why the weak results?



Technical assistance – aim:

effective and sustainable transfers of knowledge and skills to recipient countries

- Much is need, but increasingly contested:
 - Difficult to measure success
 - Tied to donor country, making it expensive!
 - “No exit in sight - consultants just keep coming”
 - TA supply driven, weakly coordinated and aligned
 - Difficult to quantify, up to 50% of all aid

Power imbalance in anti-corruption reform

Ideas and reforms conceived in one context – implemented in another

Reforms inscribed by values from designers' background, and assumptions about the skills, values and resources of the user context (Heeks)

In the world of anti-corruption:

What are experiencing is a uni-directional contextual collision where western technocratic modernity meet traditional expression of power and authority

The assumption:

If it works for us, it'll work for you

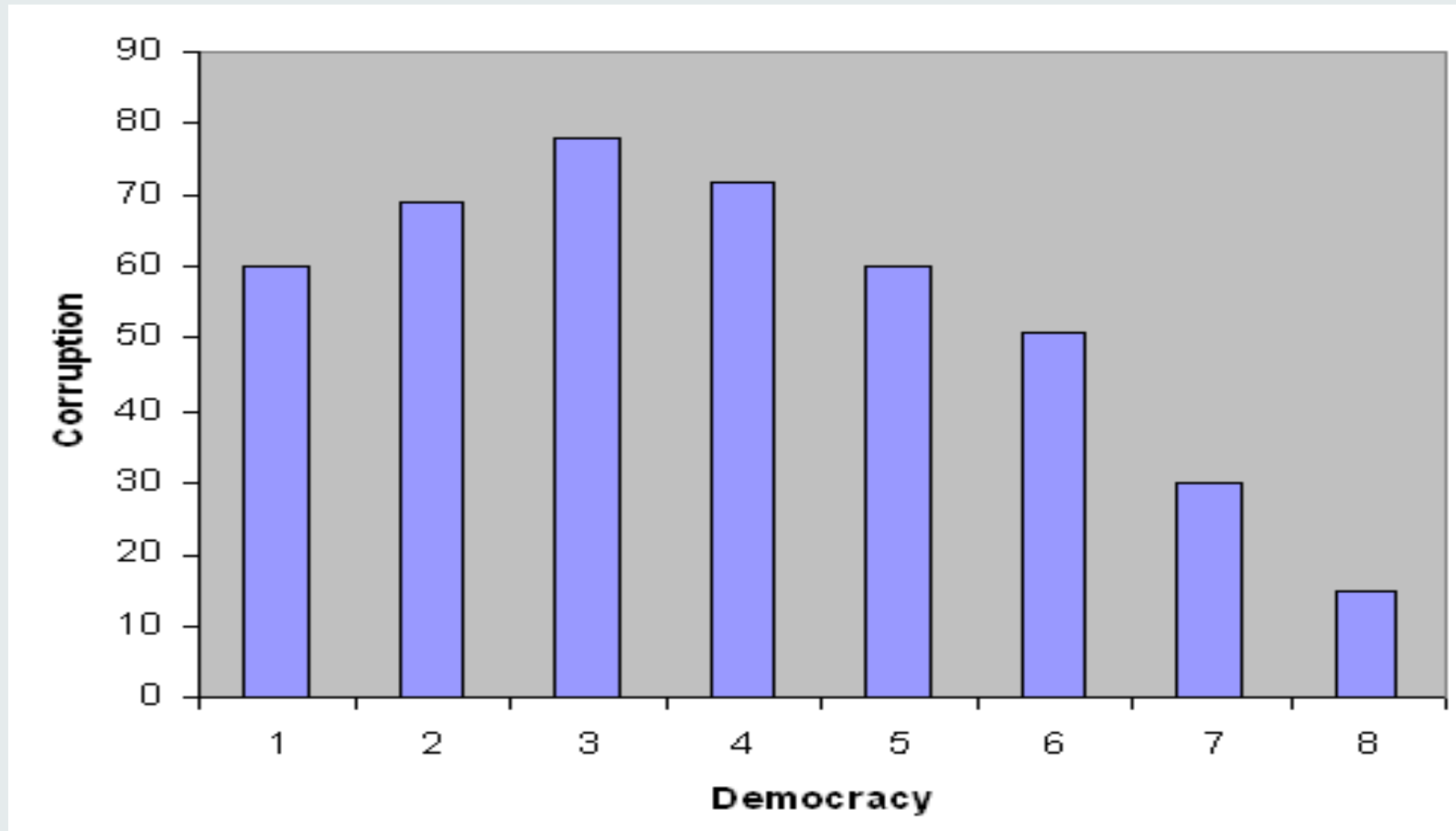
Countries can quickly be modernized and rationalized

The experience:

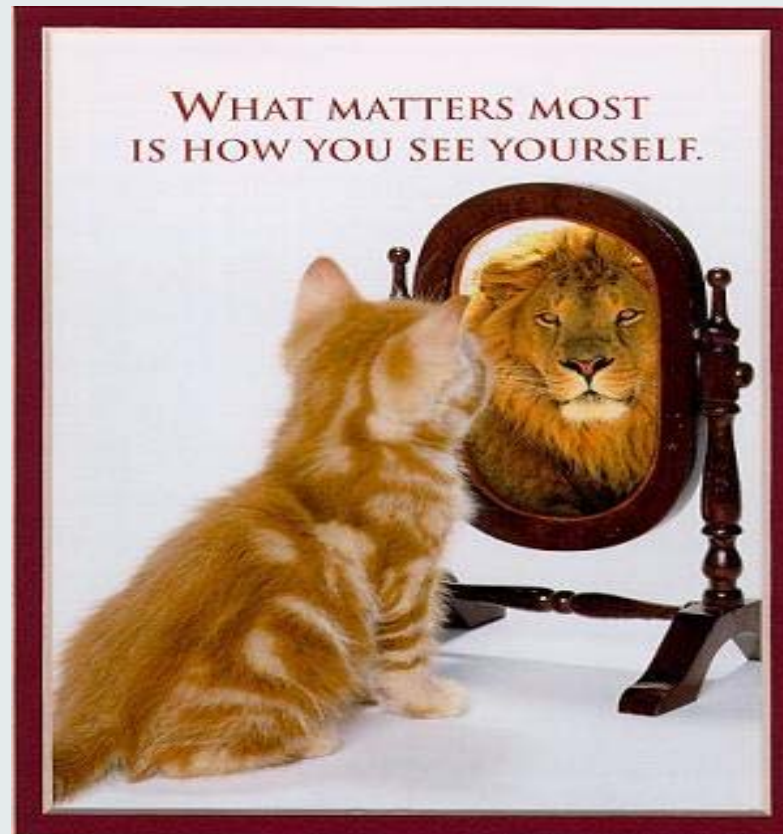
Reform failure – or weak sustainability

Not understanding that the root causes of corruption is unique to every country, sector and institution – has a consequence”

An alternative explanation



AC fighter – realistic and fearless



“Just as it is impossible not to taste the honey (or the poison) that finds itself at the tip of the tongue, so it is impossible for a government servant not to eat up, at least, a bit of the king’s revenue”

- Kautiliya in *Arthashastra*
(400 B.C. in India)