

Anti-Corruption Mechanisms to Enhance Transparency, Integrity and Accountability in Public Administration

"National Rural Employment Guarantee scheme- an Indian case study in anti-corruption"

C.R.Kamalanathan Centre for Good Governance, Hyderabad, A.P., India.

Corruption and maladministration are at once a cause and consequence of bad governance. Corruption results from the absence of the essential principles of good governance, i.e., transparency, accountability, integrity, equity, responsiveness and effectiveness on the part of those who wield authority in public affairs. According to Johnston entrenched or systemic corruption affects institutions, and influences individual behavior at all levels of a political-socio-economic system. Institutions matter for both long and short term, because they form the incentive structure of a society and provide the underlying determinants of economic performance (North). Though formal rules are in place, they are superseded by informal actions. This becomes extremely difficult to tackle and needs a comprehensive approach to anti-corruption involving all limbs of governance.

Root causes

Motivation-

Motivation or incentive, driven by need or greed, is the personal or human aspect of corruption and could be perverse or positive. Corruption is the result of personal moral failing on the part of an individual. Models that focus on the individual behavioral dimension to explain corruption attribute corruption to 'the principal agent problem'. Contrary to the maxim that "agents should consider the principal's money as their own and treat it with prudence and care", (Thirukkural) agents betray the principal's interest in pursuit of their own narrow selfish ends. Disloyalty to the principal i.e., the government, and dishonest personal conduct of the part of the agent i.e., the public servant, leads to corruption. Information asymmetry or absence of transparency keeps the principal in the dark about the misdemeanor of the agent, and facilitates and shields the agent in this process (Klitgaard).

Low risk induces more people to be corrupt, further reducing the efficacy of enforcement. As the World Bank puts it,

$$C (\text{Corruption}) = O (\text{Opportunity}) + G (\text{Gains}) - D (\text{Detection}) - P (\text{Penalty})$$

High expectations of returns from corruption, and low probability of being caught, result in entrenched, high levels of corruption (UNDP). To put it in the form of another well known formula,

$$C (\text{Corruption}) = (\text{Motivation}) - (\text{Pay}) - (\text{Rewards}) - (\text{Risks})$$

Arms length principle requires that personal relationships shall play no role in economic decisions and that equality of treatment of all is essential in a well functioning economy. "Corruption is the intentional non-compliance with the 'arms length principle aimed at deriving some advantage for oneself or for related individuals from this behavior" (Vitto Tanzi). Opportunity is the organizational factor that contributes to corruption.

According to Robert Klitgaard, corruption is caused by monopoly control wielded by public officials using discretionary powers in the

absence of accountability systems. The UNDP has included other crucial dimensions viz., integrity and transparency and modified the formula as:

$$\text{Corruption} = (\text{Monopoly} + \text{Discretion}) - (\text{Accountability} + \text{Integrity} + \text{Transparency})$$

This suggests that monopoly power, coupled with discretion to exercise such power, in the absence of accountability, integrity and transparency, primarily because of weak governance, results in corruption. This points the way to devising effective anti-corruption policy, deploying effective mechanisms, and tools to tackle corruption in public administration.

Accountability comprises the elements of answerability, enforcement, substantive redress, and system improvement. It is, being accountable for conduct and action - personal, professional and legal – to oneself, to one’s principal and to the society at large. Amendatory accountability or system improvement amends or corrects systems, procedures or behaviors which have contributed to the accountability. It is the ability to hold organizations and individuals answerable for policies, processes, performance, and the use of resources. (Greenwood John et al). Civil society is progressively showing tremendous potential to participate directly in institutions of horizontal accountability. This can extend to all facets of development process, viz., planning (people’s planning), participative programming, budgeting (budget analysis, participatory budgeting), release of funds (publication of funds released, public expenditure review), award of contracts (procurement watch, integrity pact), monitoring of programmes and contracts (independent quality inspection). Post planning, this may extend to implementation (hospital advisory, management committees, joint forest management), monitoring progress of implementation (corruption watch) and evaluation (citizen report card, community scorecards) and audit (public hearing, participatory audit, citizen audit request, monitoring of audit compliance, general law on social audit) (A Joshi).

Integrity means the possession and steadfast adherence, in the discharge of office, to high moral principles and professional standards. Allied guiding principles of good governance are equity, responsiveness and effectiveness. Equity implies justice, fairness, and impartiality. Responsiveness means a positive approach, effectiveness leads to intended result of an action. Transparency comprises openness of information, processes, policy, decisions and conduct.

¹ Paper presented at the 5th Multi-Country Study Mission on Public Governance ,Hosted by OECD/Korea Policy Centre and “Anti-Corruption & Civil Rights Commission (ACRC) – Republic of Korea on 7th Oct, 2010 .

Governance context

Both institutions and individuals matter in governance of the country. Motivation and opportunity are conditioned by the governance context, the political structure and policies, administrative systems and procedures, public service culture, private sector traditions and social norms (Bruce M. Bailey). Apart from opportunities and motivations contributing to corruption, when institutions are weak and government policies generate economic “rents”, corruption tends to flourish. When these formal and informal systems crumble, implementation and enforcement of law and policies that ensure accountability and transparency becomes difficult.

“In short, corruption may be attributed to monopoly, power, and discretion exacerbated by poorly defined, ever changing, inadequately disseminated rules and regulations. This is compounded by weak accountability systems, erosion in the ethical values of bureaucracy, laxity in enforcement of rules of conduct and conflict of interest, break down in financial management system, inadequate attention to results, and ineffectual watchdog institutions and anti corruption agencies which have become instruments of harassment”. Free press and active confrontationist civil society agencies will be the ‘silver linings’ in the cloud in such a situation.

Strategic Anti-corruption Framework

Prevention and control of corruption is not merely about going after a few government servants. It is not about mere punitive enforcement. It is equally about tackling the root causes of corruption referred to above effectively. It has to focus on both institutions and individuals constituting the system. This can only be done successfully on the basis of a strategic vision and concrete measures of reform informed by such vision.

The strategic framework should comprise a combination of mutually reinforcing elements of prevention, public participation, and punitive enforcement and composite measures should be designed specifically to tackle the risk factors and specific vulnerabilities of particular sectors all through the phases of -

- policy formulation,
- planning, and budget consultation
- design and implementation of programmes
- financial management including procurement and construction,
- personnel deployment,
- monitoring and evaluation,
- service delivery , and
- regulation.

A strategy and action plan, to be successful, has to have the following features:

- § strong political vision, commitment and leadership
- § Sustained administrative drive and determination at the top
- § effective enabling and substantive legal and institutional framework promoting participation, transparency, integrity and accountability
- § responsive public service delivery by aligning the public servant's action in tune with citizen interests,
- § efficiency and effectiveness in the provision of public services
- § inclusiveness and equity
- § subsidiarity that is to devolve responsibilities at the level at which it ought to be handled

Right based approach to governance

Public service is no longer treated as charity doled out at the will and pleasure of the State. The National Rural Employment Guarantee Act confers right to work on rural population in India. This together with the Right to Information Act, 2005 provide the framework for enforcing right to employment.

Mahatma Gandhi National Rural Employment Guarantee Programme

This study examines how the essential elements of transparency, integrity, accountability, and participation are built into the Act, rules, guidelines, processes, and decisions, and in the institutions, and enforced on the personnel in charge of planning, programming, implementation, monitoring and evaluation of the National Rural Employment Guarantee Programme, with particular reference to how it is being implemented in the State of Andhra Pradesh, in order to ensure corruption free implementation of the massive mission for removal of poverty.

Right to Employment

The National Rural Employment Guarantee Act (NREGA), 2005 is a landmark legislation in Indian history of social security legislation after independence. The NREGS is perhaps the largest programme of its kind in the world guaranteeing work and failing which mandates payment of an allowance. It builds in the right to employment, decentralized participative bottom up planning and implementation, and the fundamental principles of accountability, transparency and integrity all through the value chain through the mechanism of participatory management of services and full association of civil society. Civil society involvement in this ensures inclusive, equitable, responsive, open, transparent, and accountable government through an enabling environment for adversarial and advocacy action and substantive, participatory and collaborative action.

The current year's country outlay on the programme is a massive sum of Rs.440 billion, approximating to \$9 billion. Andhra Pradesh is allocated an outlay of Rs.60 billion, which is sought to be raised to Rs.89 billion. It guarantee employment of 100days to all rural families, covering 26.40 million adults in the state spread over 21860 grama panchayats. It employs in the state 30000 staff . The cumulative expenditure in the state since its commencement in Feb. 2006 to date is Rs. 126 billion.

Corruption in the Programme.

Corruption in this massive programme takes the shape of misappropriation, bogus work, fudged muster rolls, false measurement, delayed payment of wages, nonpayment, poor quality of work, and local capture. Loss on account of detected cases of misappropriation in A.P. alone amounts to Rs.860 million. Undetected cases are likely to be substantial. So far about 1428 field assistants and 144 technical assistants have been dismissed, 1150 officers have been suspended, 203 civil suits for recovery filed, and about 600 criminal cases have been filed for criminal prosecution.

Strategy for Prevention and Control

The design of the NREGS programme is unique in being largely demand driven, rights-based, time bound and bottom up planning, with incentive and disincentive structures, and guaranteed resource availability and accountability.

Right based approach

It grants the right to work, compensation in the event of failure, or delay in providing work, attempts to provide apart from the right to work, the ability to demand the same through the organization of eligible workers through Shram Shakhti Sanghas, i.e., workers fronts , guaranteed minimum wage, gender equity, and right to equal wage without discrimination, right to information through both proactive publication and on demand supply of information, access to process, copy of records, right to take samples, and to inspect work. Grievance redress is built in. Whistle blowing has also been initiated.

Participative management

Civil society is involved in the programme fully in all the following activities

- a) securing information for the citizen
- b) provide feedback for the government,
- c) raise awareness and educate the citizens of their rights
- d) seek responsiveness
- e) bottom up demand driven planning and programming,
- f) complaining and facilitating complaints, and demanding answers, expressing concern, and raising voice and protest,

- g) oversee action, scrutinize decisions and implementation of programme,
- h) seek to enforce rights of the people
- i) demand transparency in information, process, action and conduct
- j) ensure equity in policy and programmes
- k) integrity of individuals and institutions
- l) social audit, performance assessment and
- m) system rectification

Transparency

Transparency comprises openness of information, processes, policy, decisions and conduct. In order to ensure the effective implementation of NREGA, the guidelines include provisions for

- comprehensive Web-based MIS (www.nrega.nic.in) places all data in the public domain,
- workers' entitlements: registration, job cards, muster rolls, employment demanded and provided,
- work data: sanctioned shelf of works, work estimates, work in progress, measurement,
- financial indicators: funds available/spent, amount paid as wages, materials and administrative expenses,
- Data software engineered, for cross verification of records and report generation,
- GIS / Remote Sensing based project for Planning of works and Asset Management System,
- assessment of incremental benefits through remote sensing techniques,
- electronic payment system with biometric smart card identification, to be linked Smart cards minimizing the possibility of fraudulent payments.
- data analysis for consistency and alerts for top functionaries in each village with technical and administrative approvals, indicating plot numbers of the sites, location identity for each worksite, outcome proposed from the works,
- keeping asset registers at G.P.
- Cent percent verification of muster rolls country wide complaints monitoring and redress mechanisms and procedures at the block and district level,
- Muster rolls to be on the NREGA website

Building in accountability

The institutional framework of the programme in Andhra Pradesh is unique as is evidenced by the innovative and extensive institutional framework for implementation of the programme shown below.

- On line 24/7 helpline for grievance redress,
- Whistle blower protection mechanism
- District level grievance officer
- Independent State Quality control wing
- Internal audit and concurrent evaluation
- independent concurrent studies by the Centre,
- Audit by CAG
- Village and district level vigilance committees,
- State Chief vigilance officer who reports directly to government
- Social audit by gram Sabha
- Independent Social Audit Directorate
- State level association of N.G.O' and organisation of civil society through APNA.
- Ombudsman in each district to independently enquire into complaints,
- whistle blower protection mechanism,
- independent quality control organization,
- provision for third party inspections and verification,
- independent chief vigilance system spread though out the country,

civil society oversight of implementation,

social audit under an independent directorate of social audit including citizen centred audit

block-, district-, and state-level officials to inspect 100 percent, 10 percent, and 2 percent of projects every year, respectively.

monitoring committees to monitor the progress and quality of work.

- field verification by external and internal agencies
- district visits by area officers of the ministry,
- verification at all levels
- Central and State Employment Guarantee Councils and District Programme Co-coordinator to implement and oversee

Technology as a Tool for Ant-corruption

Extensive use of Information, communication technologies including G I S and satellite imagery have been made to re-engineer corruption prone business and service delivery processes and to secure technology up gradation of the programme. The entire programme is computerized and is on line in Andhra Pradesh.. The methods and devices employed include:--

1. Web based proactive publication of information
2. Computerised data base
3. Centralised On Line Help Line for grievances redress
4. Bio-metric smart card for enrolment, identity, and electronic payment through smart card
5. Electronic muster roll with hand held PDA phones
6. Use of GIS and GPS systems for planning, measurement, recording of work, and display of work data
7. Electronic MIS, and
8. Electronic Fund Management System

Conclusion

The forgoing analysis shows how risk, rights and governance oriented participative management have been incorporated with the help of ICT to effective management and prevention of corruption in this unique program.