



Asia Pacific Human Development Network

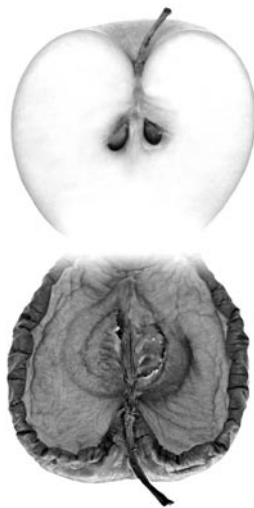


Consolidated Reply E-Discussion on Transforming Corruption Through Human Development

Human Development Report Unit
UNDP Regional Centre in Colombo



AP HDR
Tackling Corruption,
Transforming Lives



An apple symbolizes life and prosperity. The rotten and fresh halves of the cover's apple capture the spoiling aspect of corruption and the rejuvenating side of reducing it. The mirror image shows how sectors at the core of the problem can also be part of the solution. The fresh apple at the top conveys the idea that it is possible for clean institutions to stand above corruption. Doing so can yield fruits such as healthy, educated, freer people.

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Through Human Development**

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Regional Centre in Colombo

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The Asia Pacific Human Development Network

The Asia Pacific Human Development Network (AP-HDNet) is a platform for the exchange of knowledge and views on human development in the Asia Pacific region. The Network is closely connected with the regional Asia Pacific Human Development Reports initiative. It is a forum where stakeholders in the region can identify and suggest relevant themes for the reports, as well as participate in guiding the direction of a report once a theme has been selected.

Launched in 2005 as a part of the regional consultations on the theme for the Asia Pacific HDR (APHDR) *Trade on Human Terms*, the Network was re-invigorated, following the UNDP Management Board's decision to focus on corruption as the next APHDR. Stakeholders were engaged in a critical discussion on sub-themes, solutions, best practices, measures and indicators in light of the postulated two-way link between corruption and human development. Several new members were added to the Network, regional specialists as well as those with particular interest in anti-corruption work.

The ensuing discussion was lively, intense and covered a range of issues. It generated a wide, deep and rich body of material some of which was subsequently incorporated in the technical background papers and the APHDR, *Tackling Corruption, Transforming Lives*. Given that the AP-HDNet has tangibly demonstrated its usefulness, the Human Development Report Unit will continue to rely on it for discussion and feedback, as well as for advocacy purposes.

The main lessons learned - logistical and technical - from the discussion for *Tackling Corruption, Transforming Lives* were:

- o It is useful to have an initial draft of introduction / questions to guide the discussion for the different themes. However, these have to be revised in line with the evolving discussion and research findings.
- o It is also expedient to have a few contributions ready in addition to some commitments for contribution before each discussion topic is launched. This not only ensures availability of quality contributions to spark off the discussion but it also helps to step up the discussions when there is a slow down.
- o In our experience, it is more efficient to prepare messages in Outlook Express. We spent much more time than expected on the technical aspects of LYRIS.

We would like to acknowledge with many thanks all contributors who gave their time, knowledge and experience so generously. Without them this exercise would not have been so rich and fruitful. We are also very grateful to James Chalmers who facilitated the discussion and contributed in preparing the synthesis. Our thanks are due to Vinita Piyaratna and Manisha Mishra for editing the consolidated discussion. Last but not the least, Gry Ballestad, Elena Borsatti, Ramesh Gampat, Anuradha Rajivan, Renata Rubian and Niranjana Sarangi, all of the Human Development Report Unit, UNDP Regional Centre, Colombo, must be acknowledged for supporting the discussion and the publication of this booklet.

For further information on the AP-HDNet, please contact Elena Borsatti (elena.borsatti@undp.org). To visit the website of the APHDR on Corruption, please visit: <http://www.undprcc.lk/ext/crhdr/home.asp>.

Asia Pacific Human Development Reports

The Asia Pacific Regional Human Development Report (APHDR) is one of UNDP's flagship products. The Human Development Report Unit (HDRU) at the Regional Centre in Colombo (RCC) coordinates the work of this initiative for the Asia Pacific region.

Tackling Corruption Transforming Lives, is the latest Report in a series of regional APHDRs. Themes of previous Reports are:

2006: *Trade on Human Terms: Transforming Trade for Human Development in Asia and the Pacific* (Winner of the 2007 Human Development Award for Excellence and Innovation)

2005: *Promoting ICT for Human Development in Asia: Realizing the Millennium Development Goals*

2003: *HIV/AIDS and Development in South Asia*

The APHDR is considered a regional public good primarily because it serves as an important policy advocacy resource as well as a valuable instrument for stakeholders, enabling them to influence policies across countries in the region. The country utility of the Report stems from the intensive process of consultation with a wide range of stakeholders in theme selection. This process narrows down the focus of the Report, through research, discussion and feedback using the AP-HD Network, developing the main messages, report preparation, launch and advocacy. Any theme for an APHDR must be topical and pass at least one of the three regional tests, which are:

- o It must be of concern to several countries in the region.
- o It must have sensitivities that are better addressed at a regional level.
- o It must have clear cross-border dimensions.

Thus, by the very nature of its mandate, the HDRU works with a wide range of stakeholders who guide the direction of Asia Pacific Human Development Reports. In order to define the scope of the APHDR, identify priorities and decide 'what should be in' and 'what should be out', the HDRU organizes Sub-Regional Stakeholders Consultations in the region and undertakes discussions on the Asia Pacific Human Development Network. Stakeholders include governments, civil society organizations, media, experts, academia, research institutions, UNDP country offices, United Nations Agencies as well as a range of other interested parties.

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I. Transforming Corruption Through Human Development: Synthesis of the E-Discussion

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I. Transforming Corruption Through Human Development: Synthesis of the E-Discussion

1. 1 Transforming Corruption Through Human Development

The principal objective of this round of discussion on the AP-HDNet was to engage stakeholders in a constructive and multifaceted debate on corruption for the upcoming Asia Pacific Human Development Report. The results of the discussion enriched the Report and gave it a sharper focus on the poor. The discussion is, of course, a part of a broader process of consultation, which already included three sub-regional stakeholders consultations in Asia and the Pacific [1]. The discussion was moderated by an external expert, supported by the HDRU Team as and when necessary.

The launch message indicated that the discussion would involve four sub-themes (political economy, social services, natural resources, benchmarking) and would conclude with an exchange of views and ideas over the benchmarking of formal anti-corruption agencies and the media. As the debate progressed, the sub-themes evolved in line with the direction of the responses and the shape of the Regional HDR developed alongside the Network discussion. Social services were split into two sub sectors (health and education, and water, sanitation and electricity); benchmarking was abandoned; and two new sub-themes - special development situations and corruption in the police - were added. The discussion also included a final round on 'localisms' and idiomatic expressions of corruption, which, owing to space restrictions, has not been included here.

The HDRU Team decided to restrict the survey on benchmarking to the UNDP country offices in the region and developed a questionnaire towards achieving this purpose. At the close of the discussion, members were asked to respond to a survey on their preferences for the direction and format of the next phase of the AP-HDNet discussion.

While the discussion of each sub-theme was focused and targeted, members were asked to keep the following issues in mind:

- o The postulated two-way link between corruption and human development.
- o The extent to which human development (freedoms, voice, choices, empowerment, access to information, social services, livelihoods etc.) contributes towards curbing corruption.
- o Potentially effective policy solutions and anti-corruption measures.
- o Ideas on innovative and creative solutions to mitigate the effect of corruption, on the poor and disadvantaged groups.

1.2 Political Economy

The discussion was wide-ranging, focussing on a wide range of issues such as justice, values, voice, democracy, civil society participation, media independence, importance of debate, consensus within a community, communication and the human capability to understand the universal value of intolerance towards corruption. One of the key emerging issues is that trust is critical for the holistic development of civil society. Another is the view that people have little confidence in the likelihood of political leaders assuming the social courage associated with shaping public integrity. Even so, the discussion yielded an important message: the search for a single 'root cause' of corruption is basically of no consequence. In and of themselves, neither poverty, illiteracy, weak civil society, nor exploitive institutions are singularly responsible for corruption. They combine to play a major role in the fight against corruption, but each of these factors are derivative, rather than the first principles of what causes (or remedies) corruption.

However, the discussion instead boosted the value of an approach that traces the origins of corruption to the social sites of material production. It is those spheres in which societies produce wealth that need to be targeted by anti-corruption strategies. In other words, *demand* for corruption originates in sites of production, not in exchange transactions, which neoclassical theory focuses on. More specifically, the discussion endorsed the probability that corruption is, in the first place, connected to shortages, under-spending, under-valorisation of public goods and the people who both provide and are entitled to them. For instance, these issues are clearly manifest in scarcities such as M & E mechanisms, which increase the taker's incentives. Hence, it can be surmised that demand originates early in the process of societal production processes – certainly prior to exchange or market transactions, where ostensibly 'persons come together to maximize their respective best interests'.

With regard to the definition of corruption, there was agreement that the conventional definition fails to capture the impact that corruption has on public-decision-making and thus on democratic processes. There was further consensus that this oversight can be addressed by identifying the full range of key players involved in corruption: givers, takers, objectors, and bystanders, with the primary focus on demarcating which side an actor is on, and who initiates and who follows the lead. Such an approach encompasses persons in the private sector who supply the opportunities and reasons for public servants to commit corrupt acts (a shortcoming in the conventional debate). It also includes, again atypically, a range of professional actors who facilitate or legalise corruption. And while criticising passive bystanders who tolerate corruption, very importantly the discussion also emphasises the role of victims who invariably are the poorer sections of society.

In summary, this discussion explored the perspective of an actor's motivation, emphasising the role of incentives in corruption and how incentives link with expectations. Underlying this proposition is the idea that official expectations (trust and rights associated with provision of public goods) ironically tend to operate alongside as well as at odds with unofficial expectations - in essence personal gain that extends to family and allies. From this angle, tolerance of corruption can be described by how greater incentives exist for personal gain than for providing public good. This is a perspective that endorses tolerance for human frailty and human ambivalence. It emphasises that corruption is generated by factors such as regulations and norms of office. These differ according to contexts (incentives, disincentives, strength of institutions, civil society, distribution of wealth and consequent degree of peace, independence of the media and judiciary, and access to information and peoples' grasp of it). The upshot is the view that the goal cannot be zero tolerance of corruption, but rather intolerance of turning a blind eye to it. This approach is closer to the political economy approach advocated by some contributors as it focuses on uncovering motivation within relationships at the level of production.

What explains corruption? The key finding of the discussion is that the explanations differ according to a range of power factors, which again are traceable to sites of production, and attributable largely to factors of shortage in poor countries. In fact, to understand the element of motivation better, the discussion moved on to reflect on integrity defined as 'the use of entrusted power for public good'. The primary motive underlying this shift in focus was to gain a better understanding of the forces that shape integrity, in a bid to identify factors that could be integrated into anti-corruption strategies.

In particular, this included questions about the role of duty and how it is influenced by moral, emotional, or imaginative intelligence. For example, what roles do reputation and leadership play as drivers of integrity? It was noted that in Kant and Nussbaum's studies, there is no requirement according to which acts of integrity are solely motivated by duty. More simply, the motive of public responsibility is sufficient to bring about integrity. Indeed, if an act is solely motivated by duty, then it is possible that a specific action could maximize the social good but still not be right, and therefore ought not to be done, especially if it violates the vital aim to develop capability in all persons.

If duty is an insufficient cause, then what other factors shape integrity? It was noted that Kant and Nussbaum seem to endorse actions shaped by the social emotions (like courage), as against actions that stem purely from an abstract perspective of 'duty'. This is because motivation, like courage, embodies personal commitment, which goes beyond the line of duty. However, since

emotion is fallible, in the same way that objectivity is, it needs to be combined with a sense of duty to ensure a more comprehensive form of motivation.

This part of the discussion served to deliver a better understanding on decision-making associated with public trust and rights. Additionally, in turn, it underlined the fact that decisions are informed by capability, which, although inherent, needs to be fostered by public investment. Thus, the 'integrity' part of the discussion assisted the discussants in grasping the importance of public investment in social goods as an integral factor in developing decision related capability. It was further agreed that such initiatives must be broad-based and include all sections of society, given that corrupt acts, in particular, affect those with less opportunity to develop capabilities associated with 'legitimate and appropriate behaviour'.

Who is in a position to judge what is termed as 'legitimate and appropriate' behaviour and what social norms and values is such a judgement based on? The implication here is that defining 'corrupt' behaviour or integrity necessarily involves a sociological component. This raises the question as to what specific kind of 'sociology' is required. Given the group's focus on the poor, discussants touched on the need for a sociology that zeros in, rather than abstracts away from, the political economy of decision-making, or on the sites of economic relationships where incentives originate. Additionally, it requires a sociology, which is able to explain or at least factor in the origins of meanings, values, and social emotions that different actors in different places see in such incentives.

In sum, understanding what is corrupt and what is not goes beyond identifying a particular abstract norm that characterizes a specific situation. In order to know which norm to apply and how to interpret it in a particular instance, requires knowing a great deal more about social emotions and how these are codified or culturally represented in different communities. This, the discussion agreed, further underscored the need to adopt a 'contextualised political economy approach'. An approach of this kind, for example, could blend an analysis of corruption incentives with examples of integrity that express different codes of political courage and other social emotions. Additionally, more value can be acquired by combining this with a description of the actual choices available (especially to poor persons) in particular social situations.

It is important to note that this 'contextualised political economy approach' does not universalize the definition of corruption. On the other hand, this approach avoids the concept of any universal definition applicable to all countries at all times. Instead it emphasises the

importance of different values, norms, and customs of particular cultures and institutions that contribute towards arriving at a definition. Just as importantly, it avoids limiting corruption to the public sector.

The discussion raised other important issues. It touched upon the dimensions of managing corruption, or more specifically, on reducing public tolerance or 'closing our eyes' to corruption. In other words, it refused to pinpoint on society as the chief culprit. Rather, it advocated exploiting the capabilities of individuals to become aware that their interests lie in no longer condoning corruption as the foundation of mainstreaming anti-corruption measures. In response to analysing different forms of corruption (who or what initiates the problem), the discussion explored targeted types of management. For instance, discussants touched on questions of which kinds of anti-corruption institutes are the most effective and under what circumstances and particular political environment. Does this require: a single institute with powers to prevent prosecute and investigate?; single institutes with mostly preventive mandates?; multiple units and mandates interspersed in different government departments and institutions? Beyond policies and procedures, what are the characteristics of the various anti-corruption frameworks that attest to ability to withstand market forces?

Other key questions that surfaced during the discussion included:

- o Are there strong social forces driving integrity (vulnerability-reduction), and what are the key factors that could strengthen these social forces?
- o With regard to the public condoning of corruption, and distrust of leadership, what are the local challenges that will possibly arise in mobilising a new generation of political leaders? What organisational structures hamper women's ability to fight corruption once they achieve significant power?
- o Mainstreaming anti-corruption means individuals taking responsibility for behavioural change. Thus, how vital is the role of decision-making and participation? What specific ways does empowerment, access to information, education, etc. contribute to transformation of corruption? How can decision-making or participation be measured?
- o Diversity with regard to norms does not preclude the need to identify the extent to which values can be embodied in a human development approach to anti-corruption. Although western presumptions tend to under-cut universal experience of corruption, what are the thresholds around specific norms, values, and expectations that could be included in the conceptualization of a human development approach to anti-corruption?

1.3 Health and Education

The leading drivers of administrative corruption in health and education are political and economic factors in all their various cultural expressions. There was a consensus among the participants in the network that under-investment by governments was one of the principal drivers of corruption. One critical consequence of under investment is that wages are too low to enable officials to make a decent living, and this in turn not only increases the likelihood of demand for unofficial payments but also affects the reliability of services. In the final analysis, it is the poor who remain the most vulnerable. They may, for example, make unofficial payments but their children still receive a poor quality of education or in some cases payments are made and no service is provided (ghost schools are common).

One of the principal hazards in the health sector (an outcome of supply-demand dynamics) is fake and unsafe medicines. Another major problem that continues to plague poor communities is the prevalence of predators in areas of semi-urban and rural health services, in the form of 'quacks' or fraudulently qualified providers. In addition, properly-qualified doctors in the public system often illegally moonlight in private practices. Under-the-counter payments are also common, sometimes just to get care. One survey in South East (SE) Asia showed more than a third of 'artesunate' anti-malarial drugs contained none of this active ingredient. The survey estimated that Indonesia's pharmaceutical market contains 25 per cent fake drugs, in India, the relevant number was 20 per cent of the market, and in the Philippines, nearly a third of drug outlets were estimated at carrying fake drugs. To counter this, legislative efforts are being initiated to make counterfeiting drugs a crime against human security. Another contributor decried the lack of anti-corruption measures in India's public health service. He urged much greater systemic vigilance to ensure due diligence by the clinicians, as in the absence of this, it remains impossible 'to differentiate between a malarial death from disease burden/delay in initiation of treatment/drug resistance/poor drug quality/poor compliance' etc. Another contributor warned that a major challenge in the Federated States of Micronesia is that it is being used as a clearinghouse for imported drugs.

Contributors increasingly agreed that a 'contextualized political economy approach' is a powerful tool to help explicate the varieties of corruption in health and education. An important benefit of this was seen to be that political economy traces its starting point not to exchange dealings, which is the case with established theory, but to workplace relations where production actually happens, since this is the site where the impact of inadequate wage levels are felt and thus is important for anti-corruption measures. From this standpoint, decision-making in spheres where exchange transactions take place become important: are the 'informal' exchanges that are invariably required between doctors and patients or teachers and parents, rational

in character, as theory would have us believe? Can these really be viewed simply as dealings between persons maximizing their respective interests? The views expressed suggested this is unlikely; and this raised the further question that much more needs to be discussed about the complex kind of logic or coherence that is evident when social goods are in short supply.

The subsequent implication is that the context of decision-making needs to be understood as a process that is strongly shaped by the prevailing mode of production. Specifically, it was highlighted that the impact of corruption on people's access to social services in Polynesian and Melanesian States can be traced to a distorted form of gift-giving. In turn, this is rooted in the contemporary interface that characterises the extraction of tributes that persists as a residue of customary systems, and the market system that now operates in tandem with but predominates over the customary modality. Important distinctions were noted between market forces and gift-giving. While customary rulers established themselves on the basis of successful claims on the labour (gifts, loans) in the tributary or gift-giving system; they did not take direct control over the tools of production, which a market economy does. This difference introduced by markets puts new pressures on the regime resourcing the machinery of production. Hence, although in states like Tonga, Fiji, Papua New Guinea, there are at least three main modes of production that operate simultaneously (tributary, market, and household), market forces are particularly distorting because what leaders take as tributes or gifts are used by them in markets, and this in turn raises the amounts that need to be paid in the tribute system. It is this particular dynamism that is the source of corruption associated with gift transactions, not the gift in itself.

Insights from a contributor provided some explanation for anti-corruption strategies in the Pacific countries. It basically revolved around how Melanesians perceive gift-giving. This has its foundations in how Melanesians see the way in which the world works. They work with a logic that things are alike in all ways if they are alike in any. This logic typically seems odd to Western minds. But it needs to be grasped that Melanesians do not split nature, culture, recognition of facts, construction of interventions, natural facts or social interpretations. This means that when discussing topics of private property, commodities, and market exchange, the Melanesian instinct is to combine rather than split persons-things or subjects-objects. The salient point is that although a gift economy no longer operates in isolation from market forces (indeed it is shaped in magnitude and quality by the end use of gifts in markets), in Melanesian gift production systems, all commodities and public goods and social services, symbolize or express human relationships. They represent persons or facets of individuals. The upshot, for capacity-building purposes, is that production is underpinned by a collective social identity – which encompasses givers, receivers, facilitators, etc. Along with public goods, goods primarily reflect

human identities and relationships. Thus, a 'big man' has given a bit of himself when handing-out special 'preferences' in education access or health access to a relative or clansperson. The cultural perception is that his 'mana' or spirit accompanies the gift, and more importantly good spirit is circulated by the transaction. A key implication for transforming this, in the context of how it has become distorted by market forces, is that research needs to assess the quality of the impact on collective life by the distorted 'spirit of the gift'. A further implication is that as long as the 'big man' system of hereditary leadership persists, fighting corruption in these communities requires the complicity of, or championing by, 'big men', along with awareness-raising to actually disclose the true nature (the circulating spirit) of the distorted (corrupt) transaction.

More specifically, it was highlighted that Civil Society Organizations (CSOs), together with independent teacher unions, could play a crucial role in the monitoring and evaluation of the education sector. In China, it was pointed out, that illegal profiting related to the commoditization of education presents serious challenges to ancient traditions expressed by the 'veneration of knowledge'. Commercialisation of education blocks many poor students from formal schooling. Moreover, the evidence that urban-rural inequality is growing is supported by findings such as 'the more prestigious the institutions are, the lower the percentage of rural students'.

1.4 Water, Sanitation and Electricity

The discussion acknowledged that corruption in Water, Sanitation and Electricity (WSE) is complex and widespread. They also agreed that an anti-corruption strategy must be equally multifaceted, if it is to be credible. Indeed, the discussion placed a strong emphasis on ways to blend public awareness and collective action about rights and prices to contest unequal power relationships. Contributors explained how inequalities are exacerbated by the ruinous effect of corruption on access; indeed, there is a shared perception that the problem of access could explode into much broader inequalities unless solutions can be found for the prevailing supply and demand imbalance and stagnant monopoly situations. In fact, the discussion underscored the need for an 'equal force' to counter such situations. As a backdrop to this, it was noted that, for many well-heeled persons, corruption is a leverage situation that they are happy to preserve. Nevertheless, this should not prevent citizens from tackling corruption, by insisting on more space for public participation and third-party monitoring through the media, and civil society organisations, as well as through decentralisation, enforcement of the rule of law, and transparent decision-making processes.

The discussion highlighted that India in particular needs more civil society actors dedicated to helping people without 'text literacy' to understand government schemes and resources. This would make them less vulnerable to being cheated by public servants. It was emphasised that

poor people can indeed play an active role in checking corruption, if they understand the issues at stake. However at present, the existence of several laws and checks and balances, tends to hinder poor peoples' fight against bullies who randomly hike the price of bribes whenever government schemes increase public entitlements.

Contributors underscored the need for support by development actors as an essential element of strengthening citizen capability to resist. This support includes insisting on more space for public participation, third party monitoring through the media and civil society organisations, decentralisation, enforcement of the rule of law, and transparent decision-making processes. None of these forces can work in isolation, but combined together they could result in more citizen capability and human freedoms.

With respect to how these perceptions actually play out (as highlighted by postings from members of the Network), a contributor highlighted a case of good local practice in Pakistan that has helped to reduce the considerable risks of elite-capture of decentralization processes that occur in the context of privatization and result in the creation of monopolies of big international companies. Another contributor shared a cross-country statistical assessment on the WSE sector that revealed the following:

- o Community access to sanitation is lower at higher levels of corruption (and vice versa).
- o Improved access is causally related to government effectiveness.
- o Investment to expand supply is inadequate without associated actions.

The implication is that issues such as lack of awareness of rights and prices, collective action problems, asymmetric information need to be urgently addressed. Without this combination of actions, unequal power relationships and inequalities appear to thrive. In the final analysis, the linkage between access and corruption could surge from a problem of corruption to even greater inequality.

In the Federated States of Micronesia, it was pointed out how personal enrichment and private resource use and other forms of out-of-sight favouritism are the chief reasons for the stagnation of public WSE monopolies.

Privatisation was commonly seen as a contributing factor to corruption in this sector, with the World Bank sometimes cited as a controlling influence in changing the long-held perception that water is a common property resource. A contesting view was that efficient use of water could be promoted by taxing the corporations who exploit it for commercial purposes. This would help in widening access to water, unlike privatisation which would constrain access.

A contributor suggested that a missing element of the discussion was the role of the poor in both exacerbating as well as having the potential to curb corruption related to the delivery of goods in this sector. This refers to the issue of 'illegal' connections, which often generates opportunities for corrupt practices. Given its impact on service delivery, the rich are clearly in a better position to pay and get illegal connections, while the poor are disadvantaged in trying to follow suit. However, there are effective remedies. In Cambodia, for example this involved control through a blend of inspections, penalties and education. This resulted not only in improving efficiency but also facilitated an increase in salaries, which was seen as instrumental in curbing employees' own corrupt tendencies. The case study is available online at <http://www.rmaf.org.ph/Awardees/Lecture/LectureEkSon.htm>.

1.5 Special Development Situations

The backdrop to this discussion is the awareness that corruption occurs at all stages in special development situations projects: selection, design, procurement, implementation, financial management, and final evaluation. The discussion panel was asked to consider what would be the impact on corruption if the approach at the *initial* phase (project selection) was dedicated to people-centred development? Could this effectively mitigate risks in subsequent stages? The key point is that the project selection process is particularly vulnerable to persuasion. As a consequence of judgment errors made here, primarily because such situations require a speedy response, selected projects often end up diverting resources away from the social sectors in favour of defence and major infrastructure projects. In defence and infrastructure projects, the opportunities for financial kickbacks and political patronage are particularly high. This is due to opportunities to limit competition through inadequate bidding processes, and permitting collusion with private firms. This results in the escalation of risks of corruption in subsequent phases of procuring goods and services and other activity phases further downstream. A contributor distilled these risks in the notion of 'the means corrupting the end'. This refers to the ultimate risk of exacerbating the existing problems of institutions being suddenly torn apart through expediency, which inclines donors to turn a blind eye, simply keep chaos at bay and try to save lives.

A second view focused on 'cronyism' that was seen to characterise processes of recruitment to public bodies engaged for special development situations. It was highlighted that such situations erode public trust and undermine systemic integrity and independence. All this can eventually be attributed to incompetence caused by influence that rich people can buy. Would it be enough to publish more information on recruitment policies? What special methods are needed to enhance the prospect that politically motivated complaints could be handled on a local basis, where cronyism finds it harder to hide?

A somewhat contrasting view, however, maintained that we should avoid seeing disaster situations as inherently risky in terms of corruption. In fact, the opportunity to rebuild after disaster situations could actually present opportunities for transforming corrupt situations. This is because of the distinctive environment of social emotions that surround post-disaster scenarios. The view expressed was that this quality of emotionally charged environment could be exploited. As a footnote, another contribution involving Banda Aceh, gave evidence of successful results that were visible, partly due to the effective exploitation of the post-conflict emotional intelligence that tends to prevail.

Overall, the relatively small number of postings reflected the difficulty of this particular topic for many agency persons. The topic is a sensitive one primarily because situations like the Indian Ocean Tsunami are acutely painful environments to work through; difficult because handling massive amounts of cash (including personal donations) transfers enormous responsibility, heightened when the work is in countries that have a reputation for corruption; difficult because there is acute time pressure on spending the money, requiring too-quick decisions about who to recruit and procure from, with limited data and local knowledge (under intense media spotlight); difficult because the transfer of goods is invariably in volatile security environments; and difficult because of competition between different agencies in contesting shares in an intense donation market.

What actions can be taken to develop policies and mobilise funds to promote agencies and staff who decide to tackle corruption? Additionally, what measures need to be taken to ensure the groundwork and risk assessments are effective and not too hasty? Although transparency, consistent application of rules and publicity will help, these administrative processes in isolation will not win the fight. Local communities' involvement is essential for transparency and for rules and publicity to work. Only when combined with systematic community engagement (particularly that of recipients), administrative actions will be effective in tackling the diversion of resources. Local engagement is critical for monitoring who receives benefits and how much, and who gets the jobs or takes the kickbacks. Another equally important measure involves communicating easily understood information to communities about the projects; about what relief they can expect, and what compensation they are entitled to. These measures cannot guarantee that the military will not levy taxes on vehicles trucking in supplies, or that officials will not inflate how many people need aid in their districts. Nor will it deter people from reselling the goods in the market, or prevent expatriates from diverting assets or taking kickbacks. However, if the interim goal is to get agencies talking about this problem, and to support those who do something, then we could expect the beginnings of a different culture or set of expectations when the next \$11 billion or so flows into an emergency situation. Corruption is inevitable only

if people deny it is happening. Accepting that it occurs, and providing support to agencies or people who take the first steps against it will enable environments far less conducive to corruption; and this could save more lives.

1.6 Natural Resources

The key findings on natural resources are important. Members have grappled with issues related to land management, which is perceived as the most corrupt 'sector' in Asian economies. Contributors discussed the issue of the resource curse, making the case that corruption is not an issue of abundance. Rather, it is about weak public management and under-valuation of natural resources. In the timber industry, for example, this generates opportunities for rent capture at both local and state levels in a 'legalised' form of corruption. This involves a major shift in the permit allocation process. Previously, the management of timber permits was controlled by expert state institutions. However, now the allocation process is increasingly shaped by politicians, resulting in the erosion of customary land rights and, more importantly contributing to climate change. Contributors offered an explanation as to why monopolies in the private sector point to 'legitimacy'. This is primarily because corporations probably drafted the law in the first place, with an eye to opening up avenues to make 'legal payments' through such clauses as 'geologist training' (subsequently tapped by a local elite to pay the overseas school fees of their family). Add to this contract secrecy, and the monitoring challenges take on extreme proportions.

Contributors highlighted the consequences for the poorest citizens, which primarily are focused on insecurity about access to their land. This generates a vicious circle marked by administrative loopholes that enable others (the military, and business persons in cohorts with local officials) to grab land and to grant illegal approval for activities such as construction. These situations exploit the absence of 'an integrated formal system of property rights' (that underpin market economies), and as a consequence puts local food security at great risk.

A suggestion was made that a better way to categorize key differences in how corruption manifests across sub-regions, could be based on the different stages that mark different countries sectoral engagement, within the following areas: environmental/natural resource management, governance, policy and regulatory development, utilization of environmental resources, permit and certification processes, and environmental enforcement (inspections and policing).

A further point was introduced concerning legitimacy. This involves the social fact that people respond to the legitimacy of a government's authority on the basis of how it deals with natural

resource issues. These observations draw out a thread running through the entire discussion, differentiating it from the approach favoured by established economic theory to anti-corruption. This centres on the notion that governance is both about being governed and how it feels to be governed. It was explained that the basis of modern systems of representational government is rooted in a social agreement about what rules to follow. Importantly, governance has its basis in trust, not power, as the election process demonstrates. The exercise of authority is always a negotiation measurable in people's perception as to whether a government is operating under democratic principles and is being subject to their will.

It is this context that civil society organizations have increasingly been contesting public decision-making processes and the whole broader issue of power relations between those who govern and those who are governed. It was pointed out that recently, one method employed by international NGOs is by creating non-state governance systems based on 'certification'. The aim is to develop and implement environmentally sound and socially responsible management practices. Turning away from traditional state-based authority (rejecting its legitimacy), these civil society systems and their advocates gather the various actors in the supply chain (i.e. producers, and those who generate the flow of resources into and out of the combined operations constituting the respective livelihoods of the actors), with the purpose of creating a different set of incentives, and promoting the a new legitimacy, on the basis of which citizens ask companies and governments to operate. Simply stated, this process, in essence, redefines the conditions under which people in democratic states grant authority.

Thus, although the monitoring challenges facing civil society organisations are difficult, CSOs have taken a pro active stance in developing and implementing environmentally and socially responsible management practices. In sum, contributors endorsed the need for public decision-making based on principles of self-governing individuals and collective management of natural resources.

The political economy approach has played a central role in contributors' explanations that corruption is a major cause of resource sector inefficiencies. They have tracked its origins to such interactions as private sector actors competing for favours from public officials, who come with their own set of incentives and constraints. Contributors unanimously agreed that the term 'competing' is a misnomer, primarily because a level playing field rarely exists. Governments find it easier to conserve power by simply distributing resource privileges to their allies. This generation of a secure revenue stream means that instead of developing sturdy strategies with action plans, governments are not motivated to frame strong and effective strategies. As a consequence, resource abundance impacts very negatively on public decision-making.

The extent of this, as the initial phase of this discussion has led us to expect, depends on the political system: authoritarian regimes have a significantly higher negative impact on growth than democratic regimes.

Contributors emphasised that Asia Pacific countries face the prospect of vastly increased income from minerals, oil and gas in coming years. However, reservations were expressed as to whether the revenues will be channelled towards advancing human freedoms and capabilities or be used for repression. Contributors strongly advocated supporting community actors in an endeavour to transform tolerance, by insisting companies publish what they pay, since companies are unlikely to do it voluntarily. Part of a strategy to combat corruption in this sector, it was noted, could be support for the environmental protection movement with the aim of enhancing public awareness of its connections with human livelihoods. The key idea is, to make development more people-centred by basing it on principles of self-governing individuals and mutual aid. It is believed that such a strategy of mutual protection would be less open to exploitation by middlemen. Complementarities in this logic were noted with Nussbaum's vision of democracy with its foundation of self-aware, self-governing citizens with a compassionate imagination 'capable of respecting the humanity of all our fellow human beings..... who can think for themselves rather than simply deferring to authority, who can reason together about their choices' (Nussbaum 2004); and with Amartya Sen's image of agency focused on community initiatives that 'redress the crippling effects of an exclusive dependence upon the state agency' (Muralidharan 1999). Further, and attesting to the value of harnessing collective wisdom, cases were noted of villagers in India who collectively manage resources including forests and wells, and of Bougainvilleans who mutually protect themselves and their natural surroundings by dedicating a day in the week to managing their ecosystems as a whole community.

There was also a valuable discussion on the shift in permit processes. Increasingly, the administration of timber permits, which was formerly managed by expert state institutions, is being shaped by politicians. In Papua New Guinea, more than half the rainforest areas are designated to be logged. In 2006, a study of 14 logging projects in Papua New Guinea published by the Forest Trends group (2006) revealed that all projects were operating in a form of legalised corruption. This includes transfer pricing based on complicity between companies and the political elite. Transfer pricing is currently 'remedied' by monitoring log export volumes. However, at the other end where processed timber is received – in Europe, and the US – there is no monitoring. Even at the point of logging, monitoring is ineffective, given that the principal logging group provides the government monitor(s) with a car and 'privileges' that include a school that his children attend. The standard view endorsed by the panel was that a more effective remedy would be to extend support to local landowners by empowering them to

better understand and defend their rights to access the forests through which they earn their livelihoods.

In order to generate policies that counter corporate corruption and 'state capture' a different definition of corruption was recommended. Countering the prevalent view of corruption as a barrier to a fully-fledged market society, this definition seeks to capture the idea that the problem of corruption is the problem of those with economic power dominating policy for their own self-interest. This shift in perspective, it was noted, is necessary to move on from the image of a corrupt state as one whose officials intrude on the efficiency of entrepreneurs. The reality is that a corrupt state results from the nexus of wealth and power acting to deter democratic representation. This definition gives rise to distinct policy ideas, with clear aims. The first aim is to restrict the power and purpose of multinational companies in the capture of policy-making, and the second aim is to empower citizens in the exercise of greater control over decision making.

1.7 Police

The feedback on the police generated some interesting and valuable ideas. The discussion opened with the view that the tradition of granting a single group such imposing powers of arrest and detention is certain to generate 'unreliable' choices. Hence, an independent agency is needed to watch over the police. A separate view expressed was that any anti-corruption strategy must go beyond prevention - donors need to be more pro active in investigation, prosecution and adjudication. This evoked a perhaps more balanced viewpoint that observed that some police officers sometimes choose to act with integrity. Accordingly, is it possible to design incentives that could stimulate 'choices to act in upright ways'? Additionally, will combining citizen voices and grassroots pressure facilitate a shift in political will?

It is important to explore the specific variables that influence choice-making. What level of literacy is needed for people to recognise they have chosen 'rationally', and more importantly, discern that how one uses practical reason matters, and how one uses political power is critically important. Further, what constraints do poverty and other vulnerabilities have on access to this kind of education?

These questions raised a much discussed topic - that there is no singular root cause for corruption. This was reminiscent of earlier conversations that concluded that corruption involves multiple actors. These can be categorised as givers and takers, those who resist, endure or are incognizant (yet lose some entitled social good), as well as those who facilitate a corrupt practice. The discussion highlighted a case in Jammu and Kashmir , where it was pointed out

that the demand-side cannot be simply explained by a public official's aspirations for power in an underpaid situation. Rather, there are multiple actors who co-drive the demand in a backdrop of the community that the police services. It was learned that the corruption co-producers in the demand for land, besides the police, included "greedy revenue officials and vested interest groups in the context of economic growth and massive migration to cities". On the supply side, the network comprises of 'revenue officials, politicians, criminals and businessmen'. Regarding 'grand theft auto', demand is co-driven by insurance agents and employees of Road Transport Offices facilitated by the lack of a computerized data bank on vehicle registrations. What facilitates this corruption is a supply network of hired drivers, professional lifters, receivers, automobile shops, and political patrons. It's a story that helps to explain the complex gamut of social drivers that create demand, and insists on recognition the problem belongs to the community and it is not simply 'over there' in some ostensibly-isolated public official's office.

One implication is that 'police' are a heterogeneous collection of human beings with motivations that are both multi-faceted and ambiguous. It was suggested this could be an excellent starting point for a strategy. Could incentives successfully be engineered around this human quality of ambiguity, specifically by targeting upright behaviour that is exhibited by some police persons? Could pressure from below in the form of a blend of citizen voices and grassroots pressure help to develop and sustain political will to transform police corruption?

Regarding measures that would facilitate better decision-making, one view emphasized the value of rational choice theory. Additionally, the importance of contextualising this theory, as Nussbaum has done, in terms of how citizens use reason and power, was also emphasised. Basically, it is insufficient to restrict this to a mere explanation of how people make decisions. What is necessary is a theory that explains how people use practical reason, and entrusted power, in ways that are good for society. This in turn raises questions that the dominant decision theory tends to neglect- which is how much education on alternate choices do we need access to before we can say we have 'rationally' chosen? And, can it be said that we have freely decided on a course of action if poverty or other vulnerabilities constrain our decisions?

Drawing on these themes, the next step was a discussion on the end goal of anti-corruption. It was recommended that the notion of 'lowered thresholds of tolerating corruption' needs to be refined. It is far more preferable to devise a rather simple and straightforward expression of 'tolerance' that encompasses its multiple dimensions, which are:

- o Thresholds of what is normatively acceptable or censured.
- o The 'level/degree of permission or veto.'
- o The 'impact on freedom of certain corrupt acts.'

The importance of a multi-faceted understanding of 'tolerance' is related to making the concept operational, by measuring each aspect differently. For example:

- o 'Thresholds' involves measuring the critical, flexible assessment of certain acts.
- o 'Permission' entails testing what practices are banned or accepted.
- o The 'impact on freedom' requires measuring impacts on rights and duties.
- o 'Demands of tolerance' is gauged by how individuals respond (e.g. escaping from information by using stereotypes, or by pledging support to an oppressive ideology, or a religion where many individuals derive their ethos).

In the final instance, 'tolerance' is useful to an anti-corruption strategy primarily because it meets the need for 'universality' and is also not dogmatic in its approach. Additionally, it encompasses essential human ambiguities that surround the search by individuals for meaningful or authentic social practices.

There were differing views over how choice-making and meaningful practices have been impacted by the 'reversal' of corruption in Singapore. It was pointed out that Singapore's case does not represent 'best practice', given that 'integrity' is being sustained by fear and oppression, whereas, tolerance is required as a core ingredient of liberty and human capabilities.

Additional questions were raised as to whether it was solely police reform or broader strategic incentives that managed to tap into the social historical flow of ethical values, that transformed Singapore's corruption. Additionally, the question was raised, does the perceived effectiveness of those strategies, if measured by citizens' opinions of low corruption, equate to there being more authentic moral and ethical standards than in other countries where corruption is perceived to be widespread?

One contributor pointed out that Bangladesh is one Government which is doing something about its responsibility to provide equal access by acceding to demand by the poor to reform the Police Service as a priority, and as a first step towards sector wide legal process reform.

In more general terms, how do the poor collectively perceive access to justice? Information was shared about a study that revealed the poor feel that justice is directly linked to wealth (Correa Sotil 1999). The poor overwhelmingly feel that legal system actors discriminate and are corrupt in ways that escalate inequality of access for vulnerable populations. Almost two-thirds thought police treated the well-dressed well and the poor badly; 63.5 per cent felt judges behaved differently with the rich and the poor; more than half thought that, when police detained people, the intent was to charge them money; almost 90 per cent felt there is

one justice for the rich and another for the poor; almost 90 per cent thought lawyers were too expensive; and 90 per cent felt the quality of a lawyer's assistance is linked to how much money is paid. Such findings raise critical questions as to whether governments have stepped away from responsibility to promote demand by poor people for reform.

In a bid to explain these perceptions of the poor, as well as provide an important context for decision theory, it was suggested that any approach that investigates police corruption merely in the limited context of being a service-provider neglects the critical question of 'to serve and protect whom'? The damage done to ordinary lives by this aspect of their role, which is to give protection to political elites, depends on the situation in which police operate. This can sometimes be a well-functioning low-corruption situation, while at the other end of the spectrum it can be a very corrupt environment with scarce resources and high levels of violence. This generated a notable observation that a regime that experiences a growing threat of violence is increasingly likely to transfer power to the military. In this scenario, the role of police reverts to merely being a simple provider of information, but since this situation involves little demand for information, this causes police to migrate to serving the corrupt domain of 'unofficial elites'.

In conclusion, the discussants surmised that more than ever before in history, material security, democratic involvement, state control of justice and guarantee of rights depends on decision-making by the police and the broader judicial system. This means that access to justice is a critical issue. Its starting point is the escalation of demand for police services not controlled by corruption. Only then could the court system begin to constitute a more equal social order in which the poor participate in litigation and have their voices heard. However, this could only happen occur in a legal system that is not controlled by corruption, which then becomes the only forum where powerful political interests cannot hush voices, as they do in the market where poor people have insufficient power. This is why economic development approaches do not provide the answers to poverty alleviation. And this is why this discussion has taken a political economy approach to anti-corruption, which is very interested in questions of human rights, equality of access, and the further development of rational choice-making.

Notes

[1] The East Asia consultation was held on 6 October 2006 in Bangkok, Thailand; the Pacific Stakeholders consultation was held on 14-15 November 2006 in Suva, Fiji; and the South Asia Stakeholders consultation was held on 22-23 February 2007 in Bangkok, Thailand.

1.8 References

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