

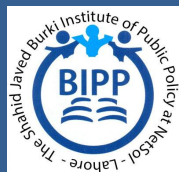
BIPP

Policy Brief No: 33/2016

The Imperative for a Strengthened Integrity System in Pakistan

Shahid Najam

Vice Chairman



**The Shahid Javed Burki
Institute of Public Policy at NetSol**

Corruption, whether petty or grand, occurring at the downstream implementation level or at the highest levels of government through subversion of political, judicial, executive or economic systems, hurts and lowers human development. It diverts public resources to private gains, impedes economic growth and business environment, increases poverty and inequality, and, raises the costs and reduces the quality and accessibility of public services such as health and education to the citizens. It invariably leads to human rights violations and disproportionately affect all, yet with a severe impact particularly on socially vulnerable and marginalized groups including women. It also worsens environmental governance by reducing the stringency of environmental regulations, and hampers sustainable development.

Transparency International, a non-governmental organization which monitors corporate and political corruption, defines corruption as the abuse of entrusted power for private gains which eventually hurts everyone who depends on the integrity of people in a position of authority.

Human development, *a priori*, entails people to lead long and healthy lives, to be knowledgeable and to have a decent standard of living. Corruption has severe impact on all aspects of human development and constrains the process of enlarging people's choices and expanding human capabilities and functioning to realize their full potential.

Since corruption has serious consequences on economic growth, governance and sustainable human development, it is extremely important for a country to put in place a robust national integrity system (NIS) to be able to curb and control incidence of corruption in all its form and manifestation ranging from bribery, embezzlement, theft, fraud and extortion to the abuse of discretion, favoritism, nepotism and clientelism. Anti-corruption, as such, is a cross-cutting human development issue that requires a comprehensive and coordinated approach to ensure that policy and legal frameworks are in place; robust institutional mechanisms are established for independent oversight; and a culture of ethical conduct and morality with leaders setting the good example is nurtured.

The major initiatives all over the globe to target systemic corruption are premised on "collective action approach" at international, national and local levels. The role of multi-lateral institutions has in the recent years gained crucial importance. The United Nations Convention against Corruption (UNCAC) which was signed on 9 December 2003 and given effect to on 14 December 2005 is the first internationally binding anti-corruption instrument that requires the

State Parties to implement series of anti-corruption measures involving their laws, institutions and practices. The United Nations Office on Drugs and Crime (UNDOC) promotes the convention and its implementation while Transparency International, the world Bank and the United Nations Development Program provide assistance to national governments for diagnostics and design of anti-corruption legal and policy framework. The WB-UNDOC "Stolen Asset Recovery Initiative" (StAR) launched in September 2007 which aims at encouraging and facilitating more systematic and timely return of assets stolen by politically exposed persons through acts of corruption, also supports international and national efforts to end safe havens for corrupt and illicit funds. Upon request from the affected countries, the Initiative provides technical assistance in asset recovery cases.

Pakistan, over the years, has been plagued by widespread corruption. The successive governments whether military, dictatorial or democratic perpetrated or fomented corruption and corrupt practices to the extent of creating a corrupt elite that particularly permeates in the higher echelons of political hierarchy, army establishment, senior civil bureaucracy and across all categories of the private sector and businesses. Just to indicate the scale and size of corruption, Transparency International in 2012 estimated that Pakistan lost more than US\$94 billion in corruption, tax evasion and bad governance during 2008 to 2013. Pakistan's recent placement in the world on the corruption perception index for 2015 published by the Transparency International speaks eloquently of the magnitude of the problem. With a score of 30/100, Pakistan ranks 117 out of 168 countries.

A series of legal and institutional measures in the shape of Prevention of Corruption Acts 1947, 1950 and 1958 and the subsequent reforms to restructure and empower anti-corruption establishments, National Accountability Bureau Ordinance 1999, and provincial legislations aimed at increasing transparency and endowing upon the people the right to information, did not yield tangible results primarily owing to the lack of political commitment, compromises and exigencies, and, standards of integrity and rectitude espoused by the ruling leadership. Resultantly corruption – and the perception of corruption – remain critical issues in Pakistan.

The recent Panama Papers leaks has brought the issue once again on the forefront in the national politics with no less than the Prime Minister and his family being accused of corruption, money laundering and tax evasion. Earlier, the former Prime Minister, Mr. Yousuf Reza Gillani and the 2008-13 PPP led coalition government were alleged of massive corruption and corrupt

practices to the neglect of the magnitude and enormity of problems of poverty, hunger, disease and deprivation.

It is, therefore, high time to address the genesis and incidence of widely pervasive corruption in a holistic manner in Pakistan. Various proposals are afloat in connection with the Panama Paper leaks to investigate the allegations against the PM and family for alleged corruption and money laundering e.g., Inquiry Commission under a retired Justice, a Judicial Commission under the serving Chief Justice Supreme Court of Pakistan, investigation by the Federal Investigation Agency (FIA), forensic audit of Panama Papers by an international firm of repute etc. While it is absolutely essential to excavate the truth and look into the veracity of corruption charges against the PM and his family, it is equally important, if not more, to revamp the entire anti-corruption system including the existing policy and legal frameworks and institutional and operational mechanisms and to institute a robust National Integrity Systems (NIS) in order to effectively prevent, control and combat corruption for all times to come. The government in consultation with all the political parties should establish by consensus a high-powered independent Commission to comprehensively review the existing NIS and come up with an integrated and well structured NIS grounded on sound principles of good governance, transparency and accountability. Transparency and stimulating a sustainable fight against corruption will augment the institutional capacity; lead to a unified coordination and monitoring mechanism; and create a more conducive environment for a consensus-oriented anti-corruption policy making and implementation.

There are five key, interrelated elements, which should serve as principal guidelines for the NIS:

1. The wider ownership of the anti-corruption policies and strategies by all stakeholders is an absolute imperative. Corruption is status, wealth and power free; it impacts everyone in a society, either directly or indirectly. Governments as well as civil society organizations, the media and public at large need to take effective part in fight against corruption and, for that to happen, must contribute to both the design and the implementation of the anti-corruption policy and strategic framework;
2. An effective institutional mechanism encompassing all tiers of government with necessary vertical and horizontal coordination and communication systems is the second critically vital element in eradicating the incidence of corruption. The absence of such a mechanism weakens the effectiveness of effort; promotes turf fight; dilutes the focus; and leads to a wastage of valuable resources.

3. The need to monitor progress in achieving the results is the third element for establishing fully functional and efficient NIS. Clear tangible results including quantitative targets and indicators needs to be clearly spelled out to measure the progress. A major obstacle to the success of anti-corruption systems has been the absence of tangible benchmarks and tracking mechanism to demonstrate if the targets and objectives have been realized.

4. The fourth key element is the good governance (participatory, inclusive, responsive, transparent, open, accountable, ensuring rule of law, pursuing development with equity, operating efficiently and effectively, having strategic visions) to combat corruption including its social, economic and political dimensions.

5. The global knowledge, best practices and expertise in the field of anti-corruption is the fifth element for establishing effective NIS. Benefiting from these could help improve policy and legislative frameworks, strengthen institutional capacity and promote accountability and transparency.

If Pakistan has to embark on sustainable human development and gain a position of pre-eminence in the community of nations, it has to ensure that every ounce of the intellectual capacity of its human capital and every passa of the rupee of its financial resources is accounted for and well spent. A well functioning, effective and efficient National Integrity System is one of the inextricable components of the effort to bequeathing a just, peaceful, orderly and prosperous Pakistan to the posterity.