

# The National Integrity System

*The structure has been erected by architects of consummate skill and fidelity; its foundations are solid; its compartments are beautiful as well as useful; its arrangements are full of wisdom and order; and its defenses are impregnable from without. It has been reared for immortality if the work of man may justly aspire to such a title. It may, nevertheless, perish in an hour by the folly, or corruption or negligence of its only keepers - the people. Republics are created - by the virtue, public spirit, and intelligence of the citizens. They fall, when the wise are banished from public councils, because they dare to be honest and the profligate are rewarded, because they flatter the people, in order to betray them.*

*Dr. Sachidanand Siha while presiding at the inaugural session of India's Constituent Assembly, 9 December 1946.*

### The case for reform

Corruption undermines democratic development, inhibiting the performance of public institutions and the optimal use of resources. It feeds secrecy and suppression. Ultimately, it denies development and an increased quality of life to the most vulnerable members of society. While corruption might, at least in theory, be tamed in an autocratic and dictatorial manner using a “big stick”, the inexorable decline into corruption and other abuses of power on the part of totalitarian administrations suggests that this can only be temporary. The promotion of national integrity across the board is crucial to any process of sustainable reform. By raising levels of national integrity, corruption can be reduced; and this approach is vital if other efforts to promote sustainable and equitable development are not to be undermined.

### Consequences of corruption

As is well-known, corruption engenders wrong choices. It encourages competition in bribery, rather than competition in quality and in the price of goods and services. It inhibits the development of a healthy marketplace. Above all, it distorts economic and social development, particularly damaging in developing countries. Too often, corruption means that the world's poorest, who are least able to bear the costs, must pay not only for the corruption of their own officials, but also for that of companies from developed countries. Moreover, evidence shows that if corruption is not contained, it will grow, and grow exponentially. Once a pattern of successful bribes is institutionalised, corrupt officials have an incentive to demand larger bribes, engendering a “culture” of illegality that in turn breeds market inefficiency. Once the moral authority of managers is lost, through corruption at higher levels, their ability to control their subordinates evaporates.

At the conceptual level, there are many costs associated with corruption. However, it is hardly surprising that there is little hard evidence on the incidence and magnitude of corruption. Surveys of business people indicate that the problem varies widely across countries and that even

within countries, some public agencies (for example, customs and tax collection) are more prone to corruption than others. Surveys also indicate that, where corruption is endemic, it imposes a disproportionately high cost on small businesses. Most importantly, the heaviest cost is typically not so much in the bribes themselves, but rather in the underlying economic distortions they trigger and in the undermining of institutions of administration and governance.

The argument is not simply a “moral” or “cultural” one. “Grand corruption”,<sup>1</sup> (the huge bribes and commissions offered or paid by businesses in industrialised countries in their quest for government orders in the developing world and countries of central and eastern Europe), needs to be contained for practical reasons. Faced with the challenge of maintaining or improving standards of living, no country can afford the inefficiency that accompanies corruption. Emerging democracies, in particular, brave considerable political risks if corruption is not contained, as the corrupt can greatly weaken the authority and capacity of the fledgling state.

Curiously, there are still those in the North who believe that bribes speed up the delivery of services from a corrupt administration and who argue that corruption can help grease the wheels of a slow-moving and over-regulated economy. Surveys in Tanzania reveal the opposite: once a person has identified himself as being willing to pay bribes, other gatekeepers appear to be alerted, so that the person is delayed and subjected to additional forms of extortion as he or she proceeds. By way of contrast, those who refuse to pay at the first “gate” are earmarked as non-payers and therefore not worth the time and energy for others to try to exploit. Evidence also indicates that corruption increases the costs of goods and services, promotes unproductive investments, and leads to a decline in the quality of infrastructure services.

Corruption reports unfold in the news media on a daily basis and demonstrate corruption is not exclusively, or even primarily, a problem of developing countries. Recent events in Europe and North America have shown all too clearly that corruption is a topic on which the developed countries have no cause to claim the moral high ground. Developed countries play a major role as “bribe givers” in international business transactions, and they experience domestic corruption, particularly political corruption, as a growing phenomenon.

## The response to the challenge

Initiatives to improve standards of governance worldwide have until recently overlooked what promises to be the most significant approach of all: the systematic and conscious fashioning of a country’s “National Integrity System”. Even the expression is of recent origin, having emerged from discussions within the Transparency International movement and widely popularised by development agencies.

While the basic concepts and foundations of an integrity system need to be clearly understood, it is equally important that the resulting solutions be grounded in reality and practicality. More than this, the solutions must relate to the other parts of the overall system; hence the need for an holistic approach. Many anti-corruption strategies have failed because they have been too narrowly focused. There are no simple solutions.

## But what is a “National Integrity System”?

It is generally accepted today that modern government requires accountability. Without it, no

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<sup>1</sup> The expression “grand corruption” was coined by the West Indian-born British businessman George Moody-Stuart,

first Chair of TI-UK (the UK National Chapter of Transparency International).

system can function in a way which promotes the public interest rather than the private interests of those in control.

Basically, the task in developing countries and countries in transition, is to move away from a system which is essentially top down: one in which an autocratic ruling elite gives orders which are followed, to a greater or lesser degree, by those down the line. The approach is to move instead to a system of “horizontal accountability”; one in which power is dispersed, where none has a monopoly, and where each is separately accountable.

In such a system, there must be a free press. But the press must respect certain limits imposed by law – for example, avoiding defamatory attacks on individuals. For even a free press is accountable, not only perhaps to a Press Council (which may or may not be a statutory body) but also, and ultimately, to the courts. For their part, the courts are no longer ‘servants’ of the ruling elite, but rather act with independence and enforce the Rule of Law, and the rule under the law. Yet such independence is not absolute – Judges are answerable for their individual decisions through a system of appeals, and each Judge is accountable for his or her integrity and competence to another body, be it a parliament or a judicial services commission. That body, in turn, is accountable elsewhere, and ultimately to the people through the ballot box. So do the strands of accountability link the various elements, or “pillars”, and in such linking they brace and strengthen each other.

Under a system of “horizontal accountability”<sup>2</sup> a “virtuous circle” is perfected: one in which each actor is both a watcher and is watched, is both a monitor and is monitored. A circle avoids, and at the same time answers the age-old question: “Who shall guard the guards?”

But creating a “virtuous circle” is easier said than done. Age-old traditions and training have to be turned on their heads, and the process is obviously one which is likely to take a generation, if not generations, to perfect. Even then, ultimate perfection will always be elusive.

While the contemporary wave of democracy has held much promise, in practice, democratic gains are being threatened and undermined by some of the very phenomena that were intended as democracy’s victims: corruption, abuse of power and nepotism. Simply to democratise is to introduce a different form of vertical accountability - downwards, rather than upwards. But the need to refashion instrumentalities of governance runs very much deeper than simply moving from a totalitarian system to one in which the people periodically have a voice.

The shift is thus from a system of vertical responsibility - be it the tyrant or the leadership of the one party state - to one of horizontal accountability, whereby a system of agencies of restraint and watch-dogs are designed to check abuses of power by other agencies and branches of government. These include: the courts, independent electoral tribunals, auditors-general, central banks, professional organisations, Parliaments (and Public Accounts Committees), and a free and independent media.

However, the passage of transition is slow and painful. In some societies it has been a question of rehabilitating what was once there before; in others, notably in Eastern Europe, it can be a question of constructing the modern state literally from the ground upwards. There are no institutional memories of times of horizontal accountability, no living memories of how things once were, and could be again.

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<sup>2</sup> The origins of horizontal accountability are discussed in Chapter 3.

Such accountability mechanisms, when designed as part of a national effort to reduce corruption, comprise an integrity “system”. This system of checks and balances is designed to achieve accountability between the various arms and agencies of government. The system manages conflicts of interest in the public sector, effectively disperses power and limits situations in which conflicts of interest arise or have a negative impact on the common good. This involves accountability, transparency, prevention and penalty.

An integrity system embodies a comprehensive view of reform, addressing corruption in the public sector through government processes (leadership codes, organisational change, legal reforms, procedural reforms in bureaucracies etc.) and through civil reforms. Even if corruption is endemic, it tends to be the result of systemic failures. The primary emphasis is on reforming and changing systems, rather than on blaming individuals.

Some readers of earlier versions of this Source Book have suggested that it adopts an old-fashioned, “top-down” approach to reform which is out of keeping with contemporary thinking. However, this misses the crucial point. As appears below, the whole edifice of government is sustained and its integrity maintained (or undermined) by a bottom-up process. As is often observed, ‘the fish may rot from the head’, and corruption may filter down through poor leadership examples and practices but, it is public awareness and, where warranted, public outrage, that is a society’s ultimate defence. Where all else fails, the final sanction is revolution. However, the assumption underlying the approach advanced here, is that evolution, not revolution, can be an effective and a preferable route to society participation - through democratic processes and involving the private sector, media, professions, churches and mosques, as well as NGOs. Thus, reform is initiated and sustained not only by politicians and policy makers, but also by members of civil society.

Reform programmes, particularly those in developing countries and countries in transition which have been supported by international or donor agencies, have tended to focus on a single area to the exclusion of others. These are “single pillar” strategies. Frequently the choice has been made of a “pillar” that is relatively “safe”, at the expense of addressing more difficult and more challenging areas. Certainly, a “National Integrity System” reform programme can accommodate a piecemeal approach, but this must be coordinated and within the bounds of an holistic programme which embraces each one of the relevant areas, and their inter-relationships with others.

Underpinning the integrity system approach is the conviction that all of the issues of contemporary concern in the area of governance – capacity development, results orientation, public participation, and the promotion of national integrity – need to be addressed in a holistic fashion. The overall goals should include:

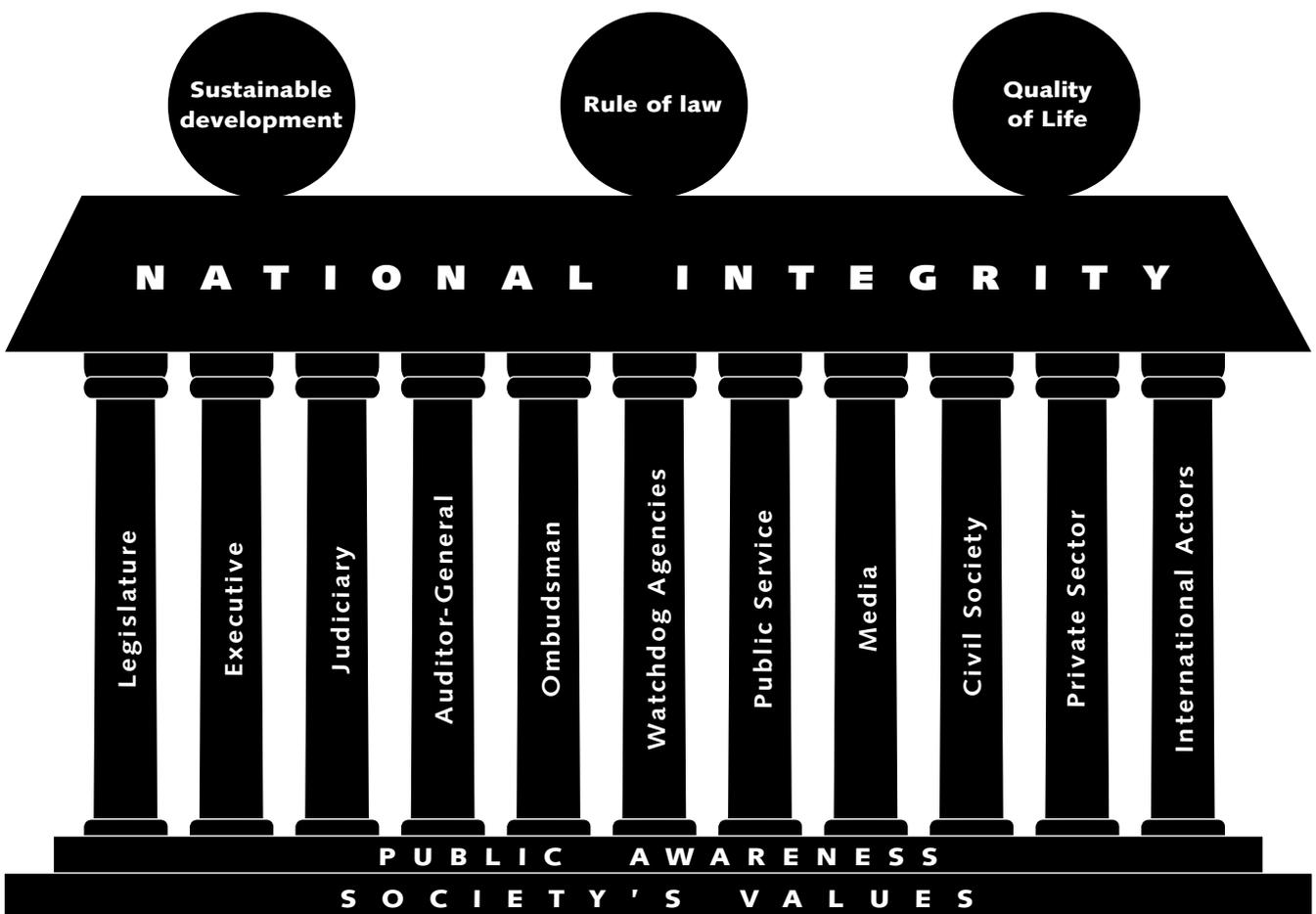
- Public services that are both efficient and effective, and which contribute to sustainable development;
- Government functioning under law, with citizens protected from arbitrariness (including abuses of human rights); and
- Development strategies which yield benefits to the nation as a whole, including its poorest and most vulnerable members, and not just to well-placed elites.

## Building a coherent National Integrity System

### *The Goal*

The ultimate goal of establishing a National Integrity System is to make corruption a “high risk” and “low return” undertaking. As such, the system is designed to prevent corruption from occurring in the first place, rather than relying on penalties after the event.

Every country already has a “National Integrity System” of some description in place, however corrupted and however ineffective it may be. The concept helps to focus reformers on the holistic viewpoint. As we shall see, it is not enough to address a single element or “pillar” of the system in isolation to others. For instance, recently considerable work in Kenya has strengthened the operational capabilities of the Office of the Auditor-General. However, although widely featured in the media, the Auditor-General’s highly-professional reports have since been simply ignored, as the rest of the “system” is still effectively dysfunctional.



### *The Institutional Pillars of the National Integrity System*

Picture, if you will, a “National Integrity System” as being rather like a Greek temple: a temple with a roof - the nation’s integrity, supported at either end by a series of pillars, each being an individual element of the National Integrity System. At one end of the temple are the institutional pillars – the Judiciary, the Parliament, the Auditor-General’s Office, the Ombudsman, free media, civil society and the like. At the other end of the temple, the pillars represent the core tools which the institutions must have at their disposal to be effective. For example, the media must have a right of freedom of speech; and civil society the legal space in which to organise itself and conduct its business.

Resting on the roof are three round balls: “quality of life”, “Rule of Law” and “sustainable development”. They are round balls to emphasise that it is crucial that the roof be kept level if these three round balls and the values they encompass are not to roll off.

The “temple” itself is built on and sustained by foundations which comprise public awareness and society’s values. If public awareness is high and values are strong, both will support the “pillars” which rest on them, giving them added strength. On the other hand, if the public is apathetic and not watchful, or if the values are widely lacking, then the foundations will be weak. The “pillars” will be empty and ineffectual, and lack the underpinning necessary if they are to safeguard the nation’s integrity.

The “pillars” are interdependent but may be of differing strengths. If one pillar weakens, an increased load is thrown onto one or more of the others. If several pillars weaken, their load will ultimately tilt, so that the “round balls” of “sustainable development”, “Rule of Law” and “quality of life” will roll off, crash to the ground and the whole edifice collapse into chaos.

The actual “pillars” may and will vary from society to society. Some will be stronger; some will be weaker. But there will always be trade-offs to accommodate this. For instance, in Singapore, a comparative lack of press freedom is compensated for by an intrusive anti-corruption bureau.

While there are variations around the world, the most usual “integrity pillars”<sup>3</sup> of a society which is seeking to govern itself in an accountable fashion include:

- Executive;
- Parliament;
- Judiciary;
- civil service;
- “watchdog” agencies (Public Accounts Committee, Auditor-General, Ombudsman, Police, Anti-Corruption Agency, etc.)
- civil society (including the professions and the private sector);
- mass media;
- international agencies.

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<sup>3</sup> The “integrity pillars” were first presented as such by TI’s Ibrahim Seushi in Tanzania . They have since found their way into a growing body of literature.

### The “Rules and Practices” Pillars

Complementing each of the National Integrity System institutional “pillars” are core “rules and practices”. These rules and practices comprise the “toolkit” employed by, or underpinning, the various institutions. The absence of core rules and practices are clear indicators of weakness. They are not necessarily confined to any single particular pillar, as the following illustrates:

<i>Institutional pillar</i>	<i>Corresponding core rules/practices</i>
Executive	Conflict of interest rules
Legislature/Parliament	Fair elections
Public Accounts Committee (of legislature)	Power to question senior officials
Auditor General	Public reporting
Public service	Public service ethics
Judiciary	Independence
Media	Access to information
Civil society	Freedom of speech
Ombudsman	Records management
Anti-corruption <sup>4</sup> /watchdog agencies	Enforceable and enforced laws
Private sector	Competition policy, including public procurement rules
International community	Effective mutual legal/judicial assistance

The rules and practices are not, of course, exclusive to the institutional pillar to which they are assigned above. The media must have freedom of expression, but this has been assigned, somewhat pragmatically, to civil society, as it is also a core requirement for civil society. Records are crucial for an Ombudsman, but are also at the heart of accountability and so of prime concern to the watchdog agencies. Some indicators that are also important are subsumed in others in this list: e.g. whistle blower and complaints mechanisms may be regarded as being covered by freedom of speech and public service ethics. In their totality, the institutional pillars in the left-hand column together with the rules and practices in the right-hand column comprise a basic National Integrity System.

Establishing a sound National Integrity System requires the systematic identification of gaps and weaknesses, as well as opportunities for strengthening or augmenting each of these pillars into a coherent framework. If the system is wholly dependent on a single “pillar” such as, perhaps, a “benign dictator”, or only a very few of them, it will be vulnerable to collapse. The system may give the outward appearance of functioning in the short term, for instance in the case of clean-ups conducted by military governments on the overthrow of corrupt civilian regimes, such as that under way in Pakistan. However, the lack of a functioning integrity system ensures progressive decay, unless there is also a timely move toward accountable governance.

The National Integrity System approach unlocks a new form of diagnosis and potential cure for corruption. Instead of looking at separate institutions (e.g. the Judiciary) or separate rules and practices (e.g. the criminal law) and then focusing on stand-alone reform programmes, we start to look at inter-relationships, inter-dependence and combined effectiveness in an holistic approach. For example, what is the benefit of a sound and “clean” Judiciary ready to uphold the Rule of Law, if there is corruption in the police, investigators, prosecutors or the legal profession? The Judges would simply not receive the cases they should hear; they would then sit in splendid isolation - honest, capable, yet able to achieve little.

<sup>4</sup> For example: Independent Commission Against Corruption (ICAC), New South Wales, Australia

### *The National Integrity Workshop*

One of the best mechanisms by which a National Integrity System can be systematically examined and overhauled is through the National Integrity Workshop. This has the overwhelming advantage of bringing together the various stakeholders – officials and interest groups that may otherwise seldom, if ever, meet – and providing a broad ownership of the process, an essential for success.

It must be stressed that this approach was not formulated in western capitals or by donor agencies. It emerged as groups in Uganda and Tanzania began to address their domestic problems, and was the product of interaction within and between both countries.

A National Integrity Workshop takes as its starting points:

- the premise that people living in a country know and understand their problems far better than any outside expert. No outsider can better understand the social dynamics, the history and the political realities that underlie the incidence of corruption in a society, than can its own members. And the expression “members” embraces civil society (including the private sector), no less than government;
- that the issue of integrity transcends the divides of political parties and so should be something upon which all can agree;
- that without the active participation of leaders from all fields of government and civil society, meaningful reforms are unlikely to be achieved; and
- that without the support of civil society, any anti-corruption reform initiative by a government is likely to lack credibility and be unlikely to succeed, let alone be sustainable in the longer term.

The exercise therefore is wholly conceptualised, driven and owned by the local participants. Contributions from outsiders take just two forms: facilitation of the process, as outlined below, and learning themselves so that experience gained can be disseminated for the benefit of similar exercises in other countries. It also involves not just the “stakeholders” from within government as identified from the integrity “pillars”, but also non-governmental organisations, including business groups and professions, the media and political parties from across the political spectrum.

The general pattern has been for a group to be assembled, bringing together people with decision-making powers, and with each of the “pillars” having written a short paper on how corruption presents their particular institution with a challenge, and how they are responding to it. The workshops are further informed both by reports of similar workshops held in other countries (useful for ideas and approaches) and by this Source Book (in some cases translated into a local language). To sharpen the discussions, the facilitators, together with the organisers, formulate a short series of challenging, clearly-focused questions for small groups to consider, along with any additional questions which the participants themselves may suggest.

So it is that, over a period of two or three days, a series of small group discussions take place (maximum 15 people per group), serviced by a facilitator who captures the essence of the discussion. The tasks of each group are to diagnose a particular problem and to prescribe practical solutions that are within the competence of those at the table, for example not calling for across-the-board pay raises for all public servants or for changes to the constitution etc.

Each topic is dealt with in a reporting back session, followed by a short plenary discussion. From the totality of the reporting back and a final “action planning” session, an “action plan”

emerges. Practical measures are identified, responsibilities for follow-up action assigned to people who are present and a time-table for action agreed upon. This, then, forms the basis for a follow-up workshop in perhaps 12 to 18 months' time, to assess progress, identify obstacles and to refine the action plan in the light of experience and of changing circumstances.

A further feature of national integrity workshops has been the emergence of "integrity pledges" to which all present subscribe. The first, in Tanzania, constituted a challenge to the candidates for the presidency to commit themselves publicly, and in advance, to programmes of reform and to declare their personal assets and those of their spouses publicly upon election. Benjamin Mkapa, in 1995 newly elected as President, subscribed to the pledge and has lived up to it. When he disclosed his assets, it created a tidal wave of interest not only within Tanzania, but throughout sub-Saharan Africa and beyond. Since then, pledges have been widely used, most conspicuously in Papua New Guinea, where in a recent election, various political parties signed pledges live on television. Pledges have served both to place the issue of integrity squarely on the political map and to provide critics with a weapon against those perceived as having breached the pledges. The pledges in Papua New Guinea, for example, are referred to in parliamentary debates.<sup>5</sup>

None of this is to suggest that the process of reform is an easy one, or that quick and sustainable results are immediately achievable. Each society has to own its reforms and be committed to them. There is little evidence to suggest that, in the area of promoting integrity, external actors, whether individual governments or multilateral agencies, can force the pace of sustainable change in any given country. However, outside pressures may be helpful in encouraging an internal debate and building coalitions for reform within a country. For instance, conditions attached to loans by international financial institutions may force the release of information which has previously been kept secret by corrupt government administrations. The withholding of loans by financial institutions to administrations which are likely to misappropriate them, is also helpful as well as sensible.<sup>6</sup> While these external actions are useful in promoting integrity, the essential dynamic must be an internal one.

Similarly, the role of outside "experts" is the limited one of facilitator. They can inform and provide guidance as to what may have been found to work in other countries, but they cannot prescribe. People know their own societies best. There is a plethora of evidence to show that prescriptions by external "experts" fail to take root and flourish. Rather, such interventions tend to be based on a relatively unsophisticated implanting of approaches taken from one country and applied to another. In the processes described above, there is a clear and effective role for such "experts", but as mentors, rather than as prescribers; as providers of ideas and concepts, not of solutions as such. Their role has to be contained to ensure that an internal dialogue takes place, and not an intrusive lecture by an external source on how other countries have approached similar problems, which may have little, if any, relevance to the challenges facing the country concerned.

Above all, the reforms must be sustainable. The system must be able to cope with and contain the pressures that are placed upon it by changes of government. This process is likely to be slow, often frustrating and never-ending, as there can be no "perfect solution". Fresh challenges to

<sup>5</sup> The pledges had been prepared and publicised by TI-PNG.

<sup>6</sup> There are two points here. First, loans are repayable by people, not by governments which change. At the end of the day the debts are expected to be repaid. TI therefore sees International Financial Institutions (IFIs) as having a fiduciary responsibility to ensure, to the extent that they can, that loan moneys are not misappropriated. Second, multilateral institutions have traditionally viewed themselves as extensions of, and being subject

to, the dictates of governments. Since governments change and are supposed to be owned by the people and societies they are intended to serve, the true "owners" of the institutions, in TI's view, are the people themselves. While it is recognised that the governing bodies of the institutions are nominated by governments, the institutions themselves should be infused and informed by an understanding that their (continuing) role is to serve peoples, not the whims of (temporary) political masters.

an integrity system will be made, as new ways are found of circumventing it. Reforms, too, will be needed, as comfortable old assumptions are reappraised and found wanting. For example, in Britain, there has been controversy over whether it is appropriate for senior judges and senior policemen to be members of secret societies, the Masonic Lodges. This has yet to be resolved. Furthermore, in many developed countries there are serious questions now being asked about the financing of political parties and about the activities of political lobbyists.

To achieve reform, a coalition has to be built around a consensus in support of concerted action. It must draw in the various “stakeholders” from civil society no less than from the formal state apparatus, and it must gain their commitment to a concrete action plan. The agreed reform programme must move forward with a very clear vision of how the people would like to see their country governed, not just for the present or the immediate future, but for future generations.

This Source Book is designed to help these processes. It does not attempt to offer easy or off-the-shelf answers. Each country, each society, will need to fashion its own instruments of accountability, relevant and appropriate to their own settings and aspirations. It seeks to learn from experience and to capture information which may not otherwise be readily available. Above all, it is designed to provoke and promote informed discussion, as the process of rebuilding and refurbishing continues.