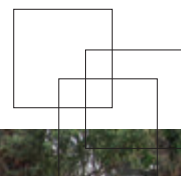




International
Labour
Office

Towards the right to work

**A GUIDEBOOK FOR DESIGNING INNOVATIVE
PUBLIC EMPLOYMENT PROGRAMMES**



**Guidance note 10
Innovation in Tackling
the Risks of Corruption in PEPs**

Acknowledgements

This Guidebook – *Towards the Right to Work: A guidebook for designing innovative Public Employment Programmes* – was developed by the International Labour Office (ILO)'s Employment Intensive Investment Programme (EIIP). It is supplemented by an international course that has been developed with support from the ILO's International Training Centre in Turin (ITC-Turin) for a mixed audience of policy makers and social actors, planners, and senior / middle-level officials from different national ministries and development agencies and programmes concerned.

The Guidebook and Course Development was managed by Mito Tsukamoto, Senior Specialist of the EIIP. The lead developers of the course were Maikel Lieuw-Kie-Song and Kate Philip, in their capacity as international consultants. Valter Nebuloni, Employment Policies and Skills Development (EPSD) Programme Manager from the ITC-Turin, assisted with the course structure and learning methods. Mito Tsukamoto and Marc van Imschoot, both Senior Specialists of the EIIP, reviewed and provided inputs on all the material. Diana P. Hopkins proofread and edited the material.

The EIIP would also like to acknowledge the main authors of the following Guidance Notes: Steven Miller from *The New School* in New York, USA (Youth employment and Urban Areas), Rania Antonopoulos from the *Levy Economics Institute of Bard College*, New York, USA (Gender), Radhika Lal from the UNDP *International Policy Centre for Inclusive Growth*, Brazil (Payment Systems) and Pinaki Chakraborty from the National Institute on Public Finance and Policy, India for initial input on some selected modules.

The initial Guidance Notes were also peer reviewed by Sukti Dasgupta, Chris Donnges, Geoff Edmonds, Natan Elkin, Christoph Ernst, Mukesh Gupta, Maria Teresa Gutierrez, Carla Henry, Bjorn Johannessen, Sangheon Lee, Marja Kuiper, Philippe Marcadent, Steven Oates, Naoko Otobe, Susana Puerto Gonzalez, Diego Rei, Gianni Rosas, Catherine Saget, Terje Tessem, and Edmundo Werna.

Finally, the EIIP would like to thank all those who participated in the validation workshop which was held in May 2010 for their valuable inputs and feedback which helped to improve the course greatly.

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Guidance note 10

Innovation in Tackling the Risks of Corruption in PEPs

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First published 2012

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Towards the Right to Work: A guidebook for designing innovative Public Employment Programmes

ISBN: 978-92-2-126771-3 (print)
978-92-2-126772-0 (web pdf)

ILO Cataloguing in Publication Data

Towards the right to work: a guidebook for designing innovative public employment programmes / International Labour Office, Employment Sector. - Geneva: ILO, 2012

ISBN 9789221267713; 9789221267720 (web pdf)

International Labour Office; Employment Sector

public works / employment creation / youth employment / green jobs / project design / labour-based / employment-intensive / employment policy / social protection

04.03.7

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Design and printing by the International Training Centre of the ILO, Turin – Italy

Guidance note 10

Innovation in Tackling the Risks of Corruption in PEPs



Objective


The objective of this note is to look at the challenges PEPs face in tackling the risks of corruption, and highlight innovative ways in which programmes are doing so. Different forms of corruption are defined, high risk areas for corruption in PEPs are outlined, and strategies to address such corruption are explored. These include the use of participatory local processes, high levels of transparency and access to information, strategies to harness the power of new technology, and empowerment of stakeholders to hold different role players accountable. Monitoring and evaluation systems have a vital role to play, and the mechanisms for investigating allegations of corruption and taking decisive action where required are also vital.

Introduction

There is both fact and fiction in the idea that corruption is a particularly big problem in public employment programmes. It is certainly a problem to be taken very seriously – as in any large procurement process, public or private. There is also no doubt that there have been cases of public employment programmes falling prey to corrupt practices – ranging from the use of PEPs as populist vote-grabbers, rent-seeking in the award of tenders, as well as more direct forms of theft, fraud and plunder. These include sub-standard delivery, public works that are entirely fictional, and payments made to ghost workers.

When instances of corruption do occur, these stories tend to dominate media coverage, potentially overlooking the high quality assets and services delivered, the benefits and dignity that the participants have received through their work, or the further impacts created from the incomes earned. Yet corruption at even a limited scale - and even just perceptions of corruption – can taint the image of PEPs in ways that threaten public and policy support.

In practice, the fight against corruption is also closely tied to ensuring high quality outcomes, because where there is corruption, there is likely to be a decline in delivery standards and in the benefits that pass to the poor. By the same token, a decline in the quality of delivery or in compliance to programme norms and standards can be the first signal of forms of abuse in the system.



Assessing the resilience of the programme to threats of different forms of corruption therefore needs to be an explicit and integral part of performance management and of monitoring and evaluation, and needs to inform aspects of design; as a result, this has become an area of innovation in PEPs.

News reports on corruption in PEPs are therefore just one part of the story; less well understood is how PEPs have responded to these challenges, and the innovations in the development of strategies to counter corruption. These include the use of new technologies, the use of transparency as a tool for accountability, as well as the use of participatory approaches and social audits. The combined effect of these is that some public employment programmes are now setting new benchmarks for how governments can and should be tackling the risks of corruption across a wider spectrum of anti-poverty programmes.

The Indian experience illustrates both sides of this coin: a history in which rampant corruption in public employment programmes helped to trigger India's Right to Information Campaign and the Act that followed. The Information Act was passed to ensure citizens were aware of their rights and has been institutionalized in the Mahatma Gandhi National Rural Employment Act (MGNREGA), now a leading example of innovation in the battle against corruption in PEPs.

This Guidance Note looks at how the issue of corruption influences policy outcomes of PEPs, it identifies the key risk areas in relation to corruption in PEPs, and at areas of innovation in tackling such risks. Identifying these risks - and the measures required to limit them - is an important part of the design of a PEP.

Corruption as an issue for PEPs

Anyone doing a quick internet search on MGNREGA might come to the rapid conclusion that the scale of corruption in the programme outweighs its benefits. Addressing corruption is certainly a big issue for MGNREGA: as is the case also with other public work programmes. What is lost in such a headline-scanning approach however, is the extent to which MGNREGA has opted to use unprecedented levels of transparency as a mechanism to fight corruption and to hold public officials accountable. All information on MGNREGA is in the public domain: every attendance register, every job card, all works undertaken, and every wage-payment made by the programme is reported and accessible not only to participants but to the public at large, on www.nrega.nic.in.

In addition, mandatory Social Audits¹ involve local communities in verifying this data, including who has been paid, how much they've been paid, what works have been delivered, who supplied the materials – and any other issue meriting public scrutiny. The strategy also includes a system for the submissions of queries and complaints in which all of these are logged on the public website, and the response of government is also logged in the public domain.


In these ways, the intention is to make the public an ally of government in identifying and exposing anomalies, in ways that severely circumscribe the scope for some of the forms of corruption that typically confront PEPs: such as the registration of ghost-workers, underpayment of participants (with officials pocketing the difference), and the submission of claims for fictitious works. These are just a few of the kinds of scams that were exposed in India's public employment programmes in the course of the Right to Information campaign, which played a key role in the levels of transparency that have been built into MGNREGA from the start. As a consequence, civil society organizations and the media have become important watchdogs of the programme – which is always in the spotlight.

There are probably few governments willing to take transparency quite as far as India's employment guarantee scheme (MGNREGA) as part of a strategy against corruption. Most governments and programmes would prefer to keep their dirty laundry out of the public eye. The approach does however also carry the risk that the general public and often the media will portray MGNREGA as more corrupt than other programmes simply because the issue is constantly in the limelight.

The risk is also that in other countries, an ill-informed understanding of these issues leads to the same conclusion, reducing the policy space for consideration of public employment programmes in general – and for employment guarantees in particular. Yet in fact, tackling corruption is an area of significant innovation in PEPs, in which a combination of instruments has closed the space for many of the more typical forms of corruption. Innovation in this area has responded to the particular challenges that PEPs face: some of which arise from the contexts in which PEPs are often implemented.

In the days when public employment programmes took place in remote areas with limited access to communication, using paper-based systems and with payments made in cash, this meant that the scope for corruption in PEPs was often high. It was also that much higher where these conditions co-existed with a wider lack of rights, in undemocratic societies and/or in authoritarian environments.

¹ Social audits are a process in which people and the government jointly monitor the project, bringing on board the perceptions and knowledge of the people, involving people in verification of whether benefits intended reach the people for whom it is meant, assessed against norms that are not just re-distributive, but also those of equity and quality.



PEPs, especially public works programmes, can also often form part of a crisis response, as part of short-term post-war reconstruction or in response to natural disasters, where international agencies are usually involved regardless of the wider political context because there is a humanitarian crisis. Wherever the rule of law is weak and governance systems have been disrupted, are in flux or are highly contested, the scope for corruption rises. This is a feature of many of the contexts in which short-term public work programmes and cash for work typically operate, and while it means that systems to limit corruption need to be an important part of the design of any type of PEPs, it does not follow that PEPs as a form of development intervention are intrinsically more prone to corruption than others.

Forms of Corruption

There is no single definition of corruption; the term is quite culturally specific, and its definition within the legal systems of countries differs also. Despite this heterogeneity, at its core, all forms of corruption involve the abuse of power or influence to gain some form of advantage, usually in relation to access to resources.

Within this broad definition, corruption can take a range of forms; the differences between these influence the strategies that can be used to prevent and/or detect it. A selection of terms and types of corruption are highlighted below, to inform further discussion; adapted from the U4 Anti-Corruption Resource Centre's Glossary of Terms (www.u4.no/glossary).

'Grand' corruption: This term is used when corruption takes place at the level at which the rules of the game are made, involving policy makers, and where the rules are defined in such a way as to influence a particular outcome.

Systemic corruption: Endemic or systemic corruption occurs when corruption is an integrated and essential aspect of the economic, social and political system. Systemic corruption is not a special category of corrupt practice, but rather a situation in which the major institutions and processes of the state are routinely dominated and used by corrupt individuals and groups, and in which most people have no alternatives to dealing with corrupt officials. It can be contrasted with sporadic or more individualized corruption.

Bribery involves a mutually-beneficial exchange between a person in a decision-making position – and someone who stands to benefit from their decisions. It usually takes the form of a financial incentive paid to secure an outcome such as the award of a contract. In the context of PEPs – particularly where employment opportunities are limited – participants may also bribe local officials to secure their place in a programme. Bribery can be a simple 'spot' transaction or it can take more elaborate and planned forms, such as rigging public tender processes: with kick-backs paid into foreign bank-accounts, or through the purchase of assets such as a house or

luxury car in the name of the official concerned. The essential feature of bribery, however, is that it involves an inducement solicited and/or offered - and accepted. There are therefore two consenting parties involved, both of whom stand to gain from the transaction.

Extortion: The only real difference between bribery and extortion is in the power relations involved, not in the types of transactions. Extortion is where one party threatens the other with negative consequences if they fail to pay a fee for 'services rendered'. The transaction is not consensual, but based on fear and an imbalance of power, even if the net effect may be the same.

Fraud:

'Fraud is economic crime involving deceit, trickery or false pretenses, by which someone gains unlawfully.'

So, paying ghost workers, claiming payment for the construction of works that do not exist, entering transactions into the books for the purchase of materials never actually procured are all forms of fraud. They may involve collusion between a number of parties, all of whom benefit, but this is nevertheless distinct, for example, from soliciting or offering a bribe for the award of a tender for work that is then actually delivered.

Patronage, clientalism or cronyism are forms of corruption in which those in positions of power ensure that their families, social groupings, followers or business associates benefit disproportionately from access to public resources or goods and services. The weaker the levels of democracy in society, the greater the risks of patronage. In some undemocratic societies, patronage is the dominant mechanism determining patterns of distribution of public resources.

Patronage can be for political or private gains, and the 'returns' from patronage are not necessarily financial in any direct way - no money necessarily changes hands. The purpose of political patronage, may, for example, be to build or maintain a political base, such as to secure votes in an election.

Other forms of patronage are based on providing advantages to family members, business associates or friends, as part of building status in the community, to repay favors past – or to invest in the specified or unspecified promise of favors to be granted in the future (or the threat of being cut out of such networks for failing to create access to opportunities).

Some forms of patronage are a clear-cut diversion of public funds for narrow interests. But the definition can have some blurred edges, particularly across cultures. For example, giving support to public employment could be seen as good public policy in one context, but political opponents might see it as 'vote-grabbing' in another; at a local level, there can be a fine line between what constitutes patronage in the choice of participating villages – and what

² U4 Glossary

can instead be interpreted as representing the interests of the community that has elected you – to ensure that public resources flow their way, in the form of roads, schools and clinics. Then, in many cultures, there are strong bonds of reciprocity within families that mean a successful family member is expected to assist a nephew or a cousin to get a job or a house – or a contract.

The recognized importance of ‘networks’ as part of social capital is the more socially acceptable end of this spectrum, but if the reasons why ‘networks’ constitute a form of social capital is unpacked, many of the advantages of such networks translate into the ability to secure access to resources: such as a job or a house or a contract. What defines this as patronage or not is about the process: and whether the advantage given is unfair.

In addition, while the term tends to conjure images of a developing country despot handing out largesse – and this is certainly one form that patronage takes - the developed world has its own ‘old boys’ networks, effective in their own way at securing a level of advantage to ‘insiders’ – however defined – at the expense of ‘outsiders’.

High Risk areas for Corruption in PEPs

Corruption can take place at any level of programme delivery: from the national level down to the most local level of transaction. Systems need to identify the primary risks at each of these levels, and put measures in place accordingly. Many of the corruption challenges faced in PEPs are generic to all government programmes, and governments concerned to limit abuse will have a set of core instruments intended to address the risks on a government-wide basis, which will need to be institutionalized within the PEP as part of compliance with wider policies.

The most obvious of these is the issue of procurement of goods and services. All governments that are concerned to limit corruption will develop procurement rules, that will also tend to apply to PEPs also.

The following are the high risk areas for corruption in PEPs:

1. Appointment of senior personnel in the programme.
2. Procurement of goods and services.
3. Allocation issues: such as which areas are selected for the construction of a dam, or as project sites.
4. The selection of participants
5. The payment of participants
6. Who benefits from the works to be performed or services delivered.

Each of these risk areas is explored further below; specific strategies to respond to these are included in some instances, with more generic strategies thereafter.

Appointment of senior personnel

The larger the PEP, the bigger its budget - and the more likely it is that cartels or corrupt networks operating within the state will attempt to influence the appointment of senior personnel, with a view to capturing or securing advantage in major procurement decisions.

The second risk in the appointment of lead personnel relates to patronage: when connections trump competence in key appointments, this can damage efficiency and effectiveness.

If political circumstances mean that either of these are real risks, measures to ensure that key appointments involve more than one Ministry, or a multi-stakeholder mechanism may assist. If funding relies on external donors, this is a crucial area for conditionality. If it does not: then the scope to tie budget allocations to wider approvals processes may need to be explored. If corruption is a risk at this high level, however, then it may only be possible to address it if the political will to do so exists at the level of cabinet and/or the head of state.

Procurement of goods and services

Corruption in this area can take a range of forms, some of which operate even within seemingly open tender processes, and can be hard to detect:

First, a firm may pay to be included in the list of prequalified bidders and to restrict the size of the list. Second, it may pay for inside information. Third, bribes may induce officials to structure the bidding specifications so that the corrupt firm is the only qualified supplier. Fourth, a firm may pay to be selected as the winning contractor. Finally, once a firm has been selected as the contractor, it may pay to get inflated prices or to skimp on quality. (Ackerman, in UNDP 1998).

Corruption related to procurement can impact on the quality of assets created. Where the implementation of the programme is outsourced to contractors or non-governmental organizations, and this selection is skewed by factors other than competence, this too can impact on the quality of implementation.

Risks of corruption related to procurement also take place at a very local level, where the kinds of systems applied in national procurement processes are often weaker and under less scrutiny. The procurement of tools, materials for implementation, safety gear and even services such as training all potentially provide opportunities for graft. Where contractors are used to execute the work, corruption can take place at this level also. In addition to the examples listed above, this can take the following forms:

- The preferential award of procurement contracts, at an inflated price;
- The award of a procurement contract at a competitive market price – but for a quality of delivery significantly below that quoted;
- Both of the above – an inflated price coupled with sub-standard delivery or non-delivery;
- Claims submitted for the costs of delivery of fictitious works or services, or for works previously completed;
- Agreements to increase the scope of work after awarding the tender, when there is in fact no real increase in scope;
- Inflated costs going the contractor, rather than to the benefit of communities.

The selection of participants

Patronage in the selection of participants in a PEP can be a high risk, with the ability to contest such practices relating strongly to power dynamics at the local level. Such patronage can be overtly political, such as where participation depends on having a party card, or the outcomes can be skewed by bribery of officials to secure a place on the programme – or extortion of kick-backs by officials, as a condition of registration.

The scope for these forms of corruption varies across the spectrum of PEP programmes. Those who are not within the PEP target group may bribe their way in, leading to inclusion errors; but even those who are targeted may do so. If a programme is small-scale and the number of participants in the target group far exceeds the number of opportunities on the programme, then competition for a place on the programme will be high. This raises the scope for officials to distort selection processes to their advantage, increasing the scope for extortion, raising the risks of exclusion for prospective participants if, for example, they don't agree to pay a bribe to secure a place in the programme, and increasing the returns – financial or otherwise – and to the use of patronage in the selection process.

So, the more that work in the programme has to be rationed, the greater the scope for abuse in the process of selecting participants.

At the other end of the spectrum, these risks are potentially significantly reduced in a rights-based programme, where certain categories of people are entitled to participate, and participation relies on self-selection. As a result, there is significantly less scope to introduce biases in the selection process – or to use exclusion from the programme as a threat to ensure participants turn a blind eye to other corrupt practices.

As always however, the existence of a right is not enough in itself: how those rights translate into practice and whether rights-holders are able to exercise such rights are key parts of the equation. Even now, the existence of a right to participate in MGNREGA is not always enough to ensure access to the programme, with a range of examples of forms of selection bias and exclusion.

The Payment of Participants

Wages are the largest single cost component in most PEPs, and an area of particular vulnerability. This is also the area in which new technologies have made the greatest inroads, changing the game at this level in ways that significantly limit the scope for abuse – or at least require new tactics on the part of those determined to cheat the system. This remains a high-risk area, however, where explicit strategies to monitor, audit and identify and close loopholes remains key.

To highlight the different points of vulnerability in the payment cycle, the terms and procedures for the payment of wages need to be unpacked. Firstly, once selected, participants need to be registered on the programme; in the case of India, Ethiopia and Liberia, they receive a Job Card with their photo attached. Then, when they work, they fill in an attendance register (or a muster roll). Wages are then paid on the basis of the work performed – whether it is a task-based system or a daily rate. This reduces the scope for corruption, it equips participants with a tool to ensure that their work is correctly reflected, and provides a basis for participants to demand wages due.

There are several different ‘moments’ in this processes that have been used as entry points for corruption:

- The registration of ghost workers, their addition to attendance registers and the pocketing or splitting (in case of living ghost workers who give their ID) of their ‘wages’. Ghost workers are either completely fictional workers or, where forms of identification are required, they may be real people (dead or alive), but who are not actually working on the programme.
- The extortion of a ‘top-slice’ of the wages paid, with a deduction going into the pockets of the paymaster when cash is handed over, or the routine payment of wages at lower rates of pay than claimed;
- Charging erroneous fees for ‘services’ - such as charging a fee for registration, for the provision of a job card, or for ‘collecting’ the cash wage.
- Claims for work not actually performed; this can include forms of collusion with workers to make such claims, with a split of the benefits.
- ‘Sub-contracting’ by participants of their work on the programme to someone else - for a lower wage. Worst-case scenario – forced, compulsory or child labour is used to substitute for the registered worker.

The Selection of Works or Services

The selection of the type of works or services to be delivered can benefit the poor to a greater or lesser extent, but can also be biased to support particular interests, in ways that represent forms of patronage. So, the construction of irrigation systems, fencing of fields, construction of roads, location of a dam as well as the choice of which works to undertake can all be a form of patronage, with public investment enhancing the private assets (or access to public assets) of the non-poor, or a particular village or constituency amongst the poor.

Much of the debate over whether or not public employment programmes can or should invest on private lands is based on concern at the scope for private capture of the assets created from public investment.

Payment for Non-Delivery

In the same way as there may be ghost workers, there may be fictional 'works': where payment is made for the delivery of assets and services that have not been delivered.

Strategies to Address Corruption

Ratifying and applying labour conventions as well as building institutional capacity to apply good labour practices is important, but is often not enough. Across the varying contexts in which PEPs take place, and across the spectrum of types of PEPs, a set of common instruments exist that can be adapted to different contexts, and that can significantly frustrate the scope for abuse – particularly when used in combination. They include the following:

- The use of high levels of transparency and access to information to enable public accountability;
- The use of technology to enhance transparency, accountability and improved audit trails for more conventional forms of audit as well as for social audits;
- The use of multi-stakeholder approaches and appeals procedures;
- The role of monitoring and evaluation;
- The development of capacity and the empowerment of stakeholders (including social partners) to hold different role players accountable and to assert rights where these exist;
- Speedy, visible investigation of all allegations of corruption and decisive action against those responsible where it is identified.

The latter two are key parts of the equation. Many of the typical forms of corruption in PEPs are highly visible to participants, to local communities and to honest government officials also. The problem is less one of ‘discovering’ such corruption than of creating an enabling environment in which those who know that wrong-doing is taking place are able to act on this knowledge without fear of retribution – and with confidence that if there is wrong-doing, action will be taken. This depends significantly on power relations at the local level, and on the balances of the risks, costs and social benefits of performing a ‘whistle-blowing’ function.

- Transparency without empowerment is relatively meaningless; but even where stakeholders are ‘empowered’, they are still reliant on effective systems of enforcement to bring corrupt actors to book.

Innovations in the application of these different instruments are explored below.

The use of high levels of transparency and access to information to enable public accountability


The first step in countering corruption is to build in mechanisms that promote transparency and access to information (a) across the spectrum of all the high-risk areas, and (b) also across a spectrum of role players and stakeholders.

Participants, for example, will readily know who was on their work team on a particular day, who should (and should not) be paid, whether they were paid the specified wage-rate, and whether work claimed has indeed been performed. Armed with relevant information on the terms and conditions of the programme and provided with reports on these matters, they become a potentially powerful watchdog.

Transparency is a critical tool in countering patronage in the selection of participants and ensuring fairness.

In Ethiopia’s Productive Safety Net Programme (PSNP), all the people in drought prone areas who qualify against a set of criteria are entitled to participate; the emphasis is therefore on a form of needs testing, using formal and transparent public processes and that including a formal appeals mechanism for those who are excluded but believe they qualify.

The use of Job Cards – such as in India, Ethiopia and Liberia - also further empowers participants in this process, giving them an independent record of work and of payment that must correlate with official records, and providing a basis for demanding payment where work has been done but payment has not been made.



The biggest challenge to corruption-busting is however collusion; if participants are colluding with officials to submit claims for work not performed or to split the benefits of adding ghost-workers to their attendance registers, then transparency at this level alone is not enough. If mechanisms of transparency are wide enough, however, their reach can exceed the reach of collusive behaviour. This is why it matters that a cross-section of stakeholders is involved, and that access to information applies both horizontally and vertically in the programme – across multiple stakeholders at a local level, as well as upwards within accountability structures. The more that information can be cross-referenced and scrutinized, the fewer the loopholes.

While technology has hugely enhanced the scope for transparency (discussed further below), there are also a range of tried and trusted methods that can be used even where access to IT is limited; for example, posting the attendance registers, payment schedules and lists of work performed on a public notice board.

In practice, it does not take an enormous amount of transparency to expose ghost workers, fictional works or sub-standard delivery. The issue is often far more about power relations – and the implications of whistle blowing – than it is about identifying the problem.

Innovation in the use of technology to fight corruption

The MGNREGA website is an example of the use of IT to enable unparalleled levels of transparency in a PEP, across a spectrum of high-risk areas: all payments are in the public domain, all job cards can be cross-referenced with the record of works performed, amongst much other performance information. In addition to allowing for a high level of public scrutiny, this strengthens management oversight and conventional audit processes also.

Access to this information does however assume access to technology and the capacity to use it. It is also at risk of providing ‘too much information’: making it hard to aggregate or analyze. Despite its many benefits, it is often least accessible to the workers and communities who most need it to verify the information or identify anomalies.

Mandatory social audits are intended to complement this more technological form of transparency, but bridging the digital divide at local level often still relies on civil society organizations to translate the information available in ways that are accessible to communities and participants until these capacities can be built.

Most of the technological innovation taking place in PEPs affects efficiency at the same time as narrowing the scope for corruption. For a more detailed discussion, see also the Guidance Note 14-1 on Innovations in payment systems for PEPs.

The combination of exponential advances in computing power coupled with the accessibility of the internet has revolutionized access to information, the volume of information that can be made available, the scope to cross-correlate information, and the ability for information to be made available in real time – or very close to it. This hugely enhances the strength of audit processes, and the speed and accuracy with which a range of abuses can be checked. In the Expanded Public Works Programme (EPWP), for example, capturing the identity numbers of all participants on the Management Information System highlighted that in many instances the same identity numbers were being used on multiple programmes.

To face the challenges of corruption, the most significant area of innovation has probably been the introduction of cashless systems for wage payments, which allows the direct payment of wages into the bank accounts of workers.

This frustrates traditional forms of corruption in a number of ways. So, where workers are paid directly into their own bank accounts, each ‘ghost worker’ now has to have their own bank account – which involves a far more complex level of fraud than simply pocketing the cash wages of twenty ghost workers on a project. Cashless payment systems also simply remove the scope to cream off a top slice of workers’ wages before they are paid, and limits the power to extort kick-backs. Collusion can still take place to claim for work not actually performed, but the official responsible for reporting such work would then have to collect their share of any benefit from each of the workers involved in such collusion individually. This changes the power relationship, it involves significantly greater effort - and the likelihood of reduced returns.

Given the pace at which cell-phone technology and cell phone banking are being taken up in the developing world, there are now few places where the scope does not exist to use these technologies.

The next key technological innovation targeted at improving efficiency and limiting the scope for corruption is the introduction of hand-held biometric devices, set to replace the use of written attendance registers in India and the use of mobile devices to confirm the construction of certain assets.

States like Andhra Pradesh, Gujarat and Bihar have already rolled out various fingerprint-based verification systems for the implementation of the scheme. For example, Bihar has issued three lakh smart cards with the impressions of all 10 fingers and the iris of the beneficiaries planted on a smart card. The smart card is used to check the identity of the beneficiary.

To prevent the problem of fictitious dams, culverts and roads being constructed by panchayat authorities, Andhra Pradesh has issued handheld devices to work coordinators who have to click a picture of the construction and upload it to the central database. (Daily News and Analysis, August 20, 2010 www.dnaindia.com)

Such devices can also record the time at which attendance is logged – and the time at which the worker knocks off; they provide a GIS map-reading of their location, and they log all of this information onto the web. This further reduces the scope for ghost workers, for forged attendance registers, for participants to ‘sub-contract’ work at lower rates of pay, and for claims to be submitted for work not actually done.

Finally, In India, innovation is also taking place to make the technology used in MGNREGA more accessible to workers and communities. This includes the development and placement of information kiosks at local levels, with simple voice-activated commands in local languages allowing for the navigation of the website, as well as for the submission of complaints. Complaints logged in this way are in the public domain and have to be addressed within a defined time-period; if not, they escalate to the next level of authority in MGNREGA, all the way up to the Joint Secretary. This prevents local officials from blocking the registration of complaints that reflect badly on themselves.

MGNREGA exists at sufficient scale to make these forms of technological innovation viable; the scope for PEPs in other parts of the world to gear off this technological innovation remains to be seen, but at present, not all countries are able to use the levels of technology being deployed in India: other forms of institutional innovation are needed to achieve these results.

The use of multi-stakeholder approaches

While it is possible, under certain circumstances, for local government officials and/or implementing agents to collude with participants in the submission of false claims for work not actually performed, fraud of this kind is unlikely to win the support of the community or constituency that expected to benefit from the assets or services that were meant to be created. If the community has been involved in identifying such assets and services³, is informed of what work has been approved, and is involved in providing oversight to the process, then it becomes much harder to submit claims for fictitious works, for services not actually rendered, or for sub-standard quality of delivery.

This in turn requires that such structures and processes be given some kind of formal status, that there are clear rules for how they are constituted, and that there are clear mechanisms for members of the community who are victims or who want to report corruption to access such structures without fear of retribution.

³ Based on a planning process for improving access in rural areas with the involvement of local government, there are planning tools like the Integrated Rural Access Planning (IRAP), which are based on access needs of rural people and which seek to maximize the use of local resources. See, http://www.ilo.org/public/english/employment/recon/eip/download/guidelines_irap.pdf

Mechanisms for such community involvement exist, for example, in PSNP, and through social audits in MGNREGA, and through the mechanism of the multi-stakeholder Reference Groups in CWP. Each of these, however, faces its own challenges in providing this function as effectively as possible.

The role of monitoring and evaluation

There is a close correlation between quality assurance in the programme, and control of corrupt activity. Often, poor delivery outcomes or a failure to follow agreed procedures is an early indicator of abuse. Monitoring and evaluation plays a vital role in this process, and can also be designed to provide a platform through which local participants can alert external evaluators of anomalies and corrupt activity, where the use of local structures may pose risks of retribution.


Strategies to achieve this include the use of independent monitors for quality control. So, for example, in relation to infrastructure works, the PEP can appoint third parties to do quality control and ensure that infrastructure gets built as it should. These parties - typically engineers and technicians - must verify that the work is performed to the correct standard and that payment can be made for works done. This model is used mostly when contractors are engaged, and is more difficult to use where there are no contractors - as the client would be executing the work and have to appoint an independent monitor to monitor itself. However the monitor could be appointed at a higher level- state or national for instance.

The use of M&E as an instrument in addressing corruption requires the institutionalization of forms of participatory monitoring and evaluation, at the same time as levels of independence in the M&E process. Crucial as the social audit process may be, this also needs to be complemented by independent audit and verification processes.

The empowerment of stakeholders

By conferring a set of rights on the participants in MGRNEGA, the power relationships between officials and participants changes in key ways: even if the processes of realizing those rights still requires awareness and organization by rights-holders. This does not happen overnight; but rising levels of awareness, capacity and experience of the meaning and scope of rights in the programme create a momentum in this regard that builds over time.

Social audit processes have played a key role in this process – as an institutional innovation that has also required trial and error and institutional adaptation in order to strengthen public accountability – including identifying and challenging corrupt practices. This process has typically been strongest where civil society organization is strong, but it is an ongoing process.



While most programmes are unable to assert the power of rights in order to ensure public accountability, the conditions that allow rights-holders to do so also strengthen the hand of stakeholders even where this is not underpinned by rights. So, access to information, awareness of the norms and standards expected in the programme, mechanisms that ensure community participation in the identification of work and assessment of outcomes, and a framework of active civil society engagement with the programme all limit the scope for graft.

Enforcement of Action against Corruption



In the end, all of the above strategies are undermined if corrupt practices are not brought to book, and – where merited - with those responsible fired from their posts and charged in criminal courts. If there are no clear consequences to being caught or these are unevenly applied, then the incentives for abuse remain high.

Conclusions

The struggle against corruption is like a chess game, in which the aim is not to remove all your opponent's pieces, but to achieve a check-mate situation in which they have no scope to move outside the ambit of your control of the board.

This is because the battle against corruption is never 'over' – although victories can certainly be won. It is an ongoing process that requires constant vigilance, because as soon as one loophole is closed, the assumption has to be that efforts to abuse the system will move to a different arena – and PEPs are no different from any other form of programme in this respect.

References

-  U4 Anti Corruption Resource Centre: www.u4.no
-  UNDP (1998) Corruption and Integrity Improvement Initiatives in Developing Countries.
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INNOVATION IN TACKLING THE RISKS OF CORRUPTION

Respond to the following questions



Is the PEP in which you are involved taking place in a high-risk context - eg a post-conflict situation, a humanitarian crisis, a context of weak governance?

In relation to each of the following areas, assess what types of corruption represent the greatest risk. Consider how well existing systems limit the scope for such abuse, and how they might be improved:

- Appointment of senior personnel in the programme
- Procurement of goods and services
- Allocation issues: such as selection of areas and selection of projects
- The selection of participants
- The payment of participants
- Who benefits from the works performed or services delivered.

In what ways and at what different levels in the programme can you use transparency and public access to information as an ally in the fight against corruption?

How can the use of new technology be used to maximize such transparency, access to information and strengthen audit trails?

What scope is there to use participatory local processes to ensure public accountability?

How can a range of stakeholders be involved to ensure checks and balances in key decisions in the programme?

How can your monitoring and evaluation system be designed to strengthen oversight in ways that limit the scope for abuse?

How strong are the systems required to investigate allegations of corruption? Are whistle-blowers protected? Can decisive action be taken where abuse is identified?



Notes



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ISBN: 978-92-2-126771-3



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