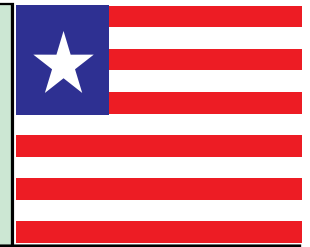




GOVERNANCE COMMISSION POLICY BRIEF



VOL.2 NO.3 www.goodgovernance.org.lr Email: policybriefs@goodgovernance.org.lr P. O. BOX 1757, Monrovia, December 13, 2012

Presenters



Cllr. Frances Johnson Allison
Former Executive Chairperson,
LACC



Mr. Thomas Doe Nah
Executive Director
(CENTAL)



Ms. Toushi Itoka
Former Policy Analyst
Governance Commission



Ms. Kelly Krawczyk,
Ph.D. Candidate,



Mr. Serdar Yilmaz
World Bank

Mainstreaming Anti-Corruption Institutions in a Decentralized Government

About Policy Brief

Policy Brief, which highlights policy issues and challenges presented at our monthly Public Policy Dialogues, is published in print and electronically by the Governance Commission of Liberia. The Dialogues are a series of engagements with high-level policy practitioners, academics, international partners, and civil society and private sector leaders. The publication seeks to inform and strengthen public policy-making and implementation processes.

Introduction

Granting political subdivisions greater autonomy in decision-making has become the policy goal of the commission. The notion is that development programs achieve greater results through a decentralized system of governance. However, county administrative structures must ensure that integrity is part of their governance architecture.

The National Integrity Mandate area of the Governance Commission, on December 13, 2012, hosted a policy dialogue on “*Mainstreaming Anti-Corruption Institutions in a Decentralized Government.*” The session was held via video conference from the U.S.Embassy and with links to the World Bank headquarters in Washington, DC. Participants included leaders and analysts of the Liberia Anti-Corruption Commission(LACC), the Governance Commission, the Center for Transparency and Accountability in Liberia(CENTAL), World Bank anti-corruption specialists, and American academics engaged in anti-corruption research in Africa. The interactive session which followed the presentations, involved only the limited number of persons who were present at the Washington and Monrovia offices of the World Bank.

The presenters included Mrs. Frances Johnson-Allison, Mr. Thomas Doe Nah, Ms. Toushi Itoka, Ms. Kelly Krawczyk, and Mr. Serdar Yilmaz. This issue of *Policy Briefs* provides summaries of presentations by these speakers, followed by an interactive session.

Decentralization of authority may lead to transfer of corruption from the central to the local government in the absence of strong administrative and fiscal regimes.

CORRUPTION ABIDES WITH US

Mrs. Frances Johnson-Allison, Chairperson, Liberia Anti-Corruption Commission

Corruption remains entrenched in Liberian society despite efforts to fight it, one of such effort w as the establishment of several integrity-related institutions.

The abuse, mismanagement, and diversion of funds earmarked for various projects in the country are primary sources of corruption. They come in many forms that include the formation of bogus companies by friends of close relatives managing county development funds, payment to persons for services not rendered,

inflation of prices for goods purchased, payment of rental for premises not occupied and, abandoned projects for which payment has been received.

The lack of capacity to manage large amounts of money, the exclusion of watchdog and civil society organizations from the process, competing political interests and failure to provide orientation for local authorities prior to assuming their new roles contribute to corruption in the administration of development funds, coupled with undue interference by politicians to influence important decisions affecting local governance. Systems of accountability and anti-corruption institutions of the central government should form a part of a local governance structure.

SYSTEM OF ACCOUNTABILITY IN LOCAL GOVERNMENT

Mr. Thomas Doe Nah, Executive Director, CENTAL

Decentralization of authority may lead to transfer of corruption from the central to the local government in the absence of strong administrative and fiscal regimes.

Centralization has not achieved optimum development goals because it has failed to provide public information when necessary, strengthen civil society at the sub-national levels, create a land administration system that works, and provide an effective oversight by central government.

Grass roots participation in decision-making processes should be institutionalized by law.

Institutions of accountability, such as an audit bureau, modeled after the General Auditing Commission (GAC), should be embedded in the framework of local government.

There should be laws to protect people who report on corrupt practices, to be accompanied by rewards for successful investigation.

The multiplicity of media entities should be tailored to reach all segments of the population and provide information in the local vernaculars.

Resources should be made available at national and local levels to improve record systems that deal with real property land, particularly title. In the process of decentralization, local land commissioners should be trained to handle land disputes.

To further enhance good governance, anti-corruption measures should concentrate on the supply and demand chains when dealing with public and private entities.

ANTI-CORRUPTION APPROACH

Presented by Toushi Itoka, Policy Analyst, GC

Leaders and those entrusted with positions of power should be held more accountable as the government seeks to transfer responsibilities from centralized to decentralized authorities. This may be accomplished through the enactment of a code of conduct for local officials.

Fighting corruption entails prevention, public education, investigation and prosecution. This approach should be adopted at national and local levels. A concerted effort must be made to revamp laws which emphasize transparency and accountability, improve the regulatory environment, and transfer more powers, responsibilities and functions to local administrative structures.

DO STRONGER COUNTY LEVEL FISCAL ACCOUNTABILITY MECHANISMS RESULT IN HIGHER CITIZENS' PARTICIPATION AT THE LOCAL LEVEL?

DO STRONGER COUNTY FISCAL RESPONSIBILITIES REDUCE CORRUPTION AND, DO COUNTY LEVEL FISCAL ACCOUNTABILITY MECHANISMS HAVE ANY EMPIRICAL ASSOCIATION WITH CITIZENS' PARTICIPATION AND PERFORMANCE?

A strong and effective decentralized authority would improve local democracy, effectiveness in management, and increase integrity in the delivery of essential public services. It should transfer real power to local governments, reduce the workload of remote, under-resourced central agencies, and allow them to develop organizational structures tailored to local circumstances.

NEED FOR INTERNAL CONTROLS

Kelly Krawczyk, Ph.D. Candidate

The focus of resource allocation must be subjected to strict internal controls because local government can be vulnerable to corruption in the provision of funding for service delivery.

To achieve efficiency and effectiveness at the sub-national level, internal controls and audits should be among the key components of a fiscal decentralization program.

A contemporary internal control framework must ensure that resources are managed properly and a system is established and maintained where all actions are monitored proactively, irregularities corrected, and deficiencies reported to top management.

Important Question:

Do stronger county level fiscal accountability mechanisms result in higher citizens' participation at the local level? Do stronger county fiscal responsibilities reduce corruption and, do county level fiscal accountability mechanisms have any empirical association with citizens' participation and performance?

Results from these questions reveal that the higher the fiscal accountability, the lower was citizens' participation. The higher level of accountability at the county level, the lower citizen's participation and the stronger the accountability levels were, the more likely people were to perceive increased corruption.

CORRUPTION AT THE LOCAL LEVEL

Serdar Yilmaz, Senior Economist, World Bank

The challenges of corruption must be addressed through a strong capacity system. Further, there must be the right legal framework and political will to deal with corruptions.

Consistent efforts must be made between the laws and how they are used or implemented. There are many excellent laws on the books in Liberia against corruption but implementation is negligible. Success in decentralization must be achieved by strengthening the ability of sub-national governments to manage revenues and expenditures more efficiently and provide services more effectively and in accordance with citizens' priorities.

There is a need to develop a well-functioning internal control and audit system that provides all stakeholders with broader outputs and outcomes and deliver better guidance to management. Such a system mitigates and eliminates risks, develops effective strategic plans, removes inherent errors and inconsistencies, and strengthens integrity through multiple checks.

Lack of internal controls could lead to a high level of indebtedness by local governments, and failures in providing services. It could erode safeguards against abuse, misuse, fraud and irregularities. It also encourages widespread corruption, misconduct and misuse of public funds and heightens public disaffection against government institutions.

An ineffective internal control system accounts for unlawful tax practices, negligence, corruption, misuse of public funds, irregularities and malpractices in procurement, and disregard for rules and procedures.

INTERACTIVE DISCUSSION

An interactive session followed the presentation. Questions and comments as expressed are summarized in this final session.

The nation has a legal framework that is supposed to prosecute acts of corruption, but the problem has always been the lack of enforcement.

We should educate young people in the schools about the value of integrity and uprightness. Teachers who take money from students or who sell grades for sex are at the root of corruption in society.

The practice of naming and shaming should be utilized through the use of the mass media. This means the naming of people who obstruct development through corrupt practices at the national and sub-regional levels.

The lack of a national pension scheme encourages corruption. If a minister or official of government or someone handling government finances knows he or she will not be rewarded through pension, there will be no hesitation to rob government in anticipation of retirement.

POLICY RECOMMENDATIONS

- . Systems of accountability should be embedded in national and local governance architecture.
- . Anti-corruption institutions should be decentralized so that their presence can be felt at the local level.
- . The national anti-corruption strategy should be revisited to ensure it is adaptable to all agencies of government and tailored to meet the goals of a workable system of local government.
- . A national pension scheme, commensurate with years of service, position held and qualification, should be established.



Cross session of participants at the dialogue held at the US Embassy

Presenters' Profiles

Frances Johnson-Allison, former Chairperson, Liberia Anti-Corruption Commission.

Mrs. Allison has over 25 years of experience as a public servant. she has served as a Circuit Court Judge, Minister of Justice (Attorney General) and Chief Justice of the Supreme Court of Liberia.

Thomas Doe Nah, Executive Director, Center for Transparency and Accountability in Liberia (CENTAL) is co-founder and Executive Director of the CENTAL, and the National Coordinator of the Coalition for Transparency and Accountability in Education (COTEA)

Toushi Itoka, Former Policy Analyst, National Integrity System, Governance Commission

Kelly Krawczyk, Ph.D. candidate, Wayne State University
Krawczyk is a doctoral candidate at Wayne State University's Department of Political Science.

Serdar Yilmaz, Senior Economist, World Bank
Mr. Yilmaz has more than 12 years experience in fiscal decentralization, sub-national governance and fiscal policy reforms in developing and transition countries.