

Corruption as a Problem in Nepal: Effects on the Economy, Polity and Morale

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Abstract

The paper discusses the effects of corruption on the economy, polity and morale of developing countries aspiring for democratic development, by using Nepal as an illustrative case. It does not dwell on specific cases of corruption and their effect on development projects or programmes. It looks at corruption as the constant factor that militates against all policies, paradigms, and political agenda of the country in relation to its development campaign. The paper discusses not only how corruption in Nepal has adversely affected economic efficiency and equity, but also the prospects of peaceful democratic evolution. It also looks into the synergistic implications for public morality and citizen morale. It can be expected that on the basis of this discussion, it will be possible for national and international actors to examine how they might conduct themselves constructively as they engage in development partnership in a country like Nepal. The paper includes an Annex that tries to list the kinds of corrupt behaviour one faces in the bureaucracy, politics and the civil society of Nepal.

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A. Introduction

Nepal is passing through a very difficult phase in its national life. The economy shows little sign of breaking away from its traditional stagnation. The social and economic divide between peoples and communities is increasing. Ethnic tension is rising. There is a growing sense of insecurity and injustice among the ordinary people. There is a Maoist insurgency, with associated violence already contributing to the death of more than 1000 citizens across the country. The politics and politicians are in a state of disarray, and unable so far to guide the process towards peaceful and democratic transformation of the society. Almost the same appears to be true of the country's development partners. The more important of them routinely prepare and adopt "country strategy frameworks", which they find difficult to implement. The government blithely says "yes" to policies and programme suggestions, but rarely honours them in practice.

Social scientists and analysts, according to their intellectual persuasion, will variously trace the problem to the country's history, society, economy and international relationships. And the arguments they might make can be generally valid as far as interpreting the context is concerned. From the practical perspective of public policies and action, however, the intellectual discourse also remains short of practical suggestions and remedies that might be put forward for consideration of the political society. Why the historical, societal and international relations could not be transformed in manners and forms that are conducive to a process of change that guarantees public welfare remains an enigma, especially for the protagonists of democratic idea and democratic governance.

In this presentation, I try to explore if public corruption in Nepal is not behind most problems the country faces in the economy, in politics, in society and in managing access to external resources for the benefit of the people. This is of course a new wisdom that is gaining ground around the world. National and international leaders and statesmen are now emphasising rightly corruption as the principal issue facing national development, and the success of international cooperation to that end. This is true of the donor community as well. A remark that is very pertinent to the condition of Nepal was made by no other than the President of the World Bank at the International Anti-Corruption Conference in Durban some months ago.

For the World Bank, like some other development financial institutions and bilateral donors, poverty eradication is a matter of priority – a priority that meshes well with Nepal's needs. But, as Mr. Wolfenshon has said, in spite of a series of policies and priorities instituted to fight poverty, its incidence is increasing, not diminishing in the developing world. And as he went on to say, at the core of the incidence of poverty is equity, and at the core of the issue of equity, is corruption. What this means, among other things, is that corruption is not only detrimental to economic development, but also that its cost is borne disproportionately by the poor. This is an important point to remember because, until recently, an influential school of thought believed that corruption could be beneficial or even economically efficient to some countries under certain circumstances.

Here I follow up on this matter by slightly broadening the domain of discourse and seeing how corruption also contributes to institutional and moral decay of a society, making the challenge of poverty eradication or development in general a formidable responsibility for us. I will discuss how corruption in Nepal has adversely affected not only economic efficiency and equity, but also the democratic exercise and the essence of public morality and morale that may ultimately decide whether Nepal can indeed succeed in its struggle for development and nation-building. One can even postulate, though it is not done here, that corruption also affects inter-state relations and inhibits the emergence of a framework of bilateral and regional cooperation for peace, security and development. It is my hope that from the discussion, it will be possible for at least those national and international actors, who are engaged in development partnership, to examine how they might conduct themselves constructively as they engage in such activities in the developing world.

B. The Issue

Nepal is one of the poorest countries in the world, with an average income of much less than US\$ 1 a day for its 23 million people. The country's development campaign began, as in many developing countries, soon after the War. Until recently, however, this campaign resulted in little or no increase in per capita income of the people. Since the mid-1980s, there has been some growth in income, but the increase is scarcely commensurate with what is needed or with the amount of resources and efforts used for this purpose. Gross domestic investment was 21% of GDP (more than half of which is met by foreign sources) in 1998, when it was only 6% in 1970, reflecting a three and a half times increase in investment rate without a corresponding increase in the growth rate.

Because of extremely inadequate return on investment and development efforts, the issue becomes more than one of low income. The distribution of income has become worse. At least 42% of the population is surviving below the poverty line. The highest 20% of the people claim 45% of the country's income. This degree of inequality may not look that bad to economists well informed of conditions in other countries, developed as well as developing. But we should remember that we are speaking of the distribution of income which, on average, is only US\$ 210 per person per year.

Apart from the issue of income poverty, there is a growing concern about potentially debilitating pathologies such as social deprivation, exclusion, gender-related inequities, environmental degradation, and general loss of self-esteem in the society. The consumerism in Kathmandu, the capital city, fuelled not so much by the outcomes as by the resources siphoned off from development efforts, stands in stark contrast against the misery and deprivation in most other parts of the country.

To make matters worse, the country, which was like an oasis in South Asia in this respect, has begun to experience unprecedented violence perpetrated by Maoist insurgency. There is a wide spread belief that the insurgency, though a misguided adventure in itself, is borne of and perpetrated by inequities and injustices imposed on a large section of the population amidst growing affluence, avarice and ostentatious consumerism of a few. The country's grim social condition has been underscored most recently by the report of the Amnesty International (AI) that has just been publicised. According to AI, Nepal is now "courting a human rights disaster"

that may match the intensity of other conflicts in the South Asia region. Nepal must not go the Sri Lanka, Kashmir, Karachi way, pleads the AI report.

This is not to deny that in Nepal there has been modest progress in some areas over the years, in education and health, in particular, and in accessing the wonders of modern technology in the form of satellite communication. But the overall condition remains very discouraging for the common people. For all the progress made in recent years in this area, a Nepali citizen borne today can still hope to live to be only 57 years of age. Infant mortality rate is 82 per 1000 births. And, 72% of Nepali adults are illiterate. The condition appears worse when one observes the gaps and discrepancies in relation to gender, ethnicity, geographic regions and so on.

The country's adverse economic situation is highlighted routinely these days in donor reports and expressions that are growing more vocal by the day. Nepal of course is not an exception in dismal performance and the accompanying insecurity. In fact, I use my country only as an illustration of the general tendency of corruption and its debilitating impact on a society aspiring for development. What corruption has done to development aspirations and to resources meant for their realisation is also demonstrated by some hard facts.

How much Nepal has actually lost in resources due to corruption is yet to be studied and reported. But one can guess from data available elsewhere. To cite some figures from other countries and regions, it is reported that as much as US\$ 30 billion in aid for Africa has been siphoned off to foreign bank accounts. The amount is more than the national income of several African countries put together and more than 6 times the gross national product of Nepal. It is reported that, in the Philippines, US \$ 48 billion was lost in 20 years due to corruption. Nepal's is a smaller economy. But its loss due to corruption should not be any less in relative terms.

The issue that exercises my mind is that Nepal need not be this poor and deprived today. The leaders and people of Nepal have launched a development campaign for better livelihood and social cohesion in the country for at least five decades. Huge amount of resources, both domestic and foreign-aided, have gone into the campaign. Nine five years plans have been formulated and presumably implemented to expedite development. Institutions for training, research and management exist within the country like never before. A large number of Nepali professionals have received education and training abroad. There are Nepali people with technical knowledge and exposure that can sometimes compare with world standards.

And, for organising the country's political life, Nepal has even had democracy now for 10 years. If these developments, institutions, and practices have not been able to make a dent on the life and the livelihood of the people or the general sustainability of the economy, we have to look into a "variable" that has continuously and increasingly sapped the country's development potential. This variable, as it is widely recognised now, is corruption. It is corruption that seems to inhibit the country from deriving developmental outcomes for the people whether the country's polity is democratic or authoritarian. It is corruption that blurs all distinctions, again, in terms of outcome between different development policies and strategies that the government, assisted by its development partners from abroad, adopts from time to time. It is as if, as someone has said, corruption "has triumphed over every resolve, every ideology, every mass movement".

C. How does Corruption work?

At the end of this paper, I present an Annex, where I list acts and activities that occur in Nepal's bureaucracy, politics and civil society that may be called corrupt. It is an eclectic device to see more concretely how corruption works. Obviously, this is not a complete list and one can expand on it depending, partly, upon how broad one wishes to be in defining corruption.

Corruption is an old scourge in Nepal as everywhere else. The concern today is its scale and dimensions that have little resemblance with similar experience historically. First, corruption started in Nepal, like in other societies, with some greedy public officials in some offices such as customs, forest departments, land revenue departments and so on taking bribes for the service provided to their "clients". Though legally and socially an unacceptable behaviour, the adverse effect of such exchange on the economy or the society was limited and localized, even when such individual aberrations gradually engulfed other public offices. And this was probably so even when such corruption was gradually accompanied by *high level corruption* engineered to enrich members of the ruling families and their hangers on by gifting the commons such as public lands and forests for private ownership and uses.

Second, with the increase in the country's development budget and the entry of larger projects through foreign aid financing, the character of corruption changed qualitatively since the late 1970s or so. Graft in public works, for example, graduated from what the local contractors paid to engineers and overseers at public cost to the scale and character of what came to be known as "grand corruption", a process linked with sinister alliances built internationally. "Commission agents" flourished whose main responsibility was to find officials and influential persons within and outside the formal decision-making system and help sell the goods and services supplied from abroad by bribing. The cost of the projects (or of goods such as imported fertiliser) escalated on account of competition *not so much in bidding as in bribing*. Corruption thus became a big economic burden on account of inefficiencies and leakages entailed. From this point on, corruption also became a problem in governance. Extra-systemic agents and interests accountable to none became the real decision-makers.

Third, "grand corruption" associated with international business transactions underwent yet another qualitative change when its effect on decision-making took a more pernicious turn. The "commission agents" were no longer limited to paying bribes to have their wares procured for a project that the government had already decided to undertake *based on its development priorities and related criteria*. They now participated in decisions on the *actual choice of projects* to be approved and implemented. Different agents of different suppliers of different exporting countries would compete with one another for getting *their project* selected for donor financing and implementation, making a mockery of the planning and policymaking process. The defining factor in project selection could no longer be the economics of the project or its strategic salience. The choice of project (and, for that matter, technology that goes with it) was influenced by the relative clout and bribe-paying capacity of the commission agents, not the objective reality of the country or the socio-economic attributes of the project. The economic cost of corruption escalated because the bribe to be paid came from the heavily padded price of the goods and services supplied. At the same time, the cost became irrelevant to decision-making as the amount of commission (bribes) to be exacted and paid to the power brokers became more important than the social return to be expected from the project.

Fourth, at present, all of the above dimensions of corruption are prevalent in the country. Curiously, "grand corruption" may be on hold momentarily because the implementation of major development projects, too, is on hold as a result of many other deficiencies in government, in addition to corruption. Furthermore, there is also a room for hoping that, with the donor countries taking a serious view of misgovernance, their policies and measures including the OECD convention will be a deterrent to such corruption. Nonetheless, the general perception is that corruption has now grown to be a monster that is eating into the vitals of the society affecting all aspects of people's life and their aspirations for development.

With the advent of democracy since the 1990s, corruption, paradoxically enough, has become a more intractable problem. Under the authoritarian dispensation, political corruption meant the abuse of authority by the ruling families (and their extended clan) for personal enrichment. Such abuses occurred in plenty before 1990. Towards the later phase of that regime, political corruption also started assuming its modern character when public resources including the public lands and commons were given away for earning and retaining loyalty to the otherwise unpopular regime. Anything from import license (to import goods to be smuggled into India) to bank loans in concessional terms were similarly, and increasingly, channelled to favoured parties. Smuggling in and out of the country of gold, drugs and arts and antiques (including idols of Hindu and Buddhist deities) is also a product of this era.

At present, however, political corruption has gone beyond the quest for personal enrichment by the politicians and other members of the ruling classes. Corruption has become a means for accessing power, retaining it and for making more money for a more permanent hold on power by political parties as well as individuals. Ambitious politicians do this, at the individual level so that they can have adequate following in the parliament. This is also done at the party level in order to access resources necessary to successfully compete against rival parties in elections and other critical moments of test of one's political power. It is such political corruption, bred as an inevitable part of political competition, that makes the problem intractable at the moment.

One difference between political corruption as at present and its counterpart in the earlier, authoritarian regime is that the rulers in the past used corruption for the stability of the regime they were a part of. They were misguided but they did what they did in the interest of the regime they wanted to sustain. Up to a point they succeeded, though ultimately chickens did come home to roost in 1990. At the moment, political corruption has little to do with the interest of the democratic regime that all the political parties and leaders nominally subscribe to. If anything, it has damaged the prospects of democracy at a much earlier stage of its evolution than when corruption began to affect the future of the *ancien regime*.

The inability of the political leaders to come to terms with what a party system (Nepal was not allowed to have a political party until 1990) in democratic competition is all about is a main challenge. First, ideology plays no role in political competition now. When this is so, a political party hopes to attract cadre and supporters only by promising them sweet spoils at public cost. This leads to corruption right down the line – in public appointments, in the delivery of services, in allocation of public resources and in decisions on policies and programmes of development.

That the political parties compete for power and in the process may commit excesses is not unique to Nepal. Power can become an end in itself to many politicians around the world. In Nepal, however, the problem is becoming systemic and unfathomable as far as finding remedies are concerned. For example, regular elections are key to representative government, and Nepal is having them. But the government loses its representative character when elections get vitiated because of the role of money and the clout of criminal elements. A government that is not representative and accountable to the electorate cannot be expected to introduce effective measures against corruption. In quest of victory in elections, political leaders, individually and as party functionaries, succumb to all kinds of influence from criminal and corrupt elements that can finance their politics and elections. When these criminals start exacting their pounds of flesh, even a relatively honest politician may find herself/himself politically disabled to do much in the cause of national interest.

Even after being elected to power, the game goes on. Each "successful" politician tries to beef up his coffers through illegal, unethical and socially costly earnings. When corruption spreads its tentacles with the inspiration or at least tacit support of politicians and political parties, it becomes an acceptable behaviour across the state institutions. Rules and regulations are regularly ignored from the Prime Minister to the lower level functionaries. The judiciary gets affected to the extent that justice is uniformly miscarried. Even the watchdog agencies get affected by the scourge they are expected to address and remedy. When their legitimacy suffers, the good work that they do also gets ignored. A good example is the annual report that Nepal's Auditor General brings out and submits to the parliament according to the Constitution. The list of transgression of various kinds by the executive is mounting in the degree of seriousness and in magnitude from one year to the other. But it is not acted upon beyond the routine perfunctorily performed by the Public Accounts Committee. To top it all, corrupt individuals start lobbying for important positions. They do not appear unacceptable for appointment to those who wish to utilize their corruptibility to serve their rapacious interests.

In the process, civil service has become demoralized, politicised and, to some extent, criminalized, disabling it to perform functions it is expected to. Permanent, independent and professional civil service has little value to politicians who need bureaucrats to do their bidding, and only their bidding. The affliction is seen at every echelon of government and at every level of political enterprise. The self-esteem of civil servants is affected, with their morale dipped too low to inspire constructive decisions and actions. International development partnership also suffers since a cooperative working framework cannot be built under such conditions.

Appointments to posts from that of a village schoolteacher to that of an important financial functionary in Kathmandu may be determined more by pay off than by any rational, systemic criteria. Promotions and placements are similarly affected. This means that civil servants not only extort bribes from the public, but they also bribe one another. The politicians, too, not only extort money from criminals but also bribe one another for political support.

D. Effects on the Economy

It is not only that corruption has damaged the country's development efforts by contributing to inefficiencies that can be corrected by appropriate policies. More importantly, its systemic character has had a toll on what one might call the "economic sense" of the state, contributing to an absence of coherence in objective, policies and actions around the development rhetoric. The possibility of implementing policies and priorities to remedy the situation is becoming increasingly elusive amidst growing apathy and despair among the people. This predicament can also be observed amidst voices of anguish, anger and a sense of helplessness emanating from the more sensitive of the donor representatives in the country.

I list below, without much elaboration, the specific areas of the economy affected by corruption:

1. The productivity of the economy is low and its long-term viability at best uncertain.

- More than 80% of the workforce still depends upon agriculture. But agricultural productivity has generally stood still since the 1960s, with only marginal improvements in limited spheres. The main reason why agricultural productivity has not improved is that the resources allocated for farms and farmers have been eaten up by bureaucrats, technocrats, and politicians and national and international businessmen of dubious character.
- The manufacturing sector is still very small and limited to few commodities. The reason is that corruption has led to distortion in policies that support and promote rent-seeking rather than entrepreneurial work. Industrial as well as business houses in Nepal, in collaboration with corrupt politicians and bureaucrats, spend their resources and efforts in illegal and socially unproductive trading and exchange rather than wealth generating activities. All industrial policies, whether based on inward looking import substitution paradigm of the 1960s and 1970s or the outward-looking open trade paradigm of the 1980s and 1990s, are rendered superfluous by corruption.
- The services sector including, trade, finance and professional services have grown significantly. This is a positive development. But the long-term viability of this sector too is uncertain because it is linked not so much to domestically generated economic activities as foreign-aid related demand for such services.
- The country's resource position is very tight. Domestic savings rate is still only about 10% of GDP. To top it all, the wealthy families are known to park their wealth in financial markets and real estate outside the country. This is more so in cases where the wealth is illegally earned through corruption. It is not surprising if honest people, too, seek security from savings in foreign banks if the dishonest ones engineer their financial downfall for no fault of theirs.

2. The social infrastructure created in the course of development suffers from poor quality, short life span, and disrepair due to corruption. Sub-standard materials (different from the approved design) are routinely used with impunity in public construction and installations. When corruption is as institutionized as is the case in Nepal, there is a general breakdown of all regulatory and supervisory mechanism. As a result, for example,:

- Roads that are built with the assistance of one donor need to be rebuilt again with the assistance of the same or a new donor when it succumbs to a state of disrepair in a short period of time.
- Irrigation schemes or other rural infrastructure suffer the same fate except that they do not necessarily get reconstructed.
- Unnecessary building and other construction works are initiated because the private return they fetch to corrupt officials while the existing facilities are not maintained and subjected to disrepair
- Equipment is imported without any consideration of its use because it fetches private profits to the parties concerned; maintenance is looked after even less.
- And so on.

3. The potential energy and entrepreneurship of the private sector have been channelled to unproductive areas.

- Because of the widespread tentacles of corruption, economic reform measures such as deregulation, delicensing etc receive lip service, not actual commitment of the policymakers;
- Liberalisation has not contributed to the growth of productive private sector activities as expected;
- Privatisation has been limited. Where it is done, the private sector buying into the public shares of the privatised undertakings is lured by short term gains, made possible by corruption, than the long term return of the industries concerned.
- There is a growing degree of private to private corruption where one business house tries to progress by cheating another.

4. The country is unable to attract foreign investment except in a limited way. In 1997, net private capital flows in Nepal was US \$ 12 million.

E. Effects on the Polity

The nexus between politics and corruption has been stated above. The seriousness of the problem lies in the difficulty that the nation is having in organizing and managing its polity for democratic development. Distribution of power in the political space is determined more by money than by political exercises *per se*. And the money that plays dominant role in this sphere comes from income and wealth obtained through corrupt practices – of vested interests within and outside the state institutions and political organizations.

For most of its history, Nepal has maintained an authoritarian state. In modern times, the King (or those who act in his name) has exercised political power without being answerable for it, except when there is an uprising. Since 1990, the relation between the state and the people has changed nominally in favour of the latter. The people now enjoy unprecedented degree of civil liberties and political rights, though the continuing gaps sustained by various types of exclusion cannot be ignored. But because democracy functions only for the purpose of elections and electing people to power, without ensuring their accountability to people they are supposed to represent and work for, the current conditions are defaming and defiling democracy itself. When this happens the very instruments of reforming the political process get blunted. While polity suffers, corruption flourishes.

On the face of it, the country's democratic process appears to be on track. Elections are held regularly as required by the constitution of the land. Transfer of power takes place peacefully. The parliament, the judiciary and the executive appear busy in nominally discharging responsibilities they are charged with. But then, because what is apparent is not real, the state institutions are fast losing their legitimacy in the eyes of the public. They have all become institutions that more or less use public power for private gains. No government has been able to last its full term, even when the party in power has a comfortable majority in the parliament, again, because of corruption and disagreement in the distribution of the spoils.

Because the people have their own way of reacting to such excesses and lack of sensitivity on the part of those who purport to govern them, the country is gradually becoming ungovernable. The Maoists are only one part of the problem. The other part is the general decline in law abidance on the part of the public as well as those who are expected to enforce the law of the land.

For reorienting the state, the country needs to address the following areas. First, the state needs to be democratized by not only polishing its institutions but also imbibing them with democratic values. Second, the political parties need to be reformed so that they understand the meaning of democratic competition better. For this to happen effectively there is a need to establish inner party democracy and transparency within the political parties also. Three, the electoral process needs to be reformed so that the electoral verdict in fact represents the will of the people and elects parties and individuals who can be held accountable. Fourth, there is the issue of civil service that has been politicized to such an extent that it has lost its sense of professionalism, efficiency, impartiality and credibility that go with these qualities.

These are complex tasks that need the application of different sets of tools and ideas. But the main problem that comes in the way of reform is corruption. Because, corruption is becoming increasingly an intractable problem, honest people tend to stay away from politics. That makes reform a more formidable task.

Politics is considered "dirty" in many societies for intellectuals and honest people to enter it. In Nepal, however, honest people shy away from it not because they necessarily despise politics but because they feel impotent to do much under the circumstances where only dishonesty seems to pay.

Importantly, this feeling of helplessness seems to apply for the established political leaders and other politicians as well. It cannot be that the political leaders in charge of the nation's destiny are pathologically dishonest. Similarly, it cannot be the case that they love their country less or that they do not wish to change things if they could. They too find themselves trapped in the circular relations, where they need power to change things and money to access and keep power. In the process they find the means they use destroying the ends they wish to pursue.

F. Effects on Civil Society and Citizens' Morale

Corruption has affected the morale and the motivations of civil society actors and general citizens the worst. When pessimism prevails as it does in Nepal at present, the people themselves tend to follow the escapist route by accepting that corruption may indeed be the order of the day and that they too might better indulge in it in order to survive. Therefore, in Nepal:

- Law abidance by citizens is an all time low;
- People encourage public officials to contravene rules and regulations for their benefit;
- It is a fair game for every one to want appointment, promotion, telephone connection, contracts, and so on, out of turn;
- Every government minister, member of parliament or an influential political leader is inundated every day by favour-seeking people who are likely to find them hopeless, inefficient or insensitive if their wishes are not granted – by breaking the law if necessary;
- Every problem is regarded as a personal problem, not a social issue that needs to be addressed collectively by appropriate policy decisions;
- Tax evasion is widespread and open among the government employees as well as those employed in the private and self-employed sectors.
- Tax evasion has implications for democratic governance that goes beyond the fiscal or even legal domain. A large number of professionals like medical doctors, engineers, lawyers, academicians, auditors and accountants, development consultants, the intellectuals and the media persons who routinely criticize the politicians and the government they run avoid paying taxes on their incomes with impunity. When this happens, perhaps, the most important section of the civil society loses the potency of bark, not to mention the bite.

On the positive side, there is growing activism in the civil society where groups and communities are active in demanding reforms in such areas as environment, women rights, child rights, justice, corruption and so on. Because of the contradictions alluded to, their effectiveness is much below their potential. For example, the negative synergy between civic communities and politics has so far blocked possibilities of social and political ostracisation of the corrupt that is necessary. The watchdog role of citizen groups, too, is generally feeble and often inspired by possible access to foreign funds to undertake such tasks than by personal commitment.

G. The Challenge Ahead

Corruption in Nepal thus poses a complex challenge to its people and their leaders. But the task ahead is well cut out. Because almost everyone – except the ordinary citizens most of whom are illiterate, poor and deprived – is a party to corruption, it behoves everyone to contribute to remedying the scourge.

What the country needs is not what I shall call the *mutual accusation system* as at present, but a *mutual accountability system* that promotes right values and good conduct across the board and also works as an instrument of check and balance. Such system will also help to rekindle a sense of hope in democracy and transparency by asserting that corruption is a scourge that can be remedied.

This is where the operational motto of Transparency International, namely, *Coalition Building*, assumes a critical importance. We have to draw every section of the society, the politicians, the business sector, the professionals and other actors in the civil society and the citizens in general in the battle against corruption. The international community represented by the country's development partners have their own unique contribution to make. But this is a topic for the next Session in this Seminar.

Helsinki

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Annex

Repertoire of the Corrupt Acts in Nepal

Bureaucracy

1. Extortion of "speed money" by lower level civil servants
2. Extortion of "service charges" by revenue officials and other service providers
3. Collusion with taxpayers for personal gains at public cost
4. Extortion/acceptance of "commissions" in domestic procurement (of stationary, furniture, office equipment etc)
5. Extortion/acceptance of "commission" in international procurement ("grand corruption") with or without being associated with *mafia* groups
6. Extortion/acceptance of commission/bribes in the sale of public property including the leasing of "the commons" and the sale of public undertakings towards privatization
7. Personal use of public property (government buildings, vehicles, computers and so on)
8. Abuse of authority for personal advancement including granting of undue benefits/privileges to family members and favour-seekers
9. Moonlighting in aid-financed contractual work amounting to, among other things, a conflict of interest
10. Acceptance of extra-systemic payments from donors for doing routine work
11. Non-payment of government arrears for a long period
12. Non-payment of tax on incomes earned legally or illegally

13. Not attending office or going late and leaving early on a regular basis

Politics and Politicians

1. Forcing civil servants to undertake illegal/unethical tasks:
 - taking decisions or otherwise give opinion in files that are conducive to their interests and earnings
 - hiring political supporters in posts and positions that may or may not exist
 - favouring their cronies in the distribution of benefits, privileges, quota, public land
 - buying goods and services from their collaborators
 - etc
2. Extortion from corrupt civil servants
3. Collaboration with criminal groups to collect "political fund"
4. Abuse of authority in procurement decisions leading to "grand corruption"
5. Extortion for votes in parliament
6. Extortion from citizens seeking public employment, scholarships or foreign travel (for employment)
7. Extortion for services (like telephone facility) provided out of turn
8. Dependence on goons and guns rather than for public support in elections
9. Protection to corrupt civil servants and rejection of honest, impartial workers
10. Promoting/ appointing corrupt civil servants or cronies to important positions of responsibility
11. Politicizing civil service in party interests
12. Non-payment of arrears
13. Abuse of privileges such as medical allowance, passport etc

Civil Society/Citizens

1. General laxity in law abidance
2. Lack of a sense of fairness to others
3. Insensitive to citizen rights and duties
4. Tendency to seek favours rather than what is due
5. Widespread tax evasion
6. Disproportionate interest in personal problems and gains/losses rather than social/community issues