Technology can help kill corruption in developing countries

By Ngozi Okonjo-Iweala

Reforms will be given a boost when smart tools are brought in, writes Ngozi Okonjo-Iweala

As the Group of Eight’s leaders meet this week in Northern Ireland, they will discuss some issues that should concern all countries: tax evasion and corruption, job creation and security. They are also looking at some issues that largely affect developing nations, such as changes to the way that extractive industries operate.

But as part of their deliberations, it is essential that they think about how we can strengthen the capacity of institutions in the developing world without which campaigns to boost growth and beat back extreme poverty will falter.

The development community has long recognised the importance of strong institutions and transparent systems and processes for development. We need customs, rules and procedures that hold leaders to account and enable markets to function. However, building these systems and processes tends to be long, arduous and unglamorous. It does not produce the instant headlines that politicians crave nor does it yield the immediate results that donor agencies like to see in their progress reports.

Today, technology provides us with opportunities to rapidly solve some of these challenges. Citizens in developing countries are more connected today than ever before. Mobile phones and the internet have transformed our ability to communicate and to share information. Policy makers can use these new tools to help build those systems and processes that will ensure accountability.

For example, a common approach to tackling corruption in developing countries has been for officials to target high-profile cases, publicising the arrest of offenders often as a deterrent to others. Such stories tend to generate big headlines. Yet, after a few weeks, interest fades and corruption may still continue unabated. To change this cycle, in my view, requires that such
high-profile approaches be firmly coupled with relentless action to put in place the rules and processes that enshrine transparency, and limit discretion and subjectivity.

In Nigeria, we are working hard to put in place such plans – and it is a laborious exercise that we need to sustain over time. For example, leakages occur in our budget implementation because of a reliance on old-fashioned procedures. To prevent them, we are implementing three electronic payment and oversight platforms. A new payroll information system allows direct payment of government workers based on biometric data. This has thus far saved the government more than $600m through the elimination of “ghost workers”.

In addition, Nigeria implemented a new government procurement system enshrining competitive bidding for contracts. This new process has saved the country billions of dollars from inflated contract costs. The system is a work in progress that needs further strengthening, but as an institution it has been relatively effective in addressing one of the most common forms of corruption in most developing countries.

We are implementing an ewallet payments scheme in the delivery of agricultural inputs to farmers. Under this scheme, rural farmers receive vouchers for the purchase of these inputs directly on their mobile phones. Farmers can then use these vouchers to obtain their products directly from private sector vendors and thus avoid dealing with corrupt middlemen. The ewallet scheme has saved the government an estimated $175m a year in subsidy payments that did not reach intended beneficiaries. The scheme is now better targeted and has led to an increase in coverage from 11 per cent to 94 per cent of eligible farmers.

Implementing these measures has been difficult. Yet they are precisely the types of reform that developing countries need to fight corruption. Donors interested in transparency need to pay greater attention to supporting such institutions, as well as supporting efforts from civil society on the demand side of good governance, such as YourbudgIT.com, which educates citizens on how the national budget allocates resources.

Coupling institution-building with the rule of law and intolerance for impunity will lead to better outcomes on transparency and good governance. This, after all, is the ultimate result that developing countries need to underpin strong growth, poverty eradication and sustained prosperity.

*The writer is the minister of finance for Nigeria*