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The Pursuit of Integrity in Customs: Experiences from sub-Saharan Africa

Odd-Helge Fjeldstad

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Introduction

Fighting corruption in the customs administration is a major challenge for many African governments, as well as for development agencies providing technical assistance. Vast resources have been invested in integrity programmes, training and institutional capacity building (de Wulf 2005). The outcomes of these efforts have in many cases been disappointing. Studies from a number of African countries (Chand and Moene 1999; Fjeldstad 2003, 2006; Hadler 2000; Terpker 1999; Therkildsen 2004; von Soest 2006) suggest that administrative reforms aiming to enhance revenues and curb corruption often were not sustained. According to the *Bribe Payers Index 2008*, the customs administration is perceived by business executives to be one of the most corrupt sectors of government in many African countries (TI 2008). This is supported by the *Afrobarometer* survey, covering 18 sub-Saharan African countries, which finds that the most discredited institutions are the police and tax administration, including customs (Lavallée *et al* 2008).¹ Case studies from individual countries and regions across the continent provide a grim picture of the situation. A recent paper in the *World Customs Journal* by Edward Kafeero concludes that corruption is rampant within the East African Community customs. Some stakeholders, he writes, seem to be so much used to corruption that they consider it normal. One trader interviewed puts it simply: “You bribe Customs and prosper or you stick to the ethical principles and perish” (Kafeero 2008: 71). Corresponding observations from other regions are not in short supply. According to Arifari (2006: 199), professional smugglers in the border regions of Benin and Niger with Nigeria, “...enjoy the secret ‘approval’ of customs officers whereby they are left to carry their fraudulent activities undisturbed in exchange for regular payments”.

Why have many anti-corruption reforms in customs apparently not succeeded? In this paper I argue that integrity reforms have been too focused on reforming formal institutions, and too little attention has been paid to the political economy of reform. Customs and tax administrative reforms have often been treated as an ‘engineering problem’ - and as such a phenomenon to be addressed through ‘textbook’ solutions. An assumption underlying the reforms seems to have been that customs problems and their solutions can be fully specified in advance, and that the required measures can be defined at the outset and implemented on a predictable timetable over a fixed period. This accounts for the prescribed and mechanical approach often favoured by donor funded technical assistance, featuring quantitative performance targets, redrawing of organisational charts, rewriting job descriptions, training courses for customs officers, installation of new systems for human resources and financial management systems, etc. Robert Klitgaard (1997) refers to this as the ‘more approach’ - i.e. more training, more workshops, more equipment, more technical assistance, etc. I argue that such strategies may be necessary, but they are not sufficient to building an internal culture in customs with a strong mission focus and performance-oriented practices. Especially informal clientelistic networks may denigrate what otherwise seem to be well reasoned integrity reforms. In many customs administrations, patronage runs through networks grounded on ties of kinship and community origin. In such settings, customs officers are torn between compliance with abstract bureaucratic norms and concrete expectations of their networks of social belonging. Accordingly, policy initiatives should focus more on measures that reduce the possibility or

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¹ Approximately one half of the respondents in the recent *Afrobarometer* survey consider that “most” or “all” tax officials are corrupt. This proportion, however, is 85% in Benin, 66% in Uganda and 60% in Nigeria (Lavallée *et al* 2008).

attraction of favouritism versus acting in the general public interest (Kolstad and Wiig 2009; Rothstein and Toerell 2008).

The remainder of the paper is organised as follows: The next section briefly examines current approaches to fighting corruption in customs and their limitations. Thereafter, I discuss impacts of patrimonial informal practices and political interventions on the customs administration. The subsequent section explores ways to improving the performance of customs in a situation where the broader social, political and economic environment as well as the public sector in general is seriously detrimental to good performance. The final section concludes.

Approaches to Anti-Corruption in Customs and their Constraints

Much of the present policy debate on anti-corruption strategies in the revenue administration has at its roots the principal-agent (incentive) theory. Klitgaard's (1988) popularisation of this approach has been widely promoted and applied in a number of developing countries during the last decade, as reflected in the World Bank's *Customs Modernization Handbook* (de Wulf and Sokol 2005). Klitgaard's work has also been used extensively in the development of the World Customs Organization (WCO)'s *Revised Arusha Declaration on Integrity in Customs*, as well as in a range of WCO's integrity-related tools.²

Following Klitgaard (1988), corruption is most likely to occur when agents (customs officers) enjoy monopoly power over clients (traders), when agents enjoy discretionary decision power over provision of services (for instance, assessments of origin, value and classification of goods), and when the level of accountability is low. At the theoretical level, this approach explains how public officials almost by necessity have a number of incentives and opportunities for engaging in corrupt transactions. At the more practical policy level, the approach indicates that policy instruments may be divided into those which influence the number of corrupt opportunities, and those influencing the incentives. This includes policy instruments which affect the expected (gross) gain of the corrupt act, the probability of being caught, and the size of the penalty if detected. If expected gains of corruption are higher than expected costs, the agent will, according to the theory, choose to be corrupt. For example, the expected gain for customs officers is higher when they have wide discretionary powers and considerable monopoly power in their jobs. The expected probability if detected is reduced by decreased accountability.

While the principal-agent-client model is a useful analytical framework to explore incentive problems in public institutions, its dependency on the role of the principal reveals one of the greatest obstacles to reform. There are (at least) two objections to this approach: First, there may be several principals involved, each with incoherent objectives and interests. Second, the principal(s) may also be corrupt and not acting in the interests of the society but pursuing his or her narrow self-interests.

² The international customs community - through the World Customs Organization (WCO) - commenced work in the mid to late 1980s to formulate a comprehensive integrity strategy. In 1992 this work resulted in the unanimous adoption by WTO members of the Arusha Declaration on Integrity in Customs. Since that time, this declaration has become the principal anti-corruption framework for the WCO's current 174 member customs administrations. In reaction to the slow progress with stemming corruption in customs, the WCO called for a comprehensive review of the Declaration and its practical implementation in Member administrations. This led to the Revised Arusha Declaration - unanimously endorsed by the WCO Council in June 2003 (http://www.wcoomd.org/home_about_us_our_profile.htm).

One case of multiple principals is when the formal principal of a public institution (for instance the Head of Customs) competes with a number of informal ones (e.g. traditional and/or clientelistic networks). In many African societies family and ethnic relations are strong and important (Medard 2002; Smith 2003). The individual's reference point and fundamental "circle of trust" remain family- and kin-based (Chabal and Daloz 1999: 27). Kin-based informal organisations and ideology intrude strongly and directly both in the operations of the bureaucracies and politics. Traditional networks may impose heavy constraints on the agents' actions. Consequently, agents (customs officers) may receive different and often contradictory messages and expectations from their principals. The effect is severe weakening of the power of the incentive schemes provided to the agents. The more the principals' interests diverge, the more room for the agents' discretion, and the less effective monitoring and control of the agents.³ Further, when the political and administrative leaders are corrupt, the agent's risk of being involved in corruption will be lowered. Corrupt leaders will also contribute to reduce the moral and stigma costs connected with corruption. In this case the standard principal-agent framework needs to be substantially modified.

Patronage and Political Interventions in Customs

In the volume *Everyday corruption and the state in Africa* Blundo and Olivier de Sardan (2006) argue that politics in Africa must be understood as driven by vertical ties of patronage. The power of these ties is maintained by redistributing resources accumulated through "corruption" to clientelistic networks according to rules of reciprocity that have their origin in a kinship-based social organisation and morality. Kinship and other social relationships of reciprocity are used to mobilise affective ties for political and economic purposes (Medard 2000). Such relationships combine moral obligation and emotional attachment. They also serve to perpetuate an ethic of appropriate redistribution that fuels corruption (Olivier de Sardan 1999). The importance of such ties may be growing rather than withering away as the country tries to modernise and democratise in a context of economic instability and uncertainty.⁴ Thus, many people rely on the social connections of their extended families to secure admission to schools and to get help in paying school fees, to gain employment, obtain business contracts, or benefit from government services.

Political elites also seek to establish principles of mutual aid, of patron-client reciprocity, based on kin and family relations. Accordingly, the public sector becomes an instrument for building public support, and is critical for the sustenance of those who wield executive power (Olowu 2000: 162). Patronage undermines the implementation of policies and rules-of-law more generally, as where the distribution of civil-service positions on non-meritocratic criteria results in a civil service less apt for the task with which it is charged (Thomas 2007: 735). Meritocratic recruitment and promotion are overshadowed by the politics of *who knows whom* (Kiiza 2006: 15). Hence, clientelistic structures and patronage may pervert integrity and modernisation reforms.

Customs officers and managers may remain under strong influence of traditional patterns of social relations and kinship, which influence promotions and transfers within the organisation (Arifari 2006; Fjeldstad 2006). These relations operate at cross purposes to formal bureaucratic structures and positions. The informal traditional system rules over the formal "modern" one. Because ordinary citizens often perceive that customs officers receive high salaries, extended family members expect to get their share of the high wages (and rents acquired by other means). A person in a position of power is expected to use that influence to help his or her kin and community of

³ Wilson (1989) and Dixit (1996) provide interesting arguments on the importance of multiple principals to understand incentive problems in organisations.

⁴ See Susan Rose-Ackerman (1998: 317–323) for a discussion of the role of traditional networks in reform processes.

origin (Smith 2003). It is one's social obligation to help and share. Customs staff are therefore seen by their family members and social networks as important potential patrons who have access to money, resources, and opportunities that they are morally obliged to share.

In many African communities, to accumulate, even in corrupt ways, is not necessarily perceived to be bad in itself. It is accumulation without distribution which is considered unethical (Medard 2000). Only someone who accumulates can redistribute and be identified as "a man of honour" or "a big man." In an interview, Annebritt Aslund, a former General Commissioner of the Uganda Revenue Authority, gave the example of two URA employees from the same family. One of them is honest, the other is corrupt. The one who has not accumulated more than he could from his official wage, is, according to her, "regarded as a fool by the society" and earns no respect whatsoever (Fjeldstad *et al* 2003: 36). He can not offer needy relatives or friends much assistance. In their eyes his un-corrupt attitude is not only foolish but is, in essence, selfish.

It is also in the customs officer's own interest to help others because he or she might be the one who needs help in the next time around. Thus, a manager in the customs administration may "forgive" a customs officer who is caught taking bribes or embezzling money, because next time he or she may be the one who needs forgiveness. Instead of being fired, common practice in some countries is to transfer customs officers detected for corruption to other positions within the revenue administration.⁵ Favours of this kind may also be understood as a way of consolidating and building social capital. In other words, customs officers are building up networks made up of family, friends, and acquaintances that are based on trust and reciprocity as a way of banking assistance for the future. The larger the network, the greater the accumulation of social capital that can be drawn on in a future time of need. One possible explanation for the persistent corruption in many customs administrations in Africa may be the fact that people at the middle and low end of the political-economic spectrum are just as involved in vertical networks of patronage as the elite patrons who benefit the most.

Why do people continue to depend so greatly on their kin? What motivates people to follow social norms and patterns of patronage? The simple answer is that it is rational for the individual. The state is perceived to be unreliable when it comes to delivering basic services and assistance through formal channels. The use of kinship and other social relationships enables ordinary people to get access to resources that they might otherwise be denied (Smith 2003: 707). It is, in part, the very demands of the clientelistic networks to deliver public resources, including employment, based on moral obligations and affective attachments that make it difficult for officeholders to run offices in accordance with modern Weberian principles.⁶ Hence, customs officers and managers often find themselves in a schizophrenic situation. Their administrative and professional legitimacy is derived from their training and work in a modern bureaucratic organisation and therefore in its values concerning "public service" (Olivier de Sardin 1999: 48). This widespread adherence to abstract official norms of Western origin thus coexists with an equally prevalent pattern of behaviour in conformity with social norms and family obligations. Many customs officers may be sincerely in favour of respecting the public domain and may want the customs bureaucracy to be at the service of citizens, but still they participate in everyday actions that reproduce the system that they denounce. A spiral is created in which networks of kin and tribe undermine efforts to modernise the customs administration and thereby create an ongoing need for these very networks to continue to operate.

⁵ In Niger, for instance, the posting of a customs officer to head office in Niamey is considered a punishment, since there is no extra source of income on top of their salaries there (Arifari 2006: 209).

⁶ Key elements of a Weberian bureaucracy include meritocratic recruitment, a hierarchical organisation, pension systems, a disciplinary procedure, and security of tenure (see Kiiza 2006).

Customs is an attractive target for political interference because it offers both relatively well-paid jobs and considerable rent-seeking opportunities. Political control over the Customs administration can pay high political dividends (Taliercio 2002: 17). Politicians commonly intervene in customs to grant favours such as managerial positions and import duty and tax exemptions to supporters or to harass political opponents through audits. The Uganda Revenue Authority (URA), for instance, has been riddled with political interventions in managerial appointments and dismissals. In 1997, the President personally intervened in the appointment of the new Commissioner General, although the person appointed by the president was not among the candidates listed for interview by the Board and was not the preferred candidate of the Minister of Finance (Therkildsen 2004: 80-1). He also had close family ties to the President. Accordingly, President Museveni did what other members of the elite continuously try to do: influence staffing in the revenue administration. Another case is Zambia during the presidency of Frederick Chiluba, where tax exemptions were granted as a favour to political supporters, while tax audits and harassment were used against opponents (von Soest 2006).

Fighting Corruption in the Context of Patronage

Fighting corruption in customs administration requires reformers to look beyond the formal institutions of the state, to the informal networks of patronage and kinship domination which often determine the individual custom officer's and manager's behaviour. In these settings integrity reforms must include measures that reduce the possibility or attraction of favouritism versus acting in the interest of the general public. Policy makers should pursue reform that reduces the realm of the partial, and enhances that of the impartial (Kolstad and Wiig 2009). One example of impartiality enhancing institutions are functioning institutions of democratic accountability, which curb the extent to which a government can secure its power through patronage. This observation is consistent with recent research on governance, which stresses impartiality as a key concern (Rothstein and Toerell 2008). Such measures should be supplemented with efforts to build an enabling internal culture in customs with a strong mission focus.

Norms, as reflected in patronage and social obligations, are liable to discourage the development of a modern customs administration. At the same time, experiences from across Africa emphasise the particular importance of breaking the influence of kin-based networks on the operations of the revenue administration. One suggestion is to introduce rotation systems for the staff, where revenue collectors remain only for short periods in the same post (Das-Gupta and Mookherjee 1998). But a danger of the rotation system is that the uncertainty which is thereby created for employees may result in increased corruption as collectors try to enrich themselves while they are stationed in the most "lucrative" posts. The rotation of officials may also give corrupt superiors undue power. For instance, they might "sell" assignments to attractive positions or reassign officials to remote stations as a punishment for honesty (Rose-Ackerman 1999: 84).⁷

In Benin, for instance, the customs officers went as far as regulating the duration of different postings so as to enable more frequent rotation of personnel. Thus, at the port of Cotonou, the country's "most lucrative" customs service, the average duration of a posting some years back was two years (Arifari 2006: 210). The "buyers" of such postings were considered by other customs

⁷ According to Arifari (2006: 209), the most 'attractive' postings in Benin and Senegal are border crossings with a high density of transactions, followed by those at the ports, the airports, postings at busy road intersections, and the consumer protection postings (mobile squads and anti-smuggling squads). The less lucrative or 'dry posts' are generally those with almost no contact with service users, such as the head office of customs, which is considered a punishment.

officers as being most actively involved in corrupt practices because they needed to recover the resources invested or promised in exchange for their lucrative assignments (*ibid*).⁸

The scarcity of qualified personnel like auditors and accountants further reduces the potential of rotation schemes. Under such conditions it is little wonder that customs performs poorly because its behaviour is shaped by conditions over which it has little control. It is difficult to insulate the customs administration from contexts in which graft and corruption are normal in public sector operations.

Must we conclude then that it is generally impossible to overcome traditional social restraints on the development of a professional, modern customs bureaucracy in Africa? If it is true that similar conditions were widespread in Western societies before modern public finance management took roots, the answer to that question must be negative. Also, observations of contemporary African societies suggest that the impact of traditional values and social obligations on the behaviour of public officials have fluctuated and can be changed (Platteau 2000). There are customs administrations in Africa that perform relatively well despite dauntingly unfavourable contexts and an overall poor public sector performance.

The experience of the Zambia Revenue Authority, for instance, suggests that expatriate senior advisors and top managers who are in place for a pre-defined and limited period of time can contribute to effective change by building integrity and professionalism in the organization through systemic changes (de Wulf 2005). Placing expatriates in key management positions might also help to reduce the impacts of patronage and predatory authority. Strong expatriate leadership may more easily confront political and bureaucratic pressures, and thus provide a “buffer zone” within which systemic changes and new forms of staff behaviour are implanted. When the Swedish born Commissioner General, Ms. Annebritt Aslund was appointed to head the Uganda Revenue Authority in 2001, President Museveni is reported to have remarked that she came from a “very distant tribe” (Taliencio 2002). Given tribal interests and the prevalence of patronage in the public sector, the President thus indicated that it was necessary to hire an outsider in order to undertake serious reform of the tax administration.

Private management of customs administration is raised as a possible approach to break the logic of patronage, but such reforms have so far achieved few lasting results. The transfer of skills by foreign contractors has been limited and such contracts have been very expensive. For some years, the collection of customs revenues in Mozambique was sub-contracted to Crown Agents, a not-for-profit British company owned by a number of public agencies. From revenue and trade facilitation angles the results achieved by this management contract were positive. However, the handover to national customs authorities was much slower than expected and corruption remained a major problem (de Wulf 2005). The contract with Crown Agents had to be extended several times. The major reason for these extensions was that “the national management team was still fragile, because a number of management positions had not yet been filled and the restaffing was still not complete” (*ibid*. p. 45). Furthermore, integrity problems were found to be very resilient to change. Customs practitioners are therefore questioning the value of outsourcing customs administration.

Outsourcing activities such as valuation and entry processing is risky, since it places the collection of government revenue directly into the hands of non-government interests. In countries with a high level of corruption, there is no reason to believe that those interests will be any less corrupt. Placing private customs personnel in line jobs in operational units may compound the current failure to

⁸ In an illuminating study of corruption and the state in Africa, Sindzingre (1994) observes that parallel organisations are created within the bureaucratic organization, in which posts are valued essentially on the basis of the illicit gains to which they provide access.

manage and, thus, entrench the problems. I agree with de Wulf (2005) that it is too early to provide a final verdict of the sustainability of such reforms. However, new initiatives along these lines should take local circumstances into account, including the availability of trained local staff. Furthermore, any management contract should contain clear milestones for the transfer to national customs authorities, which is a precondition for the sustainability of the reform.

Political will and impartiality enhancing institutions

Customs and tax administrative reforms often are highly political processes that will inevitably pose a threat to important domestic stakeholders. They take time to achieve and are often contested. The successful implementation of such reforms requires political will and support from the highest level of government (Tanzi and Pellechio 1997). Customs reforms are unlikely to succeed if the main source of energy and leadership comes from the outside. Donors cannot play a leading role nor dictate the content, pace, and direction of administrative reforms. An important reason why many anti-corruption efforts have been ineffective has been the unwillingness of governments to wholeheartedly implement the reform. Integrity reforms have been too focused on reforming formal institutions, and too little attention has been paid to the political economy of reform (Kolstad *et al* 2009). Elites typically only support reform processes that do not undermine their ability to retain power and will instrumentalise reform processes that do not serve this purpose. This calls for anti-corruption efforts based on thorough analysis of the political economy of the country, in order to understand the interests and incentives of key players. Moreover, these perspectives highlight that integrity reforms in customs are inherently political, and cannot therefore be addressed through technical approaches alone.

In this perspective, customs reforms should address shortcomings in the accountability environment within which the customs administration operates. Consequently, there is a need to focus more on measures to strengthening of civil society, business and trading associations, and the media. Reformers must have an appreciation of factors such as key accountability institutions' access to information about revenue collection (what has been collected from whom, where and at what costs), and capacity to analyse information in order to place demands for better performance. Wide dissemination of information that allows citizens to monitor revenue collection and public expenditures, including online budgets with information on how public revenues are spent, may have a powerful and positive impact on the attitudes and behaviour of both customs officers and traders.

Attempts to strengthen the environment for customs and tax administration in this direction are already discernable (von Soest 2008). The South African Revenue Services has used the media to highlight success and "name and shame" evaders. This has resulted in a shifting of incentives for non-compliance (Fjeldstad and Moore 2008). Further, the British *Department for International Development* (DFID) has supported capacity building of civil society to better engage on tax issues in Zambia. In Tanzania, Swedish *Sida* has supported business associations to enhance their expertise on taxation, anti-corruption and compliance. These more holistic approaches are promising routes for improving the effectiveness of donor support to customs and tax administrative reforms. However, from the corruption literature it emerges that each of these approaches is likely to be effective only under certain conditions (Kolstad *et al* 2009). The effectiveness of civil society in addressing corruption depends on its capacity to acquire, process and act on information of

⁹ One example is the Missouri Accountability Portal (MAP). The online site is presented to the citizens of the state of Missouri, USA, as a single point of reference to review how their money is being spent and other pertinent information related to the enforcement of government programmes. Browsing the MAP site citizens are able to view information about state agency expenditures, the distribution of economic development tax credits and state employee pay information. The data on the MAP site is updated each business day. <http://mapyourtaxes.mo.gov/MAP/Portal/>

government misconduct, and their inclination to act, which depends on the type of misconduct uncovered and the extent to which civil society is dependent on the government. Hence, Szeftel (1998) argues that it is difficult to believe that the role of controller and critic of public affairs will be assumed by a civil society comprising NGOs based on external sponsorship and run by senior civil servants or their relatives. This underlines the context-sensitivity of reform approaches.

Establishing constructive client-customs relations

Most corrupt transactions which occur within the customs environment involve the active or passive participation of the private sector (McLinden 2005: 87). Thus, the private sector must be actively involved in and committed to identifying and implementing practical solutions to fight corruption. Some observers conclude that a lack of a taxpaying “culture” is the largest obstacle to building a firm long-term revenue base in Africa. The opposite may, however, also be the case: as long as the “culture” of the revenue administration, including customs, is perceived to be influenced by sectarianism, nepotism, and corruption, it is unlikely to contribute to the fostering of a more conducive duty- and taxpaying culture. Despite quite comprehensive changes in the duty structure (rates and bases) in recent years, the customs system in many African countries is still complicated and the exemption regime, in particular, is non-transparent (Mansour 2008; Nathan Associates 2004). Customs legislation is often unclear and causes random and partly *ad hoc* collection procedures. Assessors have in many cases wide discretionary powers to interpret the customs acts, for instance to allow or disallow expenses or charges, or to exempt items from import duties. These factors, combined with a perception of limited tangible benefits in return for duties paid, may legitimate non-compliance by traders.

In such circumstances it is not surprising that payment of customs duties takes place in an atmosphere of distrust and fear between traders and customs officers. Extensive use of force is often required to collect revenues. This is exemplified by the use of special military units to enforce duties and fight smuggling in Uganda (Therkildsen 2004), and extortion by Senegalese customs officers escorting goods through customs (Arifari 2006).¹⁰ Thus, the government’s credible commitment about the use of duties and tax revenues and its procedures to design and implement policy non-arbitrarily are crucial to gain legitimacy. The credibility or trustworthiness of the customs administration’s sanctions against defaulters is also important in this context (Slemrod 2003). Reforms of customs legislation and collection procedures, including measures to improve transparency in the client-customs officer relations, should therefore take place concurrently to reduce opportunities for corruption and the demand for corrupt services. When the government decides what measures to take as part of its customs reform program, it should bear in mind the state of the economy and the resources at hand. Many African countries have neither the political capital nor the administrative capacity to sustain more than a limited range of concurrent initiatives. But an incremental process of change can add up to a radical transformation if it is sustained for long enough.

Building an enabling internal culture in customs

Encouraging the development of a positive organisational culture may be an important way of improving the performance of customs in a situation where the broader environment, including the public sector in general, discourages good performance. If the enabling environment is weak,

¹⁰ According to Arifari (2006: 201), traders in Senegal are willing to do anything to avoid escort operations, since Customs officers appear to use the escort process as a threat to pressurise traders to “negotiate” with them. The threat is made, for example, when a customs post is “unable” to clear certain quantities of goods, and the goods would have to be sent to another post that can process the transaction, implying significant additional costs and time lost for the trader.

managers tend to drive performance. Therefore, internal leadership and culture are likely to be keys to establishing meritocratic and performance-oriented organisational behaviour in circumstances where the formal political and administrative institutions are weak. In a study of 29 organisations in six countries Grindle (1997) found that public organisations with higher salaries paid to their staff did not perform better than public organisations which conformed to the low general public sector remuneration scales.¹¹ Instead, good-performers had well-defined missions, where the employees internalised the organisations goals and saw themselves as vital contributors to their accomplishment (ibid, p. 486). Effective managerial practice and high expectations about employee performance were factors that led organisations to perform well, while some autonomy in personnel matters allowed a mission to be identified and enabled skilled managers to have some room to manoeuvre in setting standards for their organisations. This underscores the importance of leadership styles and internal performance management practices that focus on results.

Accordingly, a reasonable hypothesis would be that if the customs administration was given more real autonomy in personnel matters, this would contribute to greater capacity to set performance standards for its employees and hold them accountable to the organisation for meeting those standards. Autonomy in personnel matters can here be understood as a facilitating condition that provides the customs and its managers with the ability to build cultures that allow the organisation to rise above the norm for the public sector in the country (Grindle 1997: 488). Required measures would include a rigorously planned and executed re-staffing process, also at the senior management levels, and introduction of human resources policies relating to transparent recruitment, adequate remuneration, pension/retirement schemes, etc. Such measures ought to take place before proceeding with traditional forms of technical assistance such as the design and implementation of integrated computer systems, organisation of formal training courses and on-the-job training, and process re-engineering in a wide range of areas, including better forms and filing, auditing and management of revenues, taxpayer education programs, and so on. The experiences with the latter forms of technical assistance for revenue enhancement and capacity building in revenue administrations are dubious in Africa.

Strong leadership of the customs administration is essential for overcoming the political and bureaucratic obstacles that confront customs. This often requires a better demarcation of the roles of and responsibilities between the Ministry of Finance and customs. Micro-management by the Ministry of Finance in day-to-day operations must therefore be addressed. Such measures do not imply the end of mutual cooperation between Customs and the Ministry of Finance. The revenue administration possesses unique datasets on international trade, revenue bases, etc. and this information is essential for improving duty and tax policy and legislation. But, the role of the Ministry in formulating and designing revenue policy, and the responsibility of the revenue administration to implement this policy, must be unambiguous and mutually respected.

Job-security for top managers in customs is particularly important in this respect. There are reasons to believe that job uncertainty has contributed to the observed high level corruption in some customs administrations as managers try to enrich themselves while they are in position to do so. For instance, changes at the top level have been pervasive in Niger where the customs authority went through five directors general between 1995 and 1999 (Arifari 2006: 210). The Uganda Revenue Authority has also experienced high turnover of top managers. This may help explain corruption at the managerial level, in spite of the fact that the top managers often are among the best paid public officials in the country, even excluding their tax-free benefits such as housing and transport (Mitala 2001).

¹¹ The six case countries were Bolivia, Central African Republic, Ghana, Morocco, Sri Lanka, and Tanzania.

Fair remuneration

It is important to provide appropriate conditions of employment and remuneration that includes rewards for good performance, and that can sustain a reasonable standard of living (Ferreira *et al* 2007). Indeed, severe penalties applied to breaches of a code of conduct are more likely to be accepted in circumstances where the difficult working environment and required levels of integrity are recognised in the base level of remuneration. Remuneration should be geared to take into account the sometimes dangerous and difficult working conditions and associated hardships faced by customs officers particularly in remote border stations (McLinden 2005). In such circumstances it is likely to be demoralising if customs officers are paid less than, for instance, border police posted at the same locations and performing relatively similar duties. However, one lesson from customs administrations in Africa is that even with relatively respectable salaries and working conditions, corruption may thrive (Fjeldstad *et al* 2003). Pay level is only one of several factors affecting the behaviour of customs officers. In an environment where the demand for corrupt services is extensive and monitoring ineffective, wage increases may end up functioning as an extra bonus on top of the bribes taken by corrupt officers.

Economic research on human behaviour indicates that reformers and economists have an inclination to exaggerate the impact of monetary incentives because of an overly narrow understanding of intrinsic motivation and group dynamics (Frey 1997). However, the failure of reforms that stress monetary rewards and incentives may have a more straightforward explanation. Because of the importance of family networks, increased pay rates may imply more extensive social obligations, and in some cases actually result in a net loss to the individual. This state of affairs can develop into a vicious circle with higher wages leading to more corruption because the customs officer has to make up for the loss caused by such obligations. An outsider might conclude that officials lack intrinsic motivation to perform well and do not respond to incentives. But a more careful study of the situation would instead conclude that the customs officers are responding very well to monetary incentives in a situation where higher nominal pay actually makes the official poorer. This might be a reason for the popularity of in-kind benefits among civil servants, which may be harder to share with one's kin (Platteau 2000: 208-11).

The degree of audit intensity may determine the effectiveness of the wage level as an anti-corruption tool. Research has found the effects of higher wages on corruption - when audit levels are low and corruption high - to be zero, while they are negative when audit and corruption levels are intermediate (Besley and McLaren 1993). In settings where the auditing intensity is high and the corruption level is low, the effect of higher wages on corruption is found to be positive but low. These results imply that wage incentives should be linked to and not isolated from other measures. Positive incentives should be complemented by negative incentives. "Carrots and sticks" should be viewed as complementary tools in the fight against corruption. This dual strategy is also recommended in anti-corruption strategies developed by the World Bank and the World Customs Organization.

Concluding Remarks

Fighting corruption in customs requires reformers to look beyond the formal structures of the state, to the informal networks of patronage and social domination which often determine the behaviour of customs officers and also how political power is actually exercised in Africa. There exist, however, a dilemma about how far and how to push Weberian institutional logic at the cost of disrupting informal clientelistic networks (Goldsmith 2005: 28). Further, there is a need for more robust analysis of country and local contexts. Information and data systems for assessing integrity problems in customs and monitoring progress of anti-corruption reforms are generally weak.

Although reformers dutifully repeat the mantra of “no one size fits all,” guidance on what pace of progress to expect, given the initial conditions in a country, has yet to be developed (WCO 2008).

Expectations about what customs modernisation reforms in sub-Saharan Africa can achieve in the short run have been especially difficult to manage. It took centuries for Western countries to develop reasonably effective customs administrations. Countries in Africa attempt to achieve this in a couple of decades. It is therefore not surprising that the record to date has been full of disappointments. Sustainable change demands sustained effort, commitment and leadership over a long time. Mistakes and setbacks are a normal and inevitable part of the process. The big challenge is to use failures as learning opportunities, rather than as excuses for abolishing reforms.

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SUMMARY

This paper examines recent experiences from sub-Saharan Africa in combating corruption in customs. It argues that integrity reforms have been too focused on reforming formal institutions, and too little attention has been paid to the political economy of reforms and the role of informal institutions. In many customs administrations patronage runs through networks grounded on ties of kinship and community origin. Patronage undermines the implementation of policies and rules-of-law more generally. Opportunities for accessing illegal income tend to become institutionalised, leading to the creation of parallel organisations within customs, in which posts are valued essentially on the basis of the illicit gains to which they provide access. In such settings, customs officers are torn between compliance with abstract bureaucratic norms and concrete expectations of their networks of social belonging. Accordingly, policy initiatives should focus more on measures that reduce the possibility or attraction of favouritism versus acting in the general public interest. This calls for anti-corruption efforts based on thorough analysis of the political economy of customs, in order to understand the interests and incentives of key players

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