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A Comparative Assessment of Regional Trends and Aspects Related to Control of Corruption in the Middle East and North Africa, Asia and the Pacific, Sub-Saharan Africa, Latin America and the Caribbean, and the Former Soviet Union

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EXECUTIVE SUMMARY

This report analyses the status and dynamics of the control of corruption in five world regions: the Middle East and North Africa, Asia and the Pacific, Sub-Saharan Africa, Latin America and the Caribbean, and the Former Soviet Union. The diverse nature of corruption across the globe is shown by the huge variance within each single region; this variety of corruption is not only related to degrees of corruption but also to the peculiarities and effects of opportunities and constraints for corruption and the trajectories control of corruption or the lack thereof. In the MENA region material resources are abundant, while constraints are weak. Corruption prevails as a persistent social practice and a political strategy. Apart from few but notable exceptions, most countries in Asia and the Pacific as well as in Sub-Saharan Africa perform very poorly on control of corruption. Many of the small Caribbean island states have curbed corruption effectively, but the control of corruption in Latin American region shows little progress otherwise. The Former Soviet Union shows the lowest degree of the control of corruption worldwide. Existing evidence from regional achievers provide multiple insights into the dynamics for the control of corruption. Across these five regions two different pathways stand out: first, authoritarian regimes, with the strong willingness to reduce opportunities and strengthen (nondemocratic) restraints, and, second, democratic regimes with a strong and independent anti-corruption legislation, which is backed up by an independent judiciary have been able to successfully fight corruption. The report draws on the model of control of corruption as a balance between resources and constraints (Mungiu-Pippidi et al. 2011) to review in more detail the contributing factors.

These continental comparisons complement the background reports of 'achiever' countries'.

KEYWORDS

Corruption, Anti-Corruption, Latin America, Caribbean, Middle East, North Africa, Sub-Saharan Africa, Asia, Pacific, Former Soviet Union

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Lists of acronyms

ACA	Anti-Corruption Agency
DAC	OECD Development Assistance Committee
DPP	Democratic Progressive Party
EITI	Extractive Industries Transparency Initiative
FOIA	Freedom of Information Act
FSU	The Former Soviet Union
GCC	Gulf Cooperation Council
GDP	Gross Domestic Product
HDI	Human Development Index
IMF	International Monetary Fund
KMT	Kuomintang
MENA	Middle East and North Africa
UAE	United Arab Emirates
UNCAC	United Nations Convention against Corruption
WGI	Worldwide Governance Indicators

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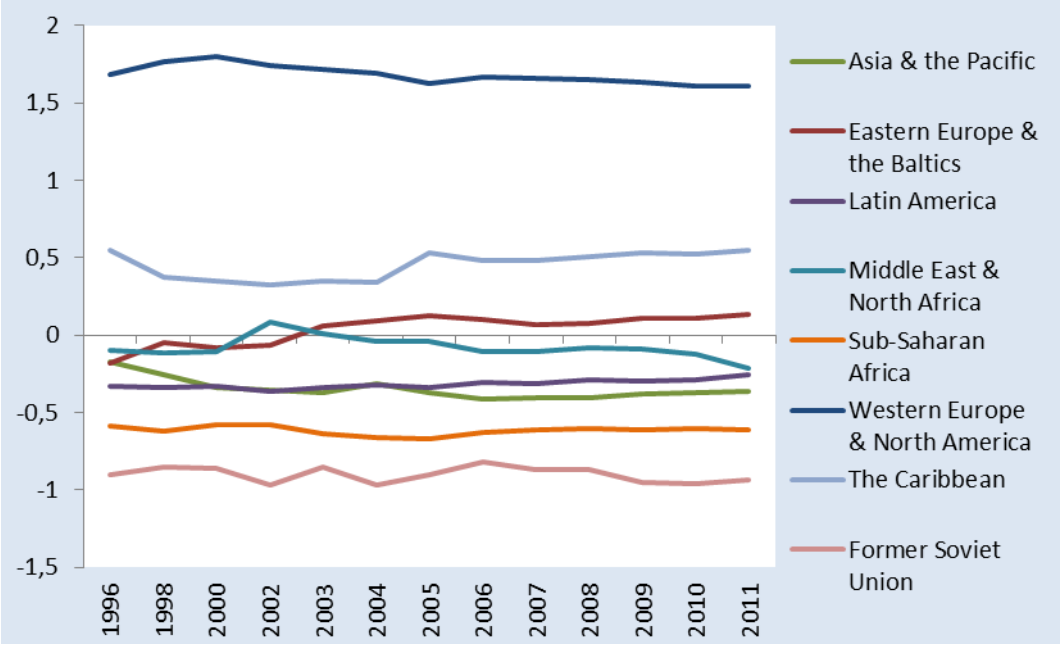
General Introduction

The purpose of this report is to bridge between the global comparative perspective from the trends analysis report (August 2013) and the milestone 'causality' report (due March 2014)[1] and the individual case studies of countries successful in achieving control of corruption by a regional 'continental' perspective. This allows placing 'achievers' covered in the background reports in their continental contexts and thus 'control' for a multitude of factors which usually escape quantitative analysis, relating to the common geographical and historical conditions of broader regions – for instance past colonial or Communist experience.

Figure 1: Evolution of the WGI Control of Corruption average by region (1996- 2011)



Data source: Worldwide Governance Indicator Control of Corruption[2].

That such regional factors matter is shown in the great difference across continents and the relative small variation within (with the exception of MENA). As reported in our previous 'trends' report, "The most performing group of countries is made of the European first generation achievers and their overseas colonies in North America and Oceania. Their average control of corruption is separated by a gap of over 30 points on the 0-100 scale from the next region, Eastern Europe (including the Baltics and the Balkans). The latter has evolved more than any other in the world since 1989 (roughly up 15 points on the scale), although this applies only to the successful Western section, since what is left of the former Soviet Union actually rates at the very bottom, below Sub-Saharan Africa. The rest of the world lags far behind the most achieving area. On the average, the regions with higher

[1] Both reports can be accessed at: http://anticorrp.eu/publications/?pubType=Deliverables
[2] The World Bank measures it as an aggregate indicator composed of all established country ratings on corruption which has started in 1996. It is supposed to capture perceptions of the extent to which public power is exercised for private gain, including both petty and grand forms of corruption, as well as "capture" of the state by elites and private interests.

positive development were Central Europe (including the Balkans) and the Caribbean. On the other hand, Middle East and North Africa, together with Asia and the Pacific, have on average worsened. Progress seems to have been made in atypical polities, such as the United Arab Emirates, Hong Kong and Cape Verde, or remains controversial, as in Georgia" (Mungiu-Pippidi 2013, p. 10).

But what explains this wide variation in control of corruption across countries? Using as a dependent variable Control of Corruption of the World Bank an explanatory model of corruption can be built by regression analysis. A stream in corruption literature (both in criminology and economics) has always conceptualized corruption as equilibrium. The World Bank's Robert Klitgaard considered that when monopoly of power and administrative discretion are not checked by accountability the result is corruption (1988). A statistical explanatory model of corruption at national level is best described as the equilibrium reached when opportunities (resources) for corruption can be checked by deterrents (constraints) imposed by the state and society as follows (on the methodology see Mungiu-Pippidi et al. 2011):

Corruption/control of corruption = Opportunities (Power discretion + Material resources) – Deterrents (Legal + Normative)

Opportunities can be detailed as:

- Power resources – Refer to discretionary power opportunities due not only to monopoly/oligopoly, but also due to privileged access that can take the form of collusive arrangements, purposely poor regulation encouraging administrative discretion, lack of transparency, etc.
- Material resources – Include state assets, concessions and large limits for discretionary budget spending, foreign aid, natural resources in state property, public sector employment, and any other resources which can be abused, turned into spoils or to generate rents.

Deterrents can be detailed as:

- Legal constraints – Comprise an autonomous, accountable and effective judiciary, corresponding audit and control agencies, as well as effective and comprehensive laws and regulations covering conflict of interest and enforcing a clear public-private separation.
- Normative constraints – Imply that existing societal norms endorse public integrity and government impartiality, and monitor deviations from that norm through public opinion, media, civil society, and a critical electorate.

This equilibrium formula was tested empirically on a large number of countries (see Mungiu-Pippidi et al. 2011) and in a time series (regression panel, ANTICORRP Milestone 2 report forthcoming with survey data, expert aggregate data and business survey data)[3]. The regional reports enclosed in this report all follow the elements of this formula in more qualitative depth trying to explain the problems countries face in building control of corruption.

The regional reports concentrate on regions below the threshold of zero, which is at half the absolute scale and at about two thirds of the relative scale (control of Corruption recoded 1 to 10 with Denmark, the best performer, 10, and the worst zero). This leaves out Western Europe OECD countries, Eastern Europe and the Caribbean. The regions covered are those facing more severe challenges: MENA, Asia, Sub-Saharan Africa, Latin America and former Soviet Union. The trends report, policy reports and ANTICORRP Milestone 2 report will cover however all countries and continents.

[3] ANTICORRP Milestone 2 report will be accessible from April 2014 at: http://anticorrp.eu/publications/?pubType=Deliverables

1. The Middle East and North Africa

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I. Introduction[4]

The Middle East and North Africa (MENA) is plagued by incidents of intra- and inter-state conflicts on the one hand and highly persistent levels of authoritarian rule on the other. In this World region income levels diverge sharply. MENA countries are either resource-poor but receive large amounts of foreign aid, including substantial EU support as part of the EUROMED partnership, or possess extraordinary high revenues from exporting hydrocarbon resources like oil and natural gas.

The analysis of recent trends in the control of corruption in the MENA region points to a devastating picture. While over the last decade the negative consequences of corruption have been widely recognized by practitioners and academics alike (Hafez 2009; e.g. Al-Zu'abi and Al-Naqeeb 2007), corruption, seen both as a persistent social practice as well as a political strategy, has remained a major hindrance for the future social, economic and political development of the MENA region. Traditionally, *wasta* – literally meaning the act and the person who steers conflicting parties toward a middle ground – is used to describe the social practice to maximize personal benefits as part of a larger network of kinship and informal relationships (Cunningham and Sarayrah 1993). While state institutions remain weak and rents remain abundant, *wasta* and other corrupt exchanges clearly dominate the majority of interactions between state and society.

The World Bank Control of Corruption indicator points to strongly increasing corrupt behaviour in many countries in the MENA region since about the late 1990s. The regional champion Israel, who was close to US and West European levels 20 years ago, has

[4] If not indicated otherwise, data are taken from the World Bank WGI available at: http://databank.worldbank.org/data/views/variableselection/selectvariables.aspx?source=world-development-indicators

significantly decreased the control of corruption by 2012 (the year our latest data is available). Within the region, Israel is now ranked only third behind the monarchies Qatar and United Arab Emirates (UAE). While the latter two countries stand out as the only two examples of significant progress in the MENA region in the most recent 15 years, there remain major doubts as the substance and sustainability of their achievements is concerned (on Qatar see case study conducted for ANTICORRP). Both countries are absolute monarchies having at their disposal gigantic amounts of hydrocarbon revenues. Even though recent developments point to increased transparency and fairness, especially as private sector-state relations are concerned, in both countries members of the ruling family and influential tribes are still above the law. Influential and largely opaque networks of kinship and informal interrelations dominate politics and society.

Hopes and aspirations of many civil society actors that the “Arab Spring” in early 2011 would also cause a “big bang” in the fight against corruption have largely dissolved until today. Either authoritarian regimes have been restructured along well-known lines with new actors at the top (Egypt) or a disintegration of all kind of stable form of governance has taken place (Syria, Libya). Tunisia is maybe the only case for limited optimism at the moment. However, it remains to be seen, whether the agreement on a new democratic constitution in January 2014 will also lead to more accountable forms of governance and an effective implementation of anti-corruption regulations by the new government.

The “equilibrium model” (Mungiu-Pippidi et al. 2011, 27) will be used to analyse both resources (which induce corruption) and constraints (which limit corruption) in the MENA region. It will refer to discretionary *power resources* (e.g. caused by monopoly and privileged access), *material resources* (e.g. state assets, foreign aid or natural resources), *legal constraints* (e.g. autonomous and effective judiciary to enforce legislation), and *normative constraints* (e.g. media and civil society).

II. Main Part

1) State of Governance

The larger MENA region can be divided into three distinct regional units: North Africa, the Middle East, and the Arabian Peninsula including Iran. For the sake of clarity, we present country level data on the control of corruption following this regional subdivision.

The North African countries at the southern shores of the Mediterranean Sea; Morocco, Algeria, Tunisia, Libya and Egypt, share a low control of corruption. As data from the World Bank Control of Corruption indicators demonstrates (see Figure 1), all North African cases score either below the regional mean (Algeria, Egypt, Libya) or hover around the regional average (high standard errors in 2012). This result is confirmed by the regional percentile ranks of the North African countries as presented in Figure 4. With the exception of Tunisia,

countries are positioned below the regional average, with Libya being the lowest ranking country. An equally depressing picture emerges as one considers the development of the degree of the control of corruption values over time. There was no significant improvement since the mid-1990s in any of the North African states. On the contrary, there has been a significant negative tendency in countries like Morocco, Libya and Egypt (see also Figure 5).

Looking at the six countries in the Middle East (Iraq, Israel, Jordan, Lebanon, Syria, and Turkey), Figure 2 demonstrates a similar negative pattern. There are only two countries (Turkey and Jordan), for which improved control of corruption has been reported, while their scores in 2012 did not significantly differ from the regional mean. All of the other countries regressed over time. The most pronounced case is Israel, a country which enjoyed strong economic growth and democratic consolidation. In most aspects, it exceeds the respective levels of the South-European EU member states. While Israel's score is still well above the regional mean, it has experienced a significant downward trend and seems to have become more corrupt within the most recent 15 years.

While decreasing control of corruption levels also prevail on the Arabian Peninsula and in Iran, two monarchies and members of the Gulf Cooperation Council (GCC) compete for regional leadership in this third sub-region. The first is Qatar, the other the UAE, a federation of seven sheikdoms led by Abu Dhabi and Dubai. These two countries are tiny states, where national citizens do not constitute the majority of the population. Their form of governance can be described as a family-based or neo-patrimonial absolute monarchy (Herb 1999; Bank, Richter, and Sunik 2013). Both countries as well as fellow GCC members like Saudi Arabia, Kuwait, Bahrain, and Oman have gigantic revenues from exporting hydrocarbon resources like oil and natural gas at their disposal. Qatar's and UAE's rise to the regional top is somehow surprising and calls for additional discussion in the following sections. Generally, the countries located on the Arabian Peninsula including Iran, show the largest variation as the control of corruption is concerned. It is here where extreme low-performers like Yemen and Iran are geographically close to the only two regional high performers Qatar and UAE. The majority of the other GCC members (Saudi Arabia, Kuwait, Oman, and Bahrain) scores somewhere in-between, also with significant regressions over time.

Figure 1: WGI Control of Corruption, North Africa, 1996-2012

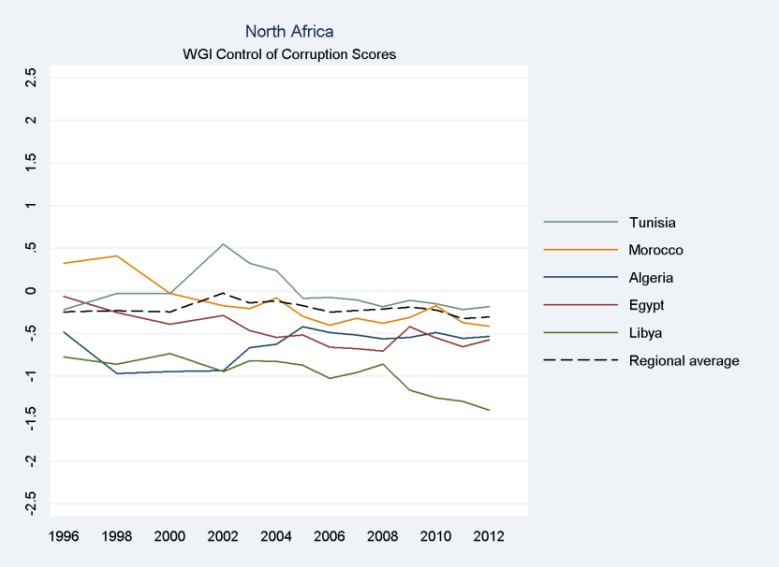


Figure 2: WGI Control of Corruption, Middle East, 1996-2011

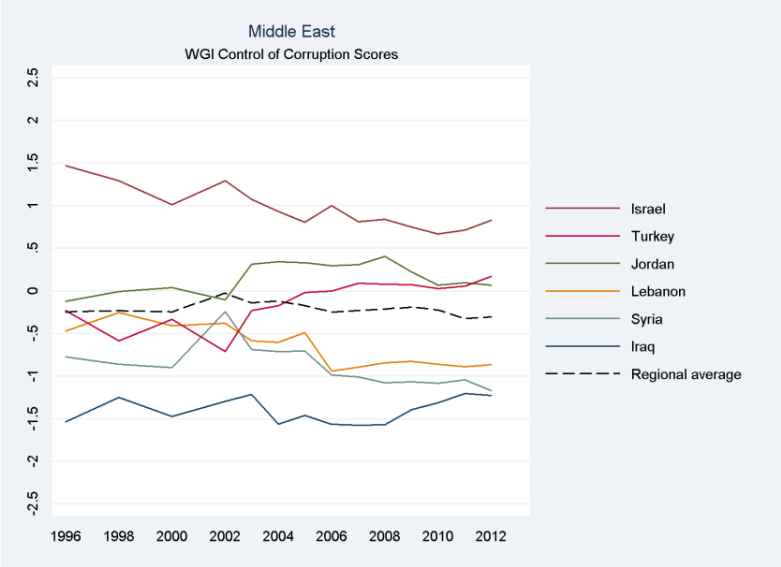


Figure 3: WGI Control of Corruption, Arabian Peninsula, 1996-2012

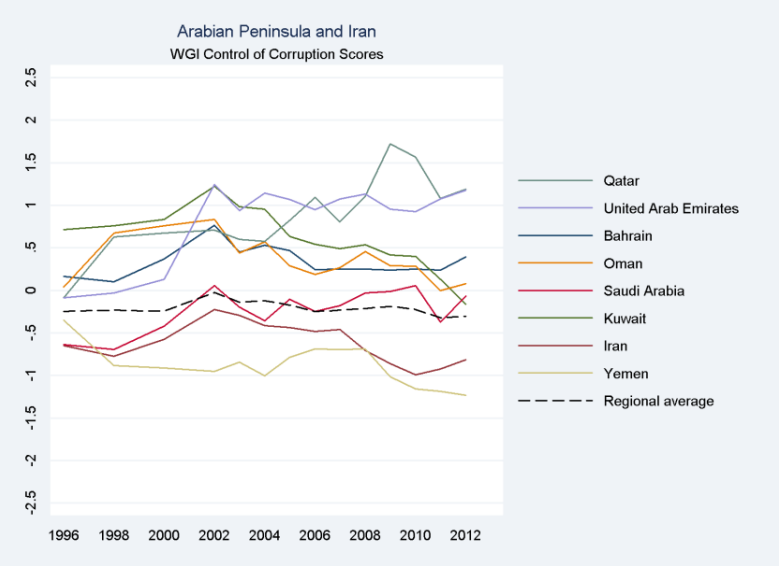


Figure 4: WGI Control of Corruption Percentile Ranking, Middle East and North Africa, 2012

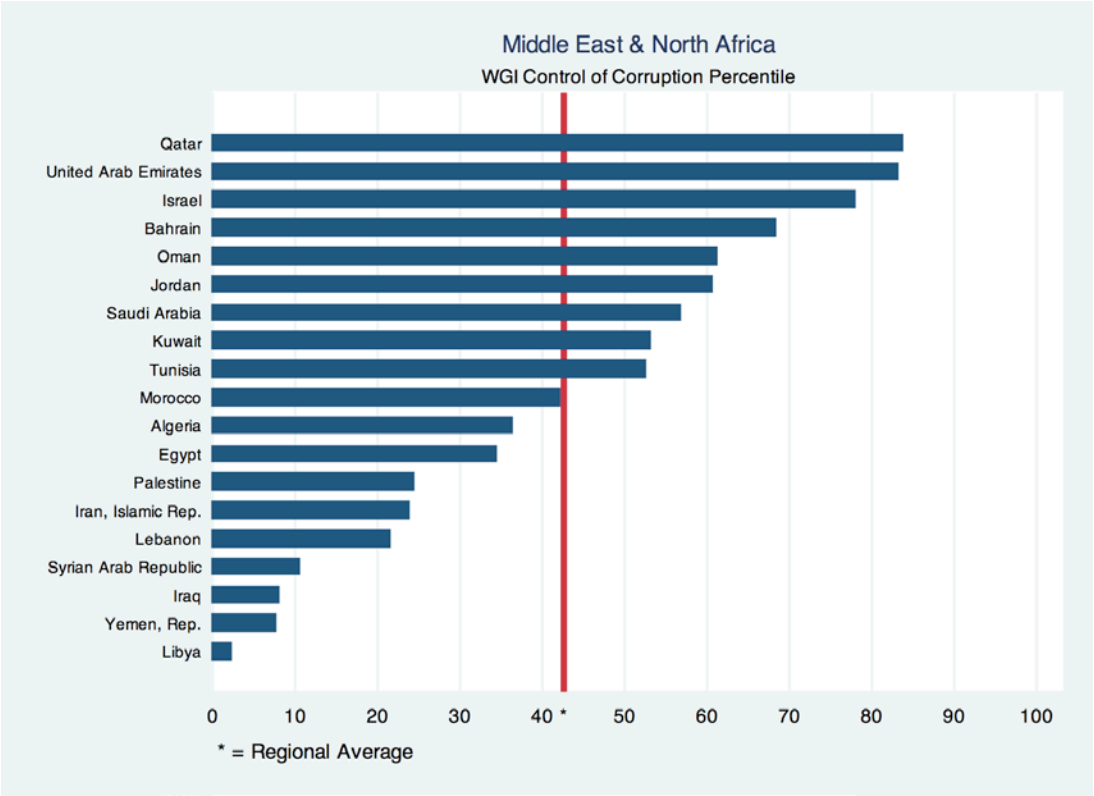
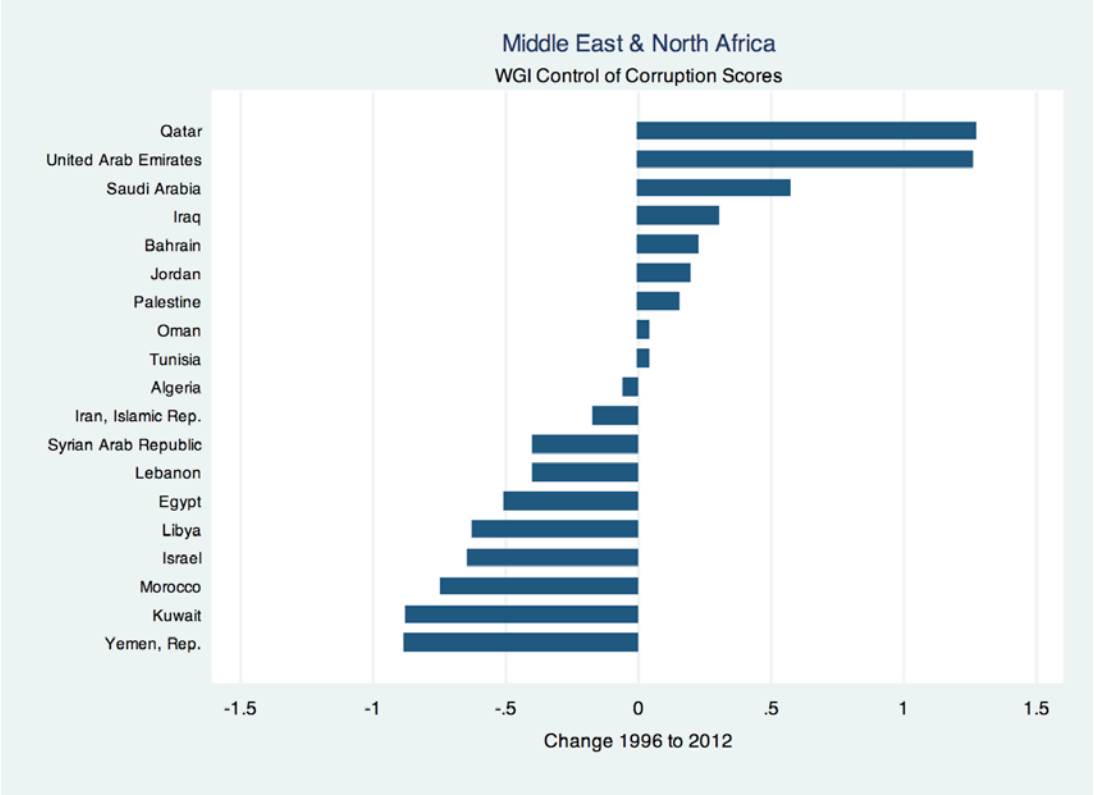


Figure 5: Change of WGI Control of Corruption, Middle East and North Africa, 1996-2012



2) Opportunities and Resources for Corruption

By looking at the equilibrium model of corruption as used in this report (Mungiu-Pippidi et al. 2011, Mungiu-Pippidi 2013) most of the MENA countries possess large amounts of discretionary power resources due to state dominated economies and large-scale public sector employment (e.g. Egypt, Tunisia, Jordan, and Morocco). Additionally, another group of countries has to its disposal extremely large amounts of rents from selling hydrocarbon resources to world markets (e.g. Saudi Arabia, Kuwait, Qatar, UAE, and Oman). A third group, among them Algeria, Libya, Syria, Iraq, Iran and Yemen, combines both of the aforementioned structural characteristics, which are, according to the model we use, very conducive for the prevalence of corruption. Cases in this third group exhibit a mixture of public sector domination throughout the national economy, combined with large inflows of hydrocarbon rents. Unsurprisingly, most of them perform far below the regional average and are also among the most corrupt countries worldwide.

All of the non-hydrocarbon countries went through extensive programs of economic reform and adjustment until the late 1990s (e.g. Richter 2013). As a result of these economic transitions, existing state dominated monopolies either prevailed by resisting World Bank and IMF pressures or state monopolies were transferred to private elites, some of them being previous members of the state administration's core personal. Given the general lack of regulatory power by the state, this transformation from a largely state-dominated development model towards some sort of patrimonial capitalism (Schlumberger 2008), has reinforced many of the old modes of corruption and has even created new opportunities for corrupt behaviour.

Doing Business in the World (World Bank 2013a) and the Burden of Government Regulation (Schwab and Sala-i-Martín 2012) data, presented in Table 1, support this analysis. State dominated economies with high rent income from exporting hydrocarbons perform worst as the regulation of their business environments is concerned. From over 180 countries Iraq was ranked 163, Algeria 150, Iran 144, Syria 137 and Yemen 101 in the World Bank Doing Business Report (the higher the rank the worse the economic environments in which private actors have to operate). Resource-poor countries with large-scale public sector employment are in a somehow better position, but still face major costs for private businesses. Egypt stands at position 110, while Jordan is ranked 105, and Morocco 93.

Table 1: Key indicators regarding opportunities and resources for corruption, Middle East and North Africa

Country	Ease of Doing Business Rank 2012[1)]	Burden of Government Regulation Rank 2011/2012 [2)]	Shadow Economy 2007 (% of GDP)[3)]
Algeria	150	140	31.2
Bahrain	39	7	n.a.
Egypt	110	113	33.1
Iran, Islamic Rep.	144	116	17.3
Iraq	163	n.a.	n.a.
Israel	36	90	20.7
Jordan	105	51	17.2
Kuwait	77	137	n.a.
Lebanon	112	103	32
Libya	n.a.	61	30.9
Morocco	93	63	33.1
Oman	47	11	n.a.
Palestine	135	n.a.	n.a.
Qatar	40	3	n.a.
Saudi Arabia	23	28	16.8
Syrian Arab Republic	137	n.a.	18.5
Tunisia	45	n.a.	35.4
United Arab Emirates	29	5	n.a.
Yemen, Rep.	101	119	26.8

[1)] *Source: World Bank Doing Business 2013: Index "Ease of doing business" rank between 1 (best performance) and 185 (worst performance).*(World Bank 2013a)
[2)] *Source: Global Competitiveness Report 2012-2013: Indicator "Burden of government regulation" Rank 2011/2012 between 1 (best performance) and 144 (worst performance).* (Schwab and Sala-i-Martín 2012)
[3)] *Source: Schneider et al. 2010: Estimations of the shadow economy in 2007 as a percentage of GDP.* (Schneider, Buehn, and Montenegro 2010)

As a somehow surprising fact, it is only the group of hydrocarbon-rich monarchies located at the Arabian Peninsula, which was able to extensively reduce the burden of government regulations over the last one and a half decade. By reducing regulatory costs, many of the Gulf monarchies were able to establish a more attractive climate for foreign direct investments, which was intended to overcome the hydrocarbon-dominated structure of their economies. Three countries within this group (Qatar, UAE, and Bahrain) stand out. They are already among the top ten countries with the lowest burden of government regulations worldwide. Even though a large share of hydrocarbon revenues is given directly to national constituencies in all of the Gulf monarchies, for instance as part of public sector employment, the majority of revenues flow directly to extra-budgetary funds, parallel institutions or private pockets of the respective ruling families. Due to comparatively high wages, petty corruption or corrupt behaviour of state employees at the lower and medium level has largely vanished within most of the GCC member states. However, high-level corruption is still a dominating phenomenon. While these transfers take place along kinship and the very few most

influential families and tribes (Hafez 2009), most of the ordinary people, although well supported by public sector employment, are excluded from the circulation of big money, let alone the millions of expatriate labourers, who very often work under precarious conditions for much lower wages (Dorsey 2014).

The MENA region is also a major recipient of foreign aid (Carapico 2002; Jenkins et al. 2011). Especially the resource-poor countries of the region have profited from large inflows of foreign capital, which go back to two major sources, first the hydrocarbon-rich member states of the GCC and second the US and other Western countries. Especially super-rich oil monarchies like Saudi-Arabia, Kuwait, Qatar, and the UAE have supported countries like Jordan, Egypt, Yemen, Morocco or Tunisia, but also Syria and Iraq since the early 1970s, as the first oil boom started to take momentum. The latest example of this inter-Arab financial support is related to the coup d'état of the Egyptian military against the first democratically elected president of Egypt, Muhammad Mursi, during the summer of 2013. Over the following months, the GCC, and at its forefront the Saudi kingdom, have fed the new Egyptian government with almost USD 20 Billion of financial support.

The US, the European Union, its member states and Japan constitute the second source of foreign aid. While not all forms of foreign aid have ultimately led to new incentives for corrupt practices, there is a relatively well-documented record of the positive relationship between Western foreign aid and opportunities for corruption for the cases of Egypt and Jordan. In both countries targeted US aid has for instance helped to create parallel state institutions, which in the long run provided suboptimal public goods, eroded the infrastructural power of the recipient state (Zimmerman 2013) and eventually created new opportunities for corruption.

An additional structural element conducive for discretionary political power is given by the highly sectarian and ethnically fragmented nature of most of the MENA societies. It is therefore a common pattern that factionalism leads to political decision making and resource distribution along the lines of ethnic and religious identities (Hafez 2009).

The only country partially excepted from the large extent of opportunities for corruption is Israel. For a number of historical reasons this country has followed a different development path. Shaped by a settler mentality and combined with a West European understanding of organizing the state, Israel underwent intense economic development since its foundation. This, however, was almost exclusively based on social and economic exchanges with US and European counterparts. Due to the high intensity of armed conflicts with its Arab neighbourhood, Israel has largely been isolated in the region. About ten years ago, during the early 2000s, Israel's degree of the Control of Corruption was close to US and European levels. Since then the country's economic and political system has been shaken by the disclosure of major corruption scandals involving some of the highest state office holders.

For instance, in 2009 the then Prime Minister Ehud Olmert had to resign facing an indictment of corruption.

3) Deterrents and Constraints for Corruption

Since all of the countries in the Middle East and North Africa, apart from Israel, have been ruled by authoritarian regimes for decades there are only limited long-lasting legal and normative deterrents and constraints for corruption available. Data from Freedom House as presented in Table 2 supports this picture. With the exception of Israel, the only democracy in the region, and Tunisia, the only case of a recent more democratic transition, all remaining countries significantly restrict civil liberties and political rights. Also the freedom of the press is widely limited in all of the MENA autocracies. This suppresses a politically independent media sector and therewith hinders the generation of autonomous public opinions. The prevalence and even more the current updating of authoritarian modes of governance throughout the MENA region are a major obstacle for developing greater transparency and accountability for its people.

The recent popular uprisings, which started in Tunisia in December 2010 and reached a peak between January and May 2011, also provided a previously unthinkable moment of hope as the strengthening of anti-corruption policies is concerned. This hope was primarily caused by the dynamics of political events, which led to the resignation of two of the longest ruling autocrats of the World, Zine El Abidine Ben Ali in Tunisia and Muhammad Hosni Mubarak in Egypt. Slogans postulating more civil society participation, asking for more accountable government action and demanding the repatriation of stolen public assets were essential parts of the Tunisian as well as the Egyptian protest movements (Anderson 2011; Beck 2013). The demand for less corruption, was one of the essential motivations for the self-immolation of the university-educated Tunisian fruit seller Mohamed Bouazizi in December 2010 (Momani 2012), the event that sparked the region-wide protests a few weeks later.

However, despite all mass upheaval, there was no major public action against corruption in any of the countries in the MENA region, even though some of the former dictators, like Tunisia's Ben Ali, were found guilty in absentia for theft and unlawful possession of foreign currencies and other properties (Adetunji 2011). As a recent survey of Transparency International shows, the situation has even worsened as the perception of corruption is concerned (The Economist 2013). Furthermore, all of the MENA countries (Israel and Tunisia are again an exception here) have increased their restrictions on, for instance, NGO registration in regard to the freedom to operate and international funding and cooperation opportunities (Wilcke 2013). It remains to be seen whether the long-term effects of the Arab Spring will institute more dynamism as the control of corruption in the Middle East and North

Africa is concerned. The consolidation of authoritarian rule, suggests a rather pessimistic view on the future of promising anti-corruption policies throughout the region.

Implementation of substantial national legislations for anti-corruption is also poor. The judiciary is regularly controlled by the executive, ineffective or both. There are for instance only three countries, which implemented some sort of a Freedom of Information Act (FOIA) establishing a legal framework in which state actors have to provide access to information on their actions for citizens. An Anti-Corruption Agency exists in only five MENA countries. But even the ratification of a FOIA law or the existence of an ACA does not significantly increase the actual transparency of government behaviour or leads to more intense anti-corruption actions, as evidence from the case of Jordan shows (Almadhoun 2012). On the other hand, with the exception of Oman, Saudi Arabia and Syria, all MENA countries ratified the United Nations Convention against Corruption (UNCAC).

Table 2: Key indicators regarding deterrents and constraints for corruption, Middle East and North Africa

Country	Judicial independence 2011/2012 [1)]	Freedom of the Press 2012 [2)]	Freedom of Political Rights 2012 [3)]	Freedom of Civil Liberties 2012 [4)]
Algeria	123	61	6	5
Bahrain	32	86	6	6
Djibouti		74	6	5
Egypt	53	62	5	5
Iran, Islamic Rep.	63	92	6	6
Iraq		67	6	6
Israel	15	31	1	2
Jordan	48	63	6	5
Kuwait	36	59	5	5
Lebanon	131	53	5	4
Libya	84	59	4	5
Morocco	81	66	5	4
Oman	31	71	6	5
Palestine				
Qatar	10	67	6	5
Saudi Arabia	26	84	7	7
Syrian Arab Republic		88	7	7
Tunisia		52	3	4
United Arab Emirates	23	74	6	6
Yemen, Rep.	139	79	6	6

Description:
[1)] *Source: Global Competitiveness Report 2012-2013: Indicator "Judicial independence" Rank 2011/2012 between 1 (best performance) and 144 (worst performance).* (Schwab and Sala-i-Martín 2012)
[2)] *Source: Freedom House 2013: Indicator "Freedom of the Press" Scores for 2012 between 0 (free) and 100 (not free).* (Freedom House 2013b)
[3)] *Source: Freedom House 2013: Indicator "Freedom of Political Rights" Scores for 2012 between 0 (free) and 7 (not free).*(Freedom House 2013a)
[4)] *Source: Freedom House 2013: Indicator" Freedom of Civil Liberties" Scores for 2012 between 0 (free) and 7 (not free).*(Freedom House 2013a)

III. Conclusion

Opportunities for corruption are widespread in the Middle East and North Africa, while deterrents and constraints remain underdeveloped. The traditional societal consensus that informal relationships – in Arabic *wasta* – are indispensable for the successful interaction within society is highly prevalent. With very few exceptions, most of the dynamics in regard to the control of corruption are negative. Especially in the years directly before the Arab Spring, many countries observed a worsening of their control of corruption scores. The two tiny Gulf monarchies Qatar and the United Arab Emirates are the only two cases which stand out from these regional developments. But they also represent a very specific constellation: fed by gigantic amounts of hydrocarbon resources and convinced by the need to provide low transaction costs for international businesses, on the surface they have made some progress in the fight against corruption. Their equilibrium, however, is still far away from ethical universalism. Even though most forms of petty corruption seem to be eradicated and, compared to other countries in the region, financial exchanges and public procurement are more transparent than in the past, there remain major deficits as the accountability of the government and the independence of the judiciary is concerned.

It remains to be seen, whether the long-term effects of the mass uprisings can push for more positive changes in the future. As of now, the Arab Spring's effects on the control of corruption are deeply disappointing. This supports the general view held in research that limiting corruption is a long-term endeavour. Many of the peoples' demands, originally grounded in a broad discontent caused by the corrupt behaviour of authoritarian elites, remained unfulfilled. Tunisia, the single exception in this regard, since it is the only country where major figures of the old guard were convicted of illegal and corrupt behaviour, suffers from new problems. The revolution has not so much brought a reduction of corrupt behaviour, but a destruction of multiple relatively stable equilibria of state organized corruption, which are now being transformed into new conflictive and even violent patterns of corrupt interactions. It is still an open question, whether the political transformation in Tunisia will succeed in establishing much more accountable rules for its political life. If Tunisian political actors will eventually succeed in organizing political interactions peacefully in the framework of the newly adopted constitution, this will not only provide a much more reliable institutional context for a push towards a more efficient anti-corruption legislation, it would also work as a positive point of reference for many social activists throughout the rest of the Arab world.

2. Asia and the Pacific

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I. Introduction

Asia and the Pacific is home to about 3.8 billion people and comprises more than 50 countries that built on an extremely diverse set of historical legacies, social structures, political cultures and ethnic identities.[5] One dimension of the vast intra-regional differences can be easily illustrated by comparing the levels of economic development. For instance, in 2012 GDP per capita amounted to only USD 687 in Afghanistan while it was as high as USD 78,275 in Macao. Similar differences exist as the level of human development is concerned. On the one hand, there are countries like, again, Afghanistan with a HDI score of only 0.374 (2012). On the other, in cases like Japan, South Korea, Hong Kong and Singapore, HDI scores are at about 0.9 for the same year.

Fundamental differences can also found for ethnic fractionalization. South Korea and Japan comprise of ethnically homogenous societies, while countries like India or Indonesia contain high degrees of ethnical divisions. Taking this diversity into account, there is also an enormous intra-regional variation as the level of corruption is concerned (e.g. Khan 1998; Quah 1999; Bhargava and Bolongaita 2004). The overall picture is, apart from some exceptions, deplorable. In most of the countries corruption is a serious problem and dynamics over the last five to ten years do not

[5] This report does not deal with Central Asian countries, since these countries are analyzed elsewhere (see Bratu 2014, this volume). New Zealand and Australia are excluded, since they are very different from the rest of the region due to their (colonial) history, making them more comparable to the United States and Canada.

point to any significant improvement. Yet not only the levels of the control of corruption differ strongly within the region, it is also the relationship between opportunities and constraints of corruption, which is distinct from one country to the other.

II. Main Part

1) State of Governance

Overall, corruption and its control (and lack thereof) are very persistent over time (Rothstein and Uslaner 2005). This is also true for Asia and the Pacific since the WGI regional average scores of the control of corruption (the index is scaled from -2.5 to +2.5) were slightly below 0 in 1996 and hover around the same level in 2012. In order to reflect on some of the more specific trends, we subdivide the region into three sub-units.

Looking at East Asia and South East Asia, Figures 1 and 2 illustrate the great variation within each of these two sub-regions. Singapore, Hong Kong and Japan clearly outperform all of the other countries in the eastern part of Asia. North Korea, on the other hand, is by far the worst performing case, followed by Myanmar, Cambodia and Laos. While Singapore and Hong Kong, are at the 97.12nd and the 93.3rd percentile rank of the WGI Control of Corruption, North Korea, is ranked at the 2.87th percentile in 2012 (see Figure 5), which is also the second lowest ranking for the whole of Asia and the Pacific. Only Afghanistan, being part of South Asia, achieves a lower score.

As Figure 3 demonstrates, in South Asian the level of the control of corruption is generally lower as in the Eastern and Pacific parts of the region. Here, only Bhutan scores above the regional average. Two other South Asian countries, the Maldives and Bangladesh, showed clearly negative trends in the mid-2000s. The Maldives experienced a worsening between 2003 and 2008. Bangladesh deteriorated already between 1996 and 2004. While both countries showed varying levels of the control of corruption over time, they have experienced a slightly positive trend since the mid-2000s. However, they have not yet met again their initial scores from 1996.

Figure 4 presents trends of the control of corruption in the Pacific region. Here the picture is mixed again. While there are several countries above the regional mean, others are well below. Overall, the Pacific islands display more variation than countries from the other three sub-regions in Asia; there are far more “ups” and “downs” among cases, particularly in the mid-2000s. The most negative development was taken by Fiji, while Palau made quite some progress over time.

Figure 6 illustrates the overall improvements and decreases of the WGI Control of Corruption indicator for all of the East Asian and Pacific countries, comparing the difference of respective scores between 1996 and 2012. Japan, Hong Kong, South Korea, Taiwan and Bhutan, the high

performers all placed in the upper 30 percentile of the WGI Control of Corruption rank, have experienced some improvements since the mid-1990s. But also Afghanistan, the worst performer of the whole Asian and the Pacific region, has seen some gradual improvements 1996. This slightly positive development is underlined by the fact that Afghanistan endorsed the Anti-Corruption Action Plan for Asia and the Pacific in May 2013. Corruption as a general problem, as this example might show, is at least not completely neglected by the governments in some of the least good performing countries. To conclude, even though there have been some individual improvements since 1996 in Asia and the Pacific, the overall levels of the control of corruption are still very low and especially five countries (Fiji, the Maldives, Nepal, Papua New Guinea and Lao PDR) have substantially regressed over time.

Figure 1: WGI Control of Corruption, East Asia, 1996-2012

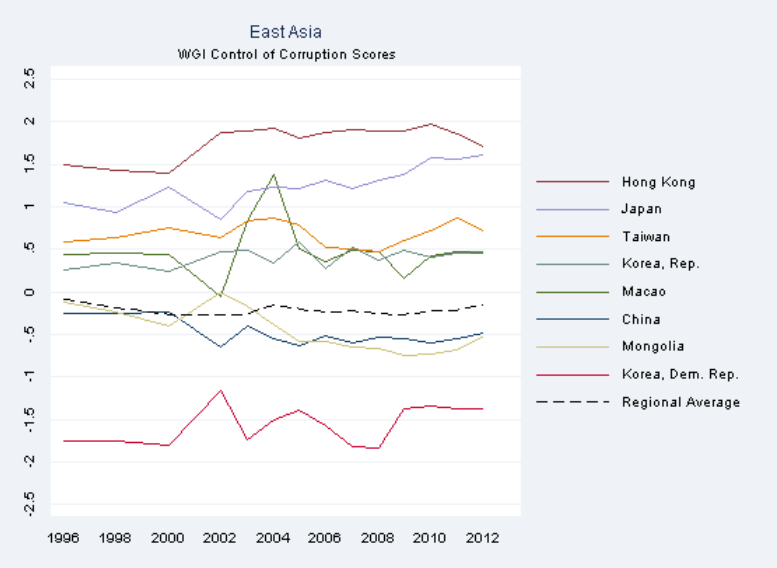


Figure 2: WGI Control of Corruption, South East Asia, 1996-2012

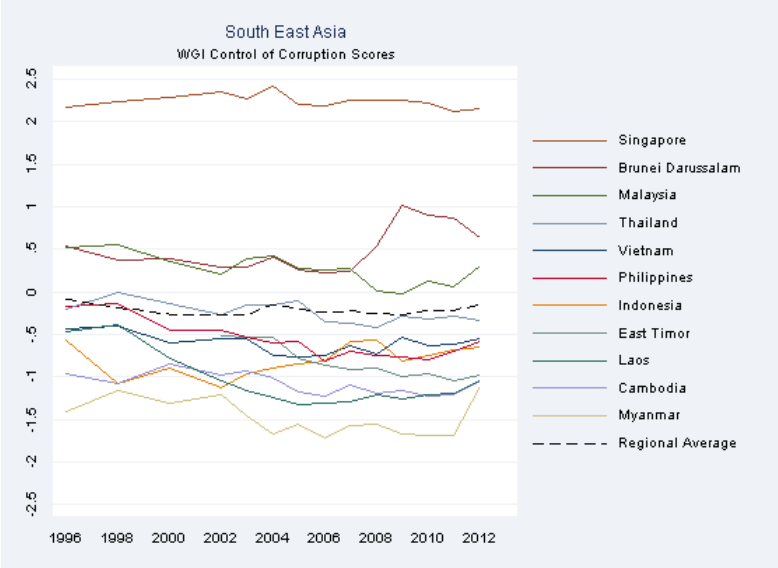


Figure 3: WGI Control of Corruption, South Asia, 1996-2012

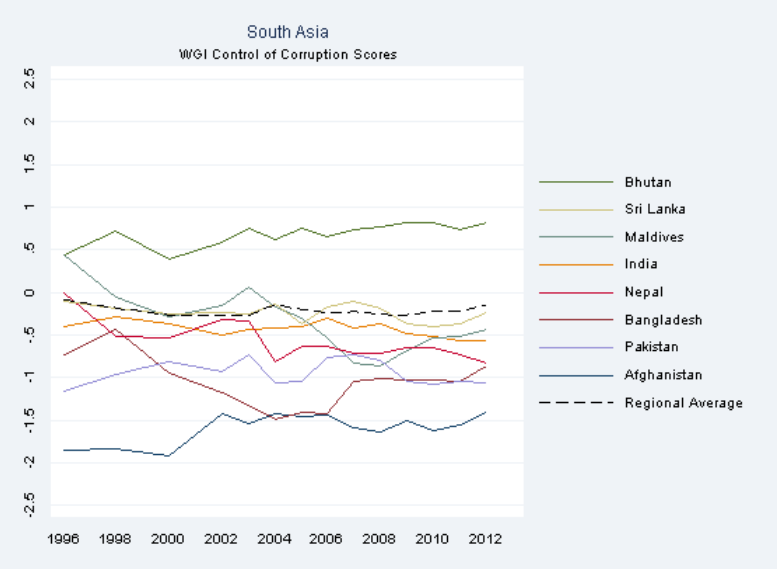


Figure 4: WGI Control of Corruption, Pacific, 1996-2012

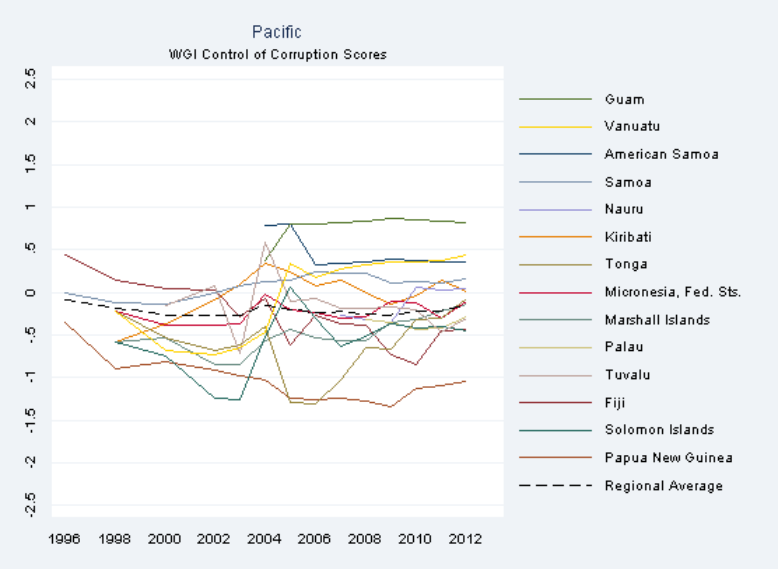


Figure 5: WGI Control of Corruption Percentile Ranking, Asia and Pacific, 2012

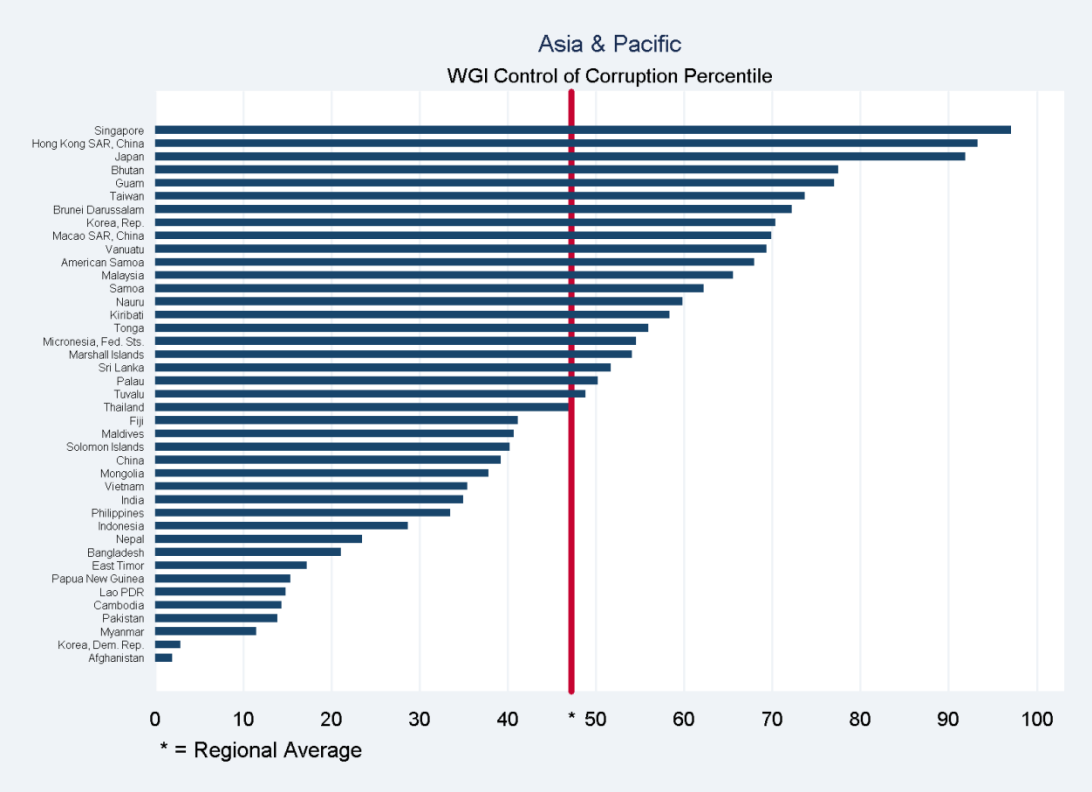
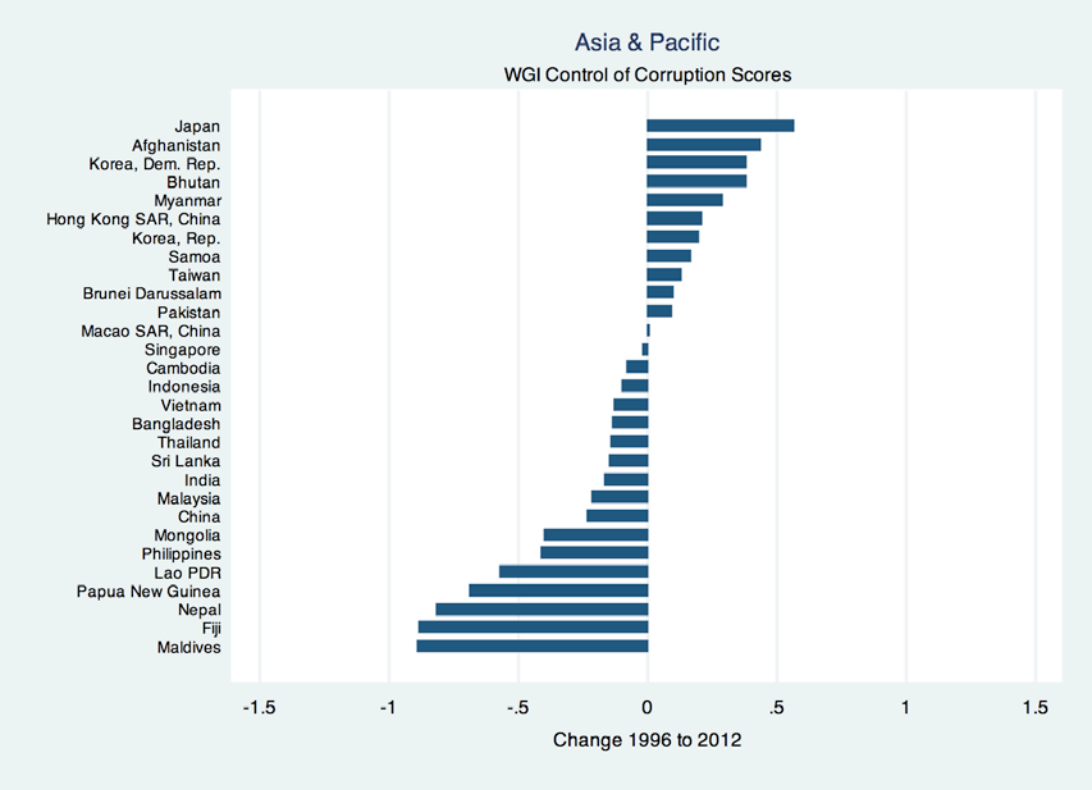


Figure 6: Change of WGI Control of Corruption, Asia and Pacific, 1996-2012



2) Opportunities and Resources for Corruption

Following the equilibrium model (Mungiu-Pippidi et al. 2011, 27), one can distinguish between power and material resources providing the context for opportunities and resources of corruption. Rents originating from the production of natural resources, particularly oil, natural gas and minerals have been proven to have a negative impact on many aspects of good governance, also including the control of corruption (see e.g. Busse and Gröning 2011). Resource rents always bear the potential for being exploited and misused by public officials for private benefits. Data on rents is fragmentary for many Asian and Pacific countries. Where data is available, the region displays a mixed picture. It is only in some countries that natural resource rents play an important role and there is no obvious relationship to the degree of the control of corruption. In Brunei, for instance, about 40% of the GDP (data is from 2011) stemmed from revenues from oil, natural gas or minerals, followed by Malaysia (9.60%), and Vietnam (9.55%). Interestingly, Brunei and Malaysia are placed above the regional average as scores of the WGI Control of Corruption are concerned, while Vietnam scores below. Overall, resource rents are of minor importance in most of the Asian and Pacific states and therefore do not contribute a lot to the explanation of the existent levels of corruption.

Foreign aid has been named to be an alternative source that could be exploited by corrupt actors (Knack 2001). Afghanistan, the worst performer of the region, has received the highest amounts of foreign over the last couple of years, followed by Pakistan, and Vietnam. Each of these countries performs badly as the control of corruption and many other indicators of good governance are concerned. Hence, there might be the potential of a negative impact of foreign aid on corruption. However, it seems equally possible that donors are eager to combat corruption within the region and therefore spend more on most affected countries.

Since the danger of corruption is particularly prevalent where discretion is high, project spending is possibly a more precise indicator of opportunities for corruption. As share of GDP, the gross capital formation amounts to 64.8% in East Timor in 2011, 62.5% in Mongolia and 56% in Bhutan. The latter country belongs to the top five countries combating corruption in Asia, while the other two countries are ranked well below the regional mean in 2012. Again, data on project spending seem to indicate that a large extent of opportunities does not necessarily relate to low level of the control of corruption. This highlights the fact that material resources often are either not available or not exploited by public office holders in many Asian and Pacific countries.

Regarding opportunities, red tape constitutes a major opportunity for corruption. Consequently, one can expect those countries to possess low levels of corruption, which receive a high Ease of Doing Business rank, have a small shadow economy and exhibit low burdens for businesses by government regulations. The case of Singapore supports this assumption. The country ranks

first in the Ease of Doing Business ranking, has a tiny shadow economy and almost no burden of government regulations.

In East Asia instead, East Timor, Cambodia, Indonesia, and the Philippines rank very low in the Ease of Doing Business report and show very high levels of corruption. While in East Asia the Ease of Doing Business rank and the size of the shadow economy (% of GDP) are generally in line with expectations of the equilibrium model, the relationship between burden of government regulation and control of corruption is much less obvious. On the one hand, there are good performers in regard to the control of corruption like Singapore and Hong Kong, which both have reduced the burden of government regulation to an extremely low level since a number of years. On the other hand there exists, for instance, South Korea as a country which does quite well in the fight against corruption, but ranks only at 114 in the burden of government regulation. Moreover, while Malaysia performs poorly in the WGI Control of Corruption, it is placed among the top ten (8th rank) in regard to the existence of government regulations. This indicates that the extent of government burdens does not necessarily provide opportunities for corruption that will be exploited by public office holders. A reason for this might be that the restraints for corruption are more effective in those countries. One relevant example is given looking at the case of Thailand, a country that ranges above the regional mean of the WGI Control of Corruption, but where the shadow economy is estimated to be the highest in Asia (48% of GDP).

Table 1: Key indicators regarding opportunities and resources for corruption, East Asia

Country	**Ease of Doing Business Rank 2012** [1)]	**Burden of Government Regulation Rank 2011/2012** [2)]	**Shadow Economy 2007 (% of GDP)** [3)]
Brunei Darussalam	83	25	31.2
Cambodia	141	42	46
China	91	23	11.9
East Timor	169	57	
Hong Kong SAR, China	2	4	14.7
Indonesia	130	48	17.9
Japan	20	87	10.3
Korea, Rep.	9	114	25.6
Lao PDR	166		28
Macao SAR, China			11.1
Malaysia	14	8	29.6
Mongolia	88	102	16.4
Philippines	136	108	38.3
Singapore	1	1	12.2

Taiwan	25	10	23.9
Thailand	17	75	48.2
Vietnam	99	112	14.4
Description: see table 1 in the MENA report			

Turning to South Asia (see table 2), one can easily see that the region suffers from a generally poor performance regarding all indicators under study. This is in line with the fact that most countries in this sub-region perform very poorly in terms of the WGI Control of Corruption. Surprisingly, Bhutan, the anti-corruption achiever here, ranks the lowest in the ease of doing business report and even though it has the second smallest shadow economy in the region, this informal part of the economy still amounted to almost one third of its GDP in 2007.

Sri Lanka, on the other hand, being the second best South Asian anti-corruption performer is placed at the second highest rank in the Ease of Doing Business ranking. Only the Maldives, the third best South Asian anti-corruption achiever, are doing better in this regard. At the same time Sri Lanka comprises the largest South Asian shadow economy and the third largest in the whole Asian and Pacific region. In India, Bhutan and the Maldives shadow economies are much smaller, while the burden of government regulation is well below the level of Sri Lanka. Overall in South Asia, the congruency of opportunities for corruption as predicted by the equilibrium model is rather low.

Table 2: Key indicators regarding opportunities and resources for corruption, South Asia

Country	**Ease of Doing Business Rank 2012** [1)]	**Burden of Government Regulation Rank 2011/2012** [2)]	**Shadow Economy 2007 (% GDP)** [3)]
Afghanistan	167		
Bangladesh	124	85	34.1
Bhutan	142		27.7
India	132	98	20.7
Maldives	79		28.6
Nepal	107	86	36
Pakistan	104	62	33.6
Sri Lanka	96	45	42.2
Description: see table 1 in the MENA report			

Apart from the Ease of Doing Business Rank, data for countries of the Pacific sub-region is very fragmentary and is therefore not shown in a separate table. None of the Pacific countries for which the data is available performs well as the Ease of Doing Business ranking is concerned.

To sum up, where red tape is still a persistent phenomenon, Asian countries perform badly, while the size of the informal economy does not seem to have a direct and obvious effect on the

degree of the control of corruption either. Opportunities for corruption in Asian and the Pacific are clearly numerous and persistent. This is largely in line with the observation that most of the region's cases are, on average, not among the group of top anti-corruption performers worldwide.

3) Deterrents and Constraints for Corruption

An independent judiciary is a key factor in curbing corruption. Anti-corruption achievers like Japan, Hong Kong, and Singapore rank very high on this particular indicator. However, this relationship is far from being linear. South Korea, for instance, which was fairly successful in fighting corruption over the last decades (Kalinoskwi and Kim 2014, e.g.), ranks only at the 74th position as the independence of the judiciary is concerned. Brunei, another case in point, was not very successful in curbing corruption during the past while, on the other hand, being known to possess a rather independent judiciary. Yet as the overall picture is concerned, judicial independence seems to be an important factor for the control of corruption in Asia and the Pacific as well.

Regarding the freedom of the press, East Asia generally displays a highly restricted media landscape (see Table 3). Across this sub-region, Japan and Taiwan are the two only countries which provide signification degrees of freedom for the press, followed by South Korea, East Timor, Hong Kong and Mongolia. Given the low level of press freedom in many of the highly corrupt countries in the region, it seems plausible to assume that the media in most of East Asian countries cannot make a real case in fighting corruption.

Also many of the Asian countries are governed by authoritarian regimes. It is therefore no surprise, that most countries perform rather poorly as political and civil liberties are concerned. Again, there are exceptions. In East Asia, Japan, South Korea, Indonesia, Mongolia and Taiwan outperform their regional counterparts. The top anti-corruption performers score often well looking at indicators considered to be a prerequisite for the control of corruption, while there are very few countries which perform badly and guarantee political liberties and civil liberties. A more specific aspect, which relates to the granting of political rights, can be seen by the successful implementation of the protection of whistle-blowers. In South Korea, for instance, whistle-blowers are not only protected against prosecution, but also financially rewarded if they help to uncover corrupt behaviour (Lee 2004).

Table 3: Key indicators regarding deterrents and constraints for corruption, East Asia

Country	Judicial independence 2011/2012 [1)]	Freedom of the Press 2012 [2)]	Freedom of Political Rights 2012 [3)]	Freedom of Civil Liberties 2012 [4)]
Brunei Darussalam	33	75	6	5
Cambodia	91	66	6	5
China	66	83	7	6
East Timor	92	35	3	4
Hong Kong SAR, China	12	35		
Indonesia	76	49	2	3
Japan	17	24	1	2
Korea, Dem. Rep.		96	7	7
Korea, Rep.	74	31	1	2
Lao PDR		84	7	6
Macao SAR, China				
Malaysia	43	64	4	4
Mongolia	112	37	1	2
Myanmar		72	6	5
Philippines	99	43	3	3
Singapore	20	67	4	4
Taiwan	42	26	1	2
Thailand	59	62	4	4
Vietnam	87	84	7	5
Description: see table 2 in the MENA report				

On average, South Asian countries have been less effective in curbing corruption by providing constraints and deterrents than cases located in other parts of Asia and the Pacific (see table 4). Bhutan is a striking example. Even though this Himalayan mountain kingdom belongs, together with Sri Lanka, to the top anti-corruption performers from the sub-region, both countries have restricted the freedom of the press and the political rights as well as the civil liberties of its citizens significantly. On the other hand, India is the South Asian country with the highest rating of the freedom of the press possessing the least restricted levels of political and civil liberties. However, India performs much worse in terms of the control of corruption than Bhutan and Sri Lanka.

Table 4: Key indicators regarding constraints and deterrents for corruption, South Asia

Country	Judicial independence 2011/2012 [1)]	Freedom of the Press 2012 [2)]	Freedom of Political Rights 2012 [3)]	Freedom of Civil Liberties 2012 [4)]
Afghanistan		67	6	6
Bangladesh	104	53	3	4
Bhutan		58	4	5
India	45	38	2	3
Maldives		55	5	4
Nepal	89	58	4	4
Pakistan	57	64	4	5
Sri Lanka	56	74	5	4
Description: see table 2 in the MENA report				

Overall, countries from the Pacific (see table 5) provide more freedom to the press, have comparatively higher level of political rights and civil liberties and display features of good governance as many countries from the other Asian sub-regions. The only exceptions are Fiji, Papua New Guinea and the Solomon Islands. Unsurprisingly, these three countries rank below the average of the WGI Control of Corruption in East Asia and the Pacific.

An additional aspect, which influences the fight against corruption in Asia and the Pacific is a widespread social practice described as the manner of gift-giving. This social habit is persistent within many of the Asian and Pacific societies (see e.g. Larmour 1997, 2010; Göbel 2014; Kalinoskwi and Kim 2014). Even though this practice is less and less accepted in many countries due to urbanization and modernization, the tradition of gift-giving has hampered the fight against corruption across Asia and the Pacific significantly.

Table 5: Key indicators regarding deterrents and constraints for corruption, Pacific

Country	Judicial independence 2011/2012 [1)]	Freedom of the Press 2012 [2)]	Freedom of Political Rights 2012 [3)]	Freedom of Civil Liberties 2012 [4)]
Fiji		56	6	4
Kiribati		27	1	1
Marshall Islands		17	1	1
Micronesia, F. St.		21	1	1
Nauru		28	1	1
Palau		16	1	1
Papua New Guinea		28	4	3
Samoa		29	2	2
Solomon Islands		28	4	3
Tonga		29	3	2

Tuvalu		26	1	1
Vanuatu		25	2	2
Description: see table 2 in the MENA report				

Institutional change, which is centred on fair and competitive elections, seems to have some lasting impact on curbing corruption in many Asian countries. Countries performing in regard to the extension of civil and political rights, few exceptions exist, range well above the regional average in terms of anti-corruption scores. The regular execution of elections can therefore be a crucial factor for the successful implementation of the control of corruption. Facing the need to get re-elected by majority vote, corrupt politicians may fear to get exposed by the media, by civil society actors, or political competitors. However, it is obvious that many of the presented anti-corruption achievers face serious challenges; the most prominent are still widespread restrictions of political and civil liberties. This indicates that not only politicians faced with free and fair elections acknowledge the importance of the control of corruption. The fight against corruption also contributes to the legitimacy and popularity of political actors, making anti-corruption laws an instrument to gain support in the population.

III. Conclusion

A number of crucial lessons can be learnt from looking at how achievers have successfully curbed corruption throughout the region of Asia and the Pacific. The cases of Hong Kong and Singapore show that a high level of control of corruption can be achieved through independent and strong anti-corruption agencies (Quah 1994, 2007). However, such strong institutions can only be effective and powerful, when the top political leaders are strongly committed to the fight against corruption.

In Singapore, already in 1960, the ruling People´s Action Party, introduced a comprehensive anti-corruption framework. With the enactment of the Prevention of Corruption Act a strong legal framework was introduced, which gave significant power to the Corrupt Practices Investigation Bureau (Quah 1994). For a number of years, this initial step was followed by several supplementary anti-corruption initiatives, which consistently contributed to the effective control of corruption by increasing the restraints for corruption (e.g. creating a strong investigative agency), decreasing the incentives for corruption (e.g. increasing salaries to public sector officials). From this perspective, Singapore can be seen as a successful example of a top-down approach to the fight against corruption. Hong Kong, taking Singapore as a benchmark, introduced an independent anti-corruption agency in 1974. In contrast to Singapore, this strategy primarily aimed at reducing the opportunities for corruption, but neglected to restrict the incentives for

corruption right from the beginning (Quah 1994; Wong 2004). As in Singapore, in Hong Kong there exists only one main anti-corruption agency, which is independent and equipped with far reaching powers. Strong and powerful anticorruption agencies and the encompassing anti-corruption legislations were only possible to establish and to maintain because of the commitments of the political leaders to constrain corruption. The major motivation behind rested in the belief that corrupt behaviour will be harmful to economic development and modernization. Additionally, "[d]oing something about what everybody wanted to be eradicated, and doing it right the first time, was a sure way of winning support and legitimacy" (Cheung 2008, 59), also within non-democratic political systems.

The cases of Hong Kong and Singapore also show that there are potential positive spill-over effects of anti-corruption policies across the region. If one country effectively curbs corruption this might serve as a role model for other countries to learn from best practice. A more recent anti-corruption achiever is Taiwan (see Göbel 2014), a country which intensified the fight against corruption in the 1980s only. While Taiwan went through a democratic transition in the early 1990s, corruption did not decrease immediately after these political reforms were implemented. A real improvement took only place since 2000, when the previous opposition party, the DPP, came into power. Not least because it wanted to weaken its political competitor, the previously ruling KMT, the DPP initiated several far-reaching anti-corruption initiatives. Those initiatives included new anti-corruption regulations and the strengthening of the existing anti-corruption agencies. Once the process has started, the KMT followed this path in order to regain legitimacy over the cycle of regular and competitive elections. The Taiwanese media have also played their part and regularly publicized prominent cases of corruption.

A number of conclusions can be drawn from the analysis and examples presented above. First, the aggregated level of the control of corruption in Asia and the Pacific is quite stable over time. However, on the country level, one can identify achievers as well as losers. While countries like Japan, Afghanistan, Bhutan, Taiwan and South Korea show encouraging trends over time, countries like the Maldives, Fiji and Nepal have experienced a quite negative development over recent years. Second, South Asia seems to be especially persistent as the potential improvement of the control of corruption is concerned. On average, constraints there are very low while opportunities are high. In that sense, South-Asia fits much better to predictions given by the equilibrium model than the rest of Asia and Pacific. Third, Asia is rather exceptional in terms of the potential determinants of corruption. Compared to other world regions, the relationship between opportunities and restraints on the one hand and corruption on the other is far less consistent across all relevant regional cases. Fourth, as the examples of anti-corruption achievers show, an active civil society and the media can serve as watchdogs in order to keep

corruption on the political agenda. Strong, independent anti-corruption agencies and the protection of whistle-blowers are powerful means in the fight against corruption. These factors are even visible in otherwise authoritarian political contexts. Politicians often consider the fight against corruption as a way to gain legitimacy and to foster economic development and modernization. The fact that there is a regional anti-corruption initiative of 31 Asian countries shows that even if some governments might not really be willing to implement anti-corruption legislations, they are nevertheless eager pretending to do so.

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Figure 5: WGI Control of Corruption Percentile Ranking, Sub-Saharan Africa, 2012
Figure 6: Change of WGI Control of Corruption, Sub-Saharan Africa, 1996 – 2012

I. Introduction

Scientists, policymakers and development practitioners all recurrently perceive sub-Saharan Africa as the region with the highest levels of corruption worldwide. In 1989 already, the World Bank famously stated that “underlying the litany of Africa’s development problems is a crisis of governance” (World Bank 1989, 60). The region is currently viewed in less pessimistic terms but the Worldwide Governance Indicators (WGI) still support this traditionally dire view. The WGI data show that in sub-Saharan Africa and South Asia the perceived levels of corruption are among the highest of all world regions. The explanations for this facet abound and range from sub-Saharan Africa’s comparatively low socio-economic development to its high ethnic diversity, its conflict intensity to its prevailing informal institutions and systems of rule.

Substantive research on the region (Blundo and Olivier de Sardan 2006; Bratton and van de Walle 1997; Rose-Ackerman and Coolidge 1995) has shown the institutionalized (and therefore positively sanctioned) nature of corruption in the region. Therefore, any analysis treating deeply-ingrained informal practices as deviations from the norm, as solely individual “misuses” of authority, becomes inadequate (von Soest 2009). In a lot of African countries “particularism (treating a person not as an indistinct individual, but according to particular ties or group affiliations)” (Mungiu-Pippidi et al. 2011, 5) is the norm.

A distinct feature is the high degree of personalization and centralization of Africa’s political systems. This persists despite the wave of political transitions that fundamentally changed the political landscape of the region. The concept of neopatrimonialism (e.g. Erdmann and Engel 2007; Médard 1982, 2002) denotes a mix of formal state institutions and informal, patrimonial

institutions and has found wide application in analysis of sub-Saharan Africa's political economy. Numerous studies using this perspective found the high persistence of informal institutions and the high degree of elite recycling which followed the political transitions. In a lot of cases, the original hopes of transformation proved unfounded or at least premature. There are only very few countries which can be considered success cases in the fight against corruption. Among them are Mauritius, Seychelles and Cape Verde, small island economies, and Botswana has had an untypical democratic regime trajectory since independence. In addition, South Africa's political and economic structure is peculiar as is its history.

The developments in sub-Saharan Africa are very diverse and the paths leading to control of corruption in the very few dynamic cases vary fundamentally – while Rwanda has followed an authoritarian development path which includes the clamp down on corruption; Ghana and Lesotho have shown some improvements with a largely democratic trajectory recently. For the most part, however, anti-corruption policies in sub-Saharan Africa must be considered a failure so far.

Despite impressive economic growth since the early 2000s, fundamental structural conditions have hardly changed. A significant crop of African countries still belongs to the poorest countries in the world and is highly aid dependent. Even fast-growing Rwanda and Mozambique rely on donor agencies for more than 30% of their state budgets. Poverty not only is a tragedy for affected individuals, families and social groups but also provides incentives for corrupt exchanges and restricts societal control of corruption. In addition, exceptionally high incomes from natural resource extraction in countries such as Angola, Democratic Republic of Congo, and Equatorial Guinea are largely unaccounted for. Secondly, particularly West, Central and the Horn of Africa are ravaged by intra-state conflicts which inhibit the strengthening of state institutions and prudent management of resources. The formal institutions and societal constraints are still weak and the resources for powerful individuals are often abundant. These factors contribute to the fact that in numerous African countries the incentives to restrict particularism are still limited.

II. Main Part

1) State of Governance

With 49 states, sub-Saharan Africa constitutes a large and diverse regional group. In consequence, the geographic, social, economic and political conditions and, in turn, the conditions for the control of corruption differ widely. We divided the larger region into four regional units; West Africa, Central Africa, East Africa (which includes the Horn of Africa) and

Southern Africa. We also present country level data on the control of corruption following this subdivision.

The overall control of corruption average for the whole of sub-Saharan Africa is far below world average and has largely been flat from 1996 to 2012, meaning that there has not been overall improvement despite significant political shifts in the same period. In West Africa (see Figure 1), Cape Verde and Ghana are the clear regional achievers which show a notably beyond regional average control of corruption with a positive tendency (less for Ghana in recent years). Both countries are the most democratic and comparatively affluent compared to the rest of the sub-region. Oil-rich Equatorial Guinea, on the other hand, has the highest GDP per capita of all sub-Saharan countries, but shows by far the lowest control of corruption level. Long-serving autocratic President Obiang and his small coterie of family and friends have established a system of misuse to siphon off revenues from the vast oil resources for private benefit. Guinea-Bissau, the country with the second-lowest control of corruption score, has been plagued by political instability and is one of the poorest countries in the world.

Central Africa boasts the lowest overall control of corruption levels of all African sub-regions and hardly shows any positive development (see Figure 2). The spectacular outlier is Rwanda, which is strongly donor-dependent and authoritarian, but which has recurrently been lauded for its development path, which focusses on containing corruption. Since 2006, control of corruption as measured by the WGI, has seen one of the strongest improvements on the global scale. The further good performers are São Tomé and Príncipe, again an island state, and Gabon, which have shown a positive development overall and are the only further Central African countries which are above the regional average. Most notable in this conflict-ridden sub-region, is the mineral-resource rich but nevertheless poor Democratic Republic of Congo, which is among the countries with the lowest control of corruption. Under former ruler Mobutu it was already renowned for the massive self-enrichment of its ruling class.

East Africa (see Figure 3) exhibits similarly disappointing results, no real achiever is discernable. Most notably authoritarian Ethiopia has also contained corruption compared to its sub-regional peers and is the only country which clearly lies above the regional average. The following countries are Comoros, Tanzania and Eritrea, which, as it has become increasingly autocratic, has experienced a massive decline in the control of corruption values. Those countries which are experiencing conflicts and which are characterized by a low degree of statehood – South Sudan (became independent in 2011), Burundi, Sudan, and Somalia – exhibit extremely low control of corruption levels, even by regional standards. They are among the most corrupt countries in the world. The regional economic powerhouse Kenya also has a very low control of corruption.

In sub-regional comparison Southern Africa stands out by its highest control of corruption, with the traditional high performer Botswana followed by the Seychelles, Mauritius, Namibia, Lesotho and South Africa (see Figure 4). Disappointingly, South Africa as the strongest economy on the continent and as a country which has undergone an internationally lauded democratic transition, shows the strongest decline in control of corruption in the last two years. This reflects widespread controversy about the increasing entrenchment and self-enrichment of members of the ruling elite in the country. Still, only two countries of the sub-region clearly score below the regional average, Zimbabwe and Angola. The dramatic economic crisis in Zimbabwe has led to widespread impoverishment of the population; the unaccountable elite has pursued own business interests and has taken advantage of its state positions. The same can also be said about oil-rich Angola where the management and distribution of the country's wealth is largely outside public and international scrutiny.

Looking at sub-Saharan Africa at large, Botswana, Mauritius, Cape Verde, South Africa, Namibia and the Seychelles are the top performers as their WGI Control of Corruption ranking is concerned (see Figure 5). The strongest overall improvements from 1996 to 2012 can be seen in Rwanda, Liberia, Zambia, Lesotho, and Ethiopia (Figure 6). Among those countries with the strongest regressions almost all have experienced major political and economic crisis; Côte d'Ivoire, Eritrea, Zimbabwe, and Madagascar, but also South Africa, where we would expect stronger restraints.

Figure 1: WGI Control of Corruption, West Africa, 1996-2012

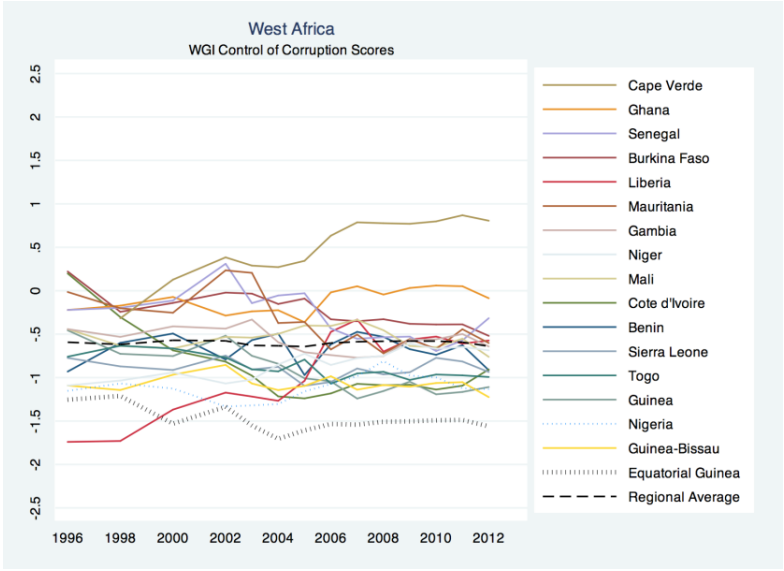


Figure 2: WGI Control of Corruption, Central Africa, 1996-2011

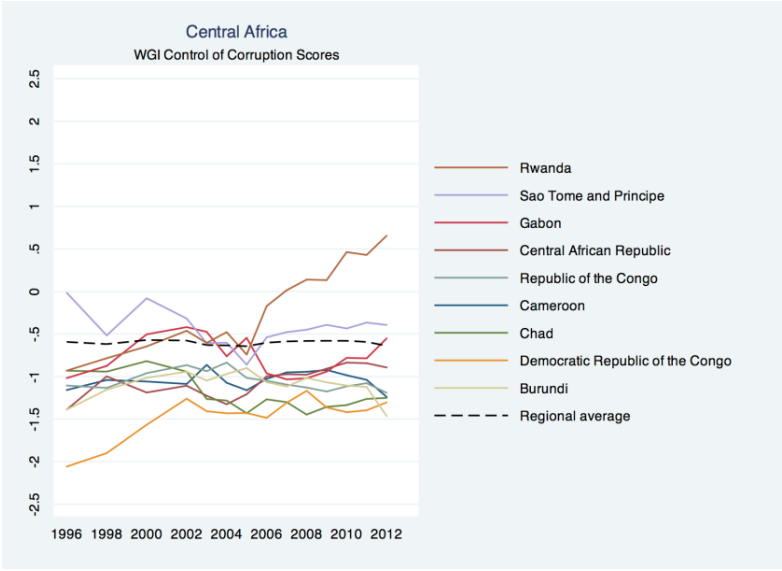


Figure 3: WGI Control of Corruption, East Africa, 1996-2012

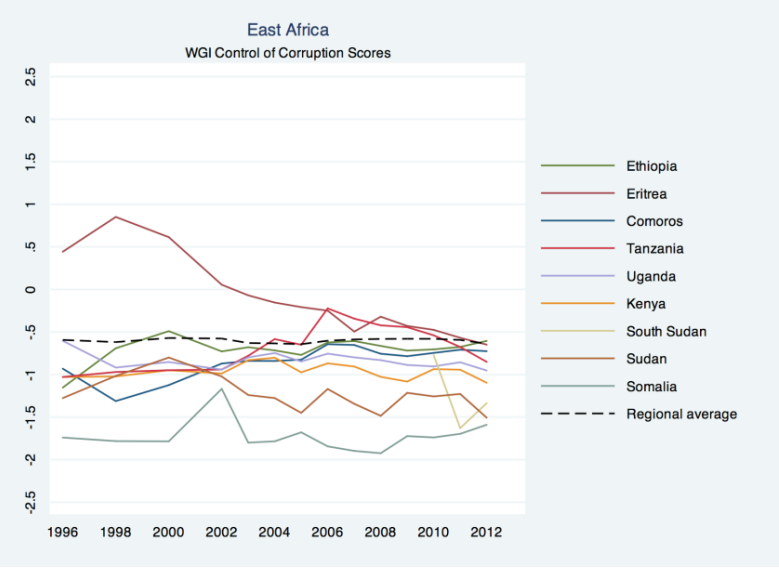


Figure 4: WGI Control of Corruption, Southern Africa, 1996-2012

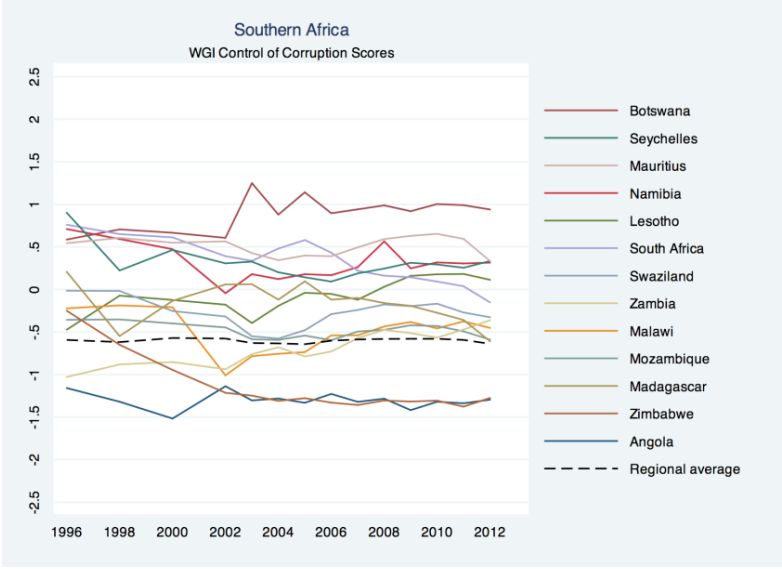


Figure 5: WGI Control of Corruption Percentile Ranking, Sub-Saharan Africa, 2012

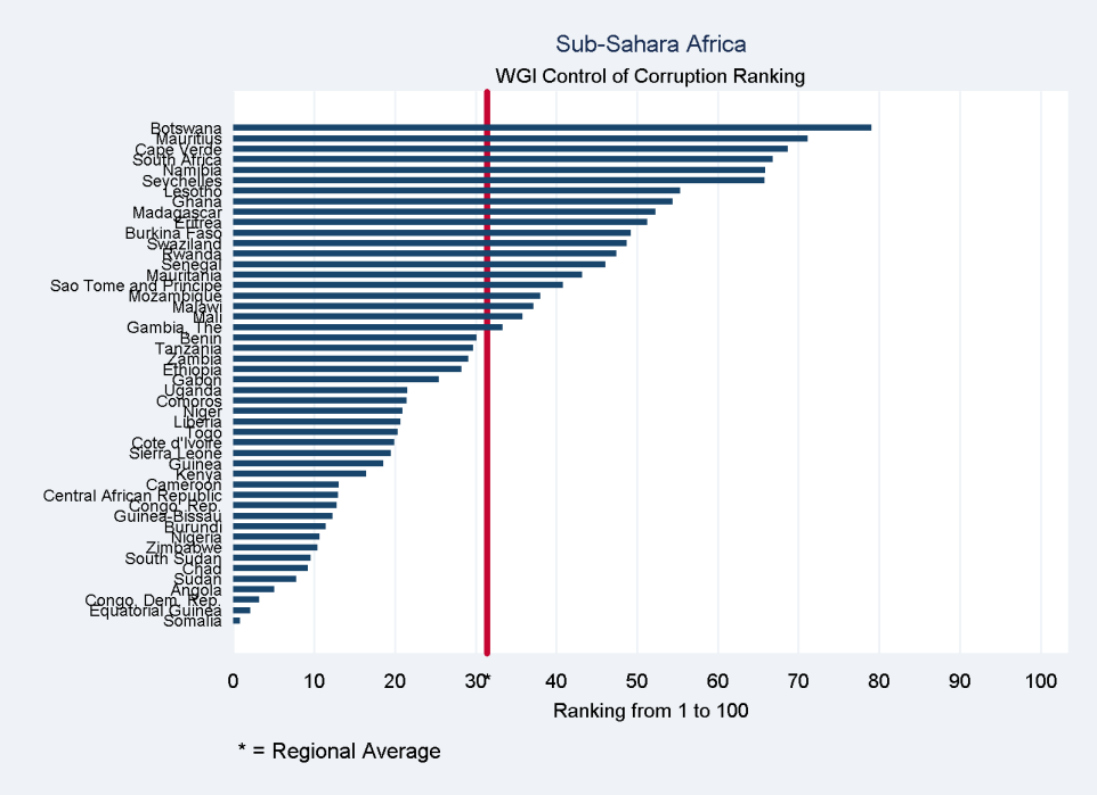
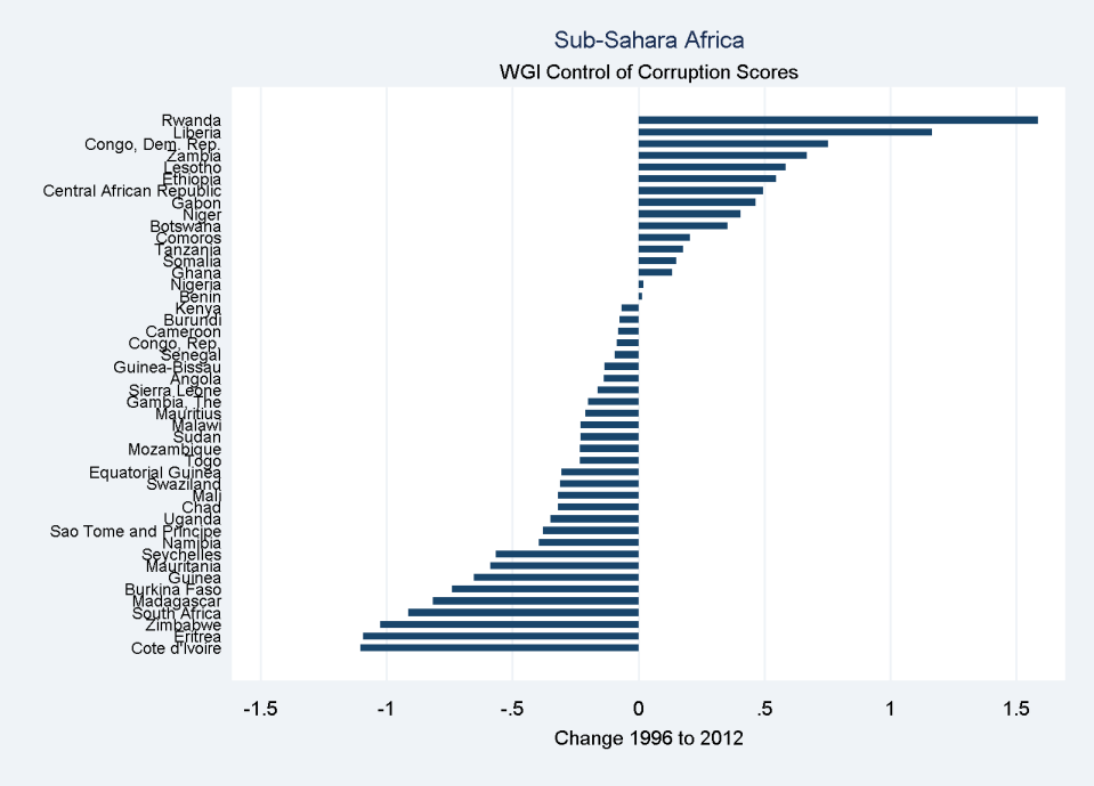


Figure 6: Change of WGI Control of Corruption, Sub-Saharan Africa, 1996 - 2012



2) Opportunities and Resources for Corruption

Most of the sub-Sahara African countries possess large amounts of discretionary material resources due to generally high levels of foreign aid revenues. Researchers found solid evidence that aid dependence is detrimental for the quality of state institutions, i.e. bureaucratic capacity, rule of law and, ultimately, corruption (Knack 2001; Bräutigam and Knack 2004). Another group of countries possess large amounts of rents from mineral resource extraction. In international comparison, however, the amount of state employees and public companies ("parastatals") is not exceptionally high. In the 1980s and 1990s already, the IMF's and World Bank's structural adjustment programs pushed hard for the reduction of the number of civil servants, laying off ghost workers and privatizing the economic sector. Connected to that, after years of severe economic depression, sub-Saharan Africa has exhibited high growth rates in recent years and some observers even saw – in analogy to the "Asian Tiger States", Africa's "Lions on the Move" (McKinsey 2010). There is an emergent middle class but to a large extent Africa's economic growth has been highly unequal and increased average incomes have not trickled down the mass of the population. Almost all of the African countries fall in the lowest income group as assessed by the World Bank (below 1999 US Dollar). This widespread poverty and inequality provide opportunities for corruption.

Furthermore, political and economic interests are often fused and belonging to the governing elite is a conduit for self-enrichment. Even in Botswana, which has the lowest degree of corruption on the continent, government members are also owners or directors of commercial companies and farming enterprises. The ruling party BDP has consistently refused to pass legislation which requires MPs and cabinet ministers to declare their assets and economic interests (von Soest 2009; Botswana case study done for ANTICORRP). The high degree of power concentration in Africa's presidential systems provides opportunities for corruption at the top echelons. In highly centralized systems, individuals at the top resist "delegating all but the most trivial decision-making tasks" (Bratton and van de Walle 1997, 63). Finally, group-related and ethnicity-based social ties provide resources for corrupt exchanges (at the same time they are also social norms which inhibit corruption.

On the administrative side, sub-Saharan Africa does poorly as the ease of doing business is concerned and also has a large informal economy. Red tape and unregistered business provide multiple access points for corrupt practices. As can be seen in Table 1, only eight African countries – Mauritius, South Africa, Rwanda, Botswana, Ghana, the Seychelles, Namibia, and Zambia – feature in the top 100 of all countries (185 listed) ranked on the World Bank's most recent Doing Business Report. These are also the countries with the lowest degree of

corruption. Similarly, the size of the shadow economy is substantial, in 18 African countries (2007) the informal economy contributes more than 40% to the national GDP (for 11 countries there was no data available). Only in Kenya, Lesotho, Mauritius, Namibia, and South Africa informal sector's contribution is below 30% percent. The picture looks better in respect to the burden of government regulation. There is a wide variation and Rwanda, Ghana, The Gambia, Liberia, Gabon, and The Seychelles feature among the top 20 worldwide (for 13 countries, there was no data available). It seems that own efforts, technical support and potentially donor conditionality cases contributed to this success. However, there is no clear pattern in regard to government regulation in sub-Saharan Africa.

On balance, the public sector reforms and structural adjustment programs seem to have reduced the resources for corruption in sub-Saharan Africa to some extent. Yet despite some positive developments the structural fundamentals which provide resources and opportunities for corruption – most prominently widespread poverty and inequality, foreign aid dependency, high natural resource incomes, power concentration and fusion of political and economic interest – remain firmly intact. Apart from the outlier Rwanda, those countries which have deepened democratization are also the most successful in curbing the resources for corruption.

Table 1: Key indicators regarding opportunities and resources for corruption, Sub-Saharan Africa

Country	Ease of Doing Business Rank 2012 [1)]	Burden of Government Regulation Rank 2011/2012 [2)]	Shadow Economy 2007 (% GDP) [3)]
Angola	174		42.1
Benin	176	106	49.1
Botswana	58	43	31.9
Burkina Faso	149	49	39.6
Burundi	172	121	39.6
Cameroon	156	73	31.4
Cape Verde	121	38	33.4
Central African Republic	183		45.1
Chad	185	95	42.2
Comoros	158		39.4
Congo, Dem. Rep.	180		46.7
Congo, Rep.	184		44.6
Cote d'Ivoire	177	55	47
Equatorial Guinea	159		30.1
Eritrea	182		41.4
Ethiopia	125	65	35.1
Gabon	165	19	47.3
Gambia, The	143	12	40.9

Ghana	63	66	38.3
Guinea	181	30	39.2
Guinea-Bissau	178		41.6
Kenya	117	74	29.5
Lesotho	153	100	28.8
Liberia	154	15	44.2
Madagascar	138	117	38.5
Malawi	151	79	39.4
Mali	145	56	39.9
Mauritania	164	24	35.1
Mauritius	24	50	21.9
Mozambique	139	70	
Namibia	81	68	28.5
Niger	175		
Nigeria	131	36	
Rwanda	48	2	
Sao Tome and Principe	157		
Senegal	162	91	41.7
Seychelles	76	18	
Sierra Leone	148	35	42.9
Somalia			
South Africa	41	123	25.2
South Sudan			
Sudan	140		
Swaziland	123	99	
Tanzania	133	58	53.7
Togo	161		
Uganda	119	40	40.3
Zambia	90	21	43.9
Zimbabwe	170	107	62.7
Description: see table 1 in the MENA report			

3) Deterrents and Constraints for Corruption

The deterrents and constraints against corruption are weak in sub-Saharan Africa. Different measures for legal and normative constraints highly correlate with each other and in only one third of the African countries there are notable counterforces against corruption. One of the inhibitors against corruption is a professional and efficient civil service. Existing research on the effects on public sector (reform) in the regions has nuanced some of the sweeping claims which were made on governance in sub-Saharan Africa before. It is clearly inappropriate to completely downplay the rational-legal aspect of African states as Chabal and Daloz (1999: 17) did when they maintained that “in most African countries, the state is no more than a décor, a pseudo-

Western façade masking the realities of deeply personalized relations." That clearly is a misrepresentation as it is the mixture of different rationalities which characterizes most governance regimes in sub-Saharan Africa. Public sector reforms, such as the introduction of semi-autonomous revenue agencies (Devas, Delay, and Hubbard 2001; von Soest 2007), which were heavily supported by Western donors, created islands of state capacity.

In Zambia and Kenya, for instance, the revenue agencies have been quite successful, despite operating in neopatrimonial environments. However, these improved administrations can serve the interests of personal rulers if state expenditure is still allocated in a particularistic manner. Particularly in entrenched systems of corruption it is inadequate to transplant new institutions without broader changes in the political economy (Simons 2008 on anticorruption institutions in East Africa). These initiatives have limited and unsustainable impact. The presumption behind them is similar to that behind newly-created Anticorruption Agencies; that the political interventions in and ineffectiveness of the normal judiciary can be avoided through a semi-independent agency. However, being placed in a particularistic environment, the Anti-Corruption Agencies in sub-Saharan Africa, as in other world regions, have on the whole not been an effective remedy against high degrees of corruption. Besides Chad, Eritrea, Gambia, South Sudan and Sudan, all countries in sub-Saharan Africa have ratified the United Nations Convention against Corruption (UNCAC) (as of 29 November 2013). The impact has remained limited. True, the awareness for corruption has become bigger in most African countries, also fuelled by international initiatives such as the Extractive Industries Transparency Initiative (EITI). Political campaigns of the opposition regularly feature quests to fight corruption. Yet the "big fish" regularly remain untouched or anti-corruption campaigns are used to purge political opponents.

Judicial independence in the region is generally low. As can be seen in table 2, on the Global Competiveness Report's judicial independence measure only Botswana, The Gambia, Mauritius, Namibia, South Africa, and, surprisingly, Rwanda feature among the top 50 countries where the courts are most independent (data for 13 African countries is missing). Freedom of the press, also a significant constraint against corruption, essentially features the same high achieving countries, apart from authoritarian Rwanda, where the press is tightly monitored and can therefore not play an independent counterweight against corruption. Unsurprisingly, Freedom House's Political Rights and Civil Liberties measures paint a very similar picture as regards the deterrents and constraints for corruption in sub-Saharan Africa.

Table 2: Key indicators regarding deterrents and constraints for corruption, Sub-Saharan Africa

Country	Judicial independence 2011/2012 [1)]	Freedom of the Press 2012[2)]	Freedom of Political Rights 2012[3)]	Freedom of Civil Liberties 2012[4)]
Angola		68	6	5
Benin	101	34	2	2
Botswana	22	41	3	2
Burkina Faso	126	42	5	3
Burundi	143	72	5	5
Cameroon	127	66	6	6
Cape Verde	51	27	1	1
Central African Republic		62	5	5
Chad	136	76	7	6
Comoros		49	3	4
Congo, Dem. Rep.		83	6	6
Congo, Rep.		56	6	5
Cote d'Ivoire	137	61	5	5
Equatorial Guinea		91	7	7
Eritrea		94	7	7
Ethiopia	107	82	6	6
Gabon	117	71	6	5
Gambia, The	49	83	6	6
Ghana	58	28	1	2
Guinea	119	62	5	5
Guinea-Bissau		65	6	5
Kenya	85	53	4	4
Lesotho	100	49	2	3
Liberia	52	56	3	4
Madagascar	135	66	6	4
Malawi	54	53	3	4
Mali	111	46	7	5
Mauritania	109	47	6	5
Mauritius	34	30	1	2
Mozambique	130	42	4	3
Namibia	44	31	2	2
Niger		50	3	4
Nigeria	73	51	4	5
Rwanda	25	80	6	6
Sao Tome and Principe		28	2	2
Senegal	118	52	2	3
Seychelles	62	56	3	3
Sierra Leone	108	49	2	3
Somalia		84	7	7
South Africa	27	35	2	2
South Sudan		60	6	5

Sudan		80	7	7
Swaziland	90	77	7	5
Tanzania	77	51	3	3
Togo		70	5	4
Uganda	80	55	5	4
Zambia	79	60	3	4
Zimbabwe	113	77	6	6
Description: see table 2 in the MENA report				

III. Conclusion

The equilibrium model explains corruption in sub-Saharan Africa well; all positive as well as negative mechanisms seem to work in the region. Despite the wave of political transitions in the region, which brought some liberalization and the institution of elections to most African countries, most of them have failed to achieve the transition to open access borders and to substantially curb corruption. Many of the new hybrid and authoritarian regimes are also characterized by non-universal allocation systems. Resources remain high, constraints weak. Corruption remains a recurrent phenomenon both among the elite and in everyday life of many Africans. Despite initial enthusiasm in the 1990s, corrupt exchanges have found a fairly stable equilibrium in most African countries. Particularly Africa's resource-rich countries not only have high economic growth rates but well-entrenched corruption. This is in contrast to the increasing awareness of the detrimental effects of particularism, among both African elites and the general public.

There are some countries, mostly-post conflict, which have improved their governance ratings but where control of corruption still remains on an extremely low level, so that they cannot be regarded performers. Two main paths are discernible for Africa's regional achievers. First, in countries such as Botswana, Ghana, Lesotho, Mauritius, Cape Verde, Sao Tome and Principe, deepened democratization i.e. comparatively high press freedom, judicial independence and political rights seems to be related to lowered corruption. Also the resources have been restrained in a lot of these cases. However, the outcome is by no means flawless and the conditions in the three small island economies are peculiar in the African context. Similar to other African countries, Botswana, Ghana, and Lesotho and also Gambia and Gabon suffer from an independent class of entrepreneurs. The marked regression of South Africa attests the importance of effective constraints such as a meritocratic civil service and the separation between political and economic spheres of interest. As the political landscape is still dominated by the ruling African National Congress, it is difficult to hold the government to account. Clearly,

the path towards universalism is not linear and it is not only hard to attain control of corruption and democratic consolidation but also to safeguard achievements.

The second type of regional achievers is characterized by authoritarian regimes, most notably Rwanda with a spectacular reduction of perceived corruption, but also Ethiopia, both seem to follow East Asian development models. Political rights and civil liberties are extremely low and control and repression are the strategies to suppress everyday corruption. However, as the Rwandan example shows (background study on Rwanda for ANTICORRP) the long-term sustainability of this model without meaningful democratization is doubtful.

4. Latin America and the Caribbean

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Figure 5: Change of WGI Control of Corruption, Latin America and Caribbean, 1996-2012

I. Introduction

The control of corruption in Latin America and the Caribbean has hardly improved overall since the WGI first recorded control of corruption assessments in 1996. Yet in international perspective, the region fills a middle rank as corruption is concerned. Despite the fact that clientelism and corruption is a prominent concern in Latin American countries themselves, the region is – overall – not being seen as dominated by particularism to the same extent as sub-Saharan Africa, the Middle East and South Asia. In contrast to scholarly debates about the prevalence of informal institutions (Helmke and Levitsky 2006; Stokes 2006), the institutionalization of the state is considered to be stronger than in other world regions. Also the entrepreneurial and middle classes are larger than in many other World regions, except North America and Western Europe. However, just three Latin American countries, Costa Rica, Chile and Uruguay, stand out as low-corruption performers. In addition, the small Caribbean island states have curbed corruption to a significant extent.

For most of the countries in South and Central America the resources and constraints for corruption have hardly changed. Despite substantial economic growth in several countries, inequality and poverty remain pronounced and oversight institutions weak. Several countries – among them Venezuela, Bolivia and Chile – receive significant amounts of their state revenues from windfall gains based on natural resource extraction (von Soest, Bechle, and Korte 2011). Apart from Cuba, which has been governed by the Communist Party led by Fidel and Raul Castro since the 1950s, numerous countries in Latin America have democratized since the 1980s and 1990s. However, despite the fact that there are hardly any full-blown authoritarian regimes to be found in the region, the transitions have often brought fairly stable competitive

authoritarian or hybrid regimes which cannot be considered liberal democracies. Also, recent years have seen the emergence of a leftist brand of populism (Hawkins 2010; Levitsky and Loxton 2013). Another group of countries has been governed by governments which have focussed on state stability and private sector-based economic development strategies (Columbia, Chile). Finally, Brazil has achieved widely-reported successes in poverty reduction. This chapter analyses the effect of these political and economic developments in Latin America and the Caribbean within the framework of the equilibrium model (Mungiu-PIppidi et al. 2011, 27).

II. Main Part

1) State of Governance

Latin America and the Caribbean consist of over 30 countries with more than 560 Million inhabitants. Even though Spanish dominates as a regional language (Brazil is the only Lusophone country on the continent, French and Dutch is spoken on some Caribbean islands, and Native American languages are widely known in many countries), the region is quite diverse as ethnic fragmentation, social status and economic development are concerned. The degree of corruption is no exception to this picture. The following chapter discusses the different degrees of corruption, based on WGI Control of Corruption data provided by the World Bank (World Bank 2013b). For enhanced clarity, we divide the region into three distinct sub-units: Central America, the Caribbean, and South America.

On average, the region is placed in the middle of the global range as control of corruption is concerned. However, the Caribbean as one of the regional sub-units is only outperformed by Western Europa and North America, the world leaders in fighting corruption, while Latin America, consisting of Central and South American countries, closely ranks to the markedly lower levels of the Middle East and North Africa.

In the Caribbean, where all of the countries are small island states, cases are almost exclusively placed above the regional average. Barbados stands out as the regional and sub-regional champion with a degree of the control of corruption, which is even above levels of some European states. The only exception in this bright picture provided is hydrocarbon-rich Trinidad and Tobago, scoring far below the regional average with a massive decline in the control of corruption since data gathering has been started in 1996. In South America instead only two countries are placed above, while the rest falls below the regional mean. The two regional achievers are Chile (score of 1.56 in 2012 and Uruguay score of 1.31 in 2012). The latter case has shown quite some progress over the last 15 years whereas Chile has enjoyed its favourable

position for almost two decades (Buquet and Pineiro 2014; Rehren 2014). Resource-rich Venezuela and Bolivia are placed at the bottom if compared with countries on the South American continent which seems to attest the negative effects of natural resource rent dependency for corruption. Venezuela has for a long time epitomised the prototype for the political and social decay of a Rentier state (Karl 1997).

Central America shows a clear pattern; apart from Costa Rica and Cuba all the other ten countries from this sub-region have control of corruption levels which are below the regional average. While Costa Rica is a democratic and also one of the more affluent countries in the region, Cuba has been an authoritarian regime with a socialist ideology since 1950. Most of the countries in Central America, apart from Mexico, are small and are characterised by low levels of socio-economic developments. This is particularly true for the most pronounced regional underperformer Haiti, which has been ravaged by political instability, natural disasters and poverty. Honduras, the Dominican Republic, Nicaragua and Paraguay follow and together build a group of countries which is characterized by significantly low control of corruption levels. Only Mexico, Belize, Costa Rica, Honduras and Paraguay have improved, mostly by slight margins, their ratings since 1996 when WGI assessment started.

Figure 1: WGI Control of Corruption, South America, 1996-2012

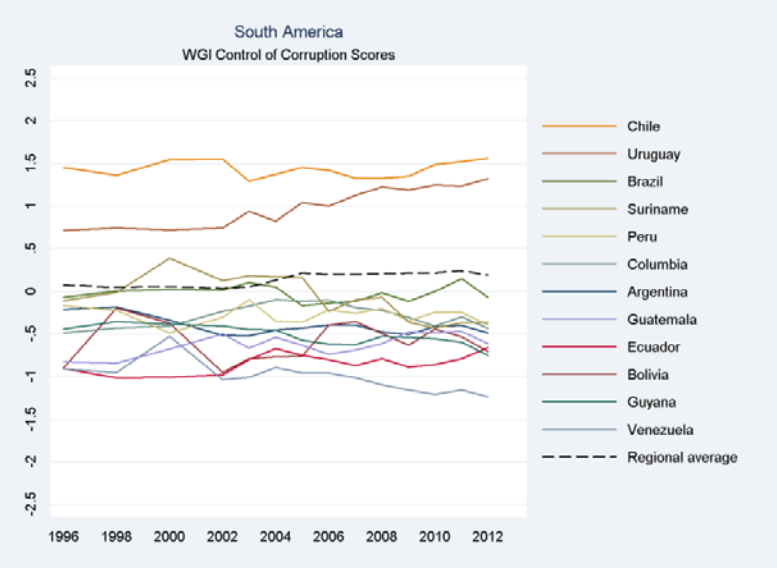


Figure 2: WGI Control of Corruption in Central America, 1996-2012

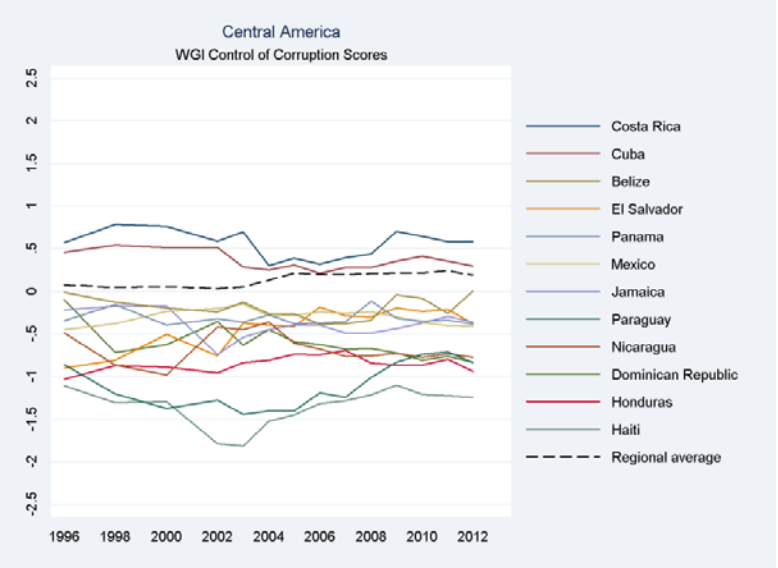


Figure 3: WGI Control of Corruption, Caribbean, 1996-2012

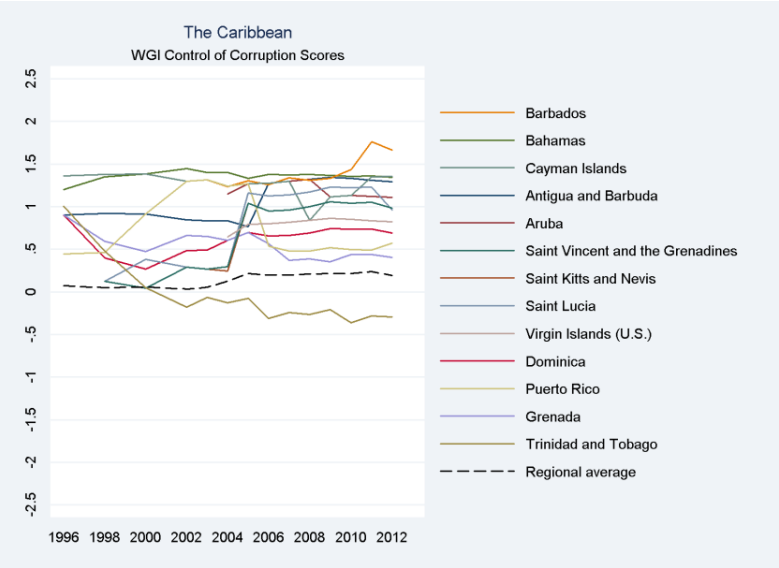


Figure 4: WGI Control of Corruption Percentile Ranking, Latin America and Carribean, 2012

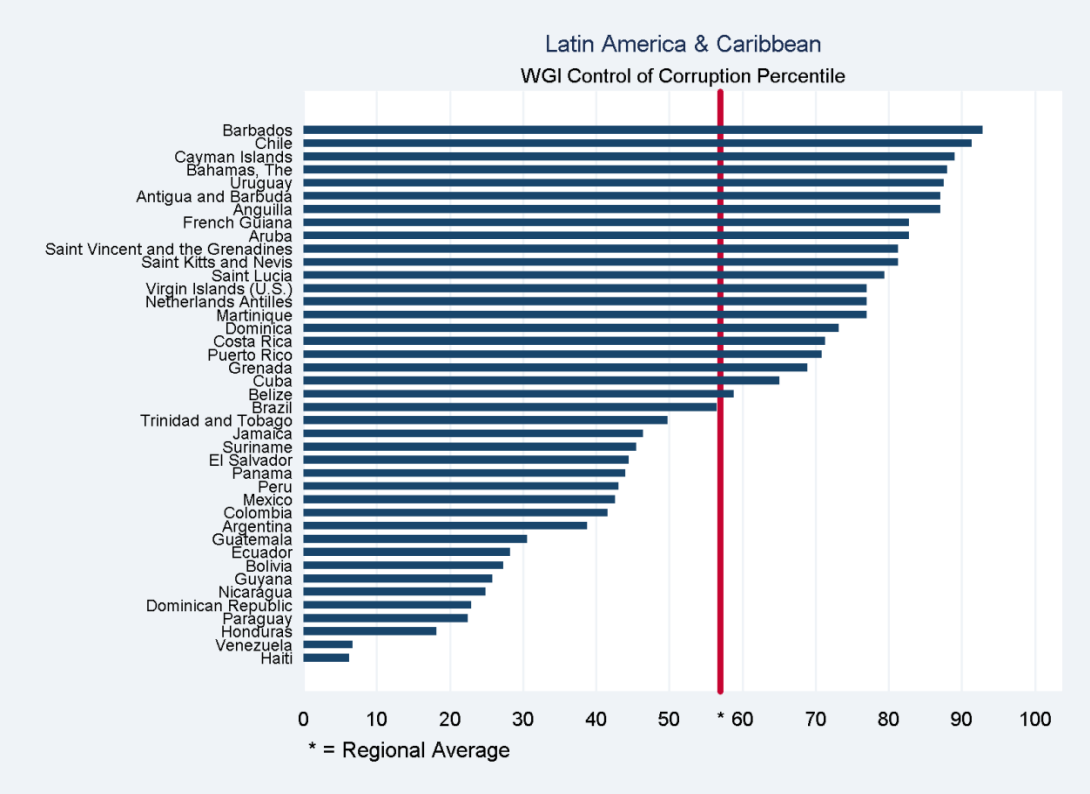
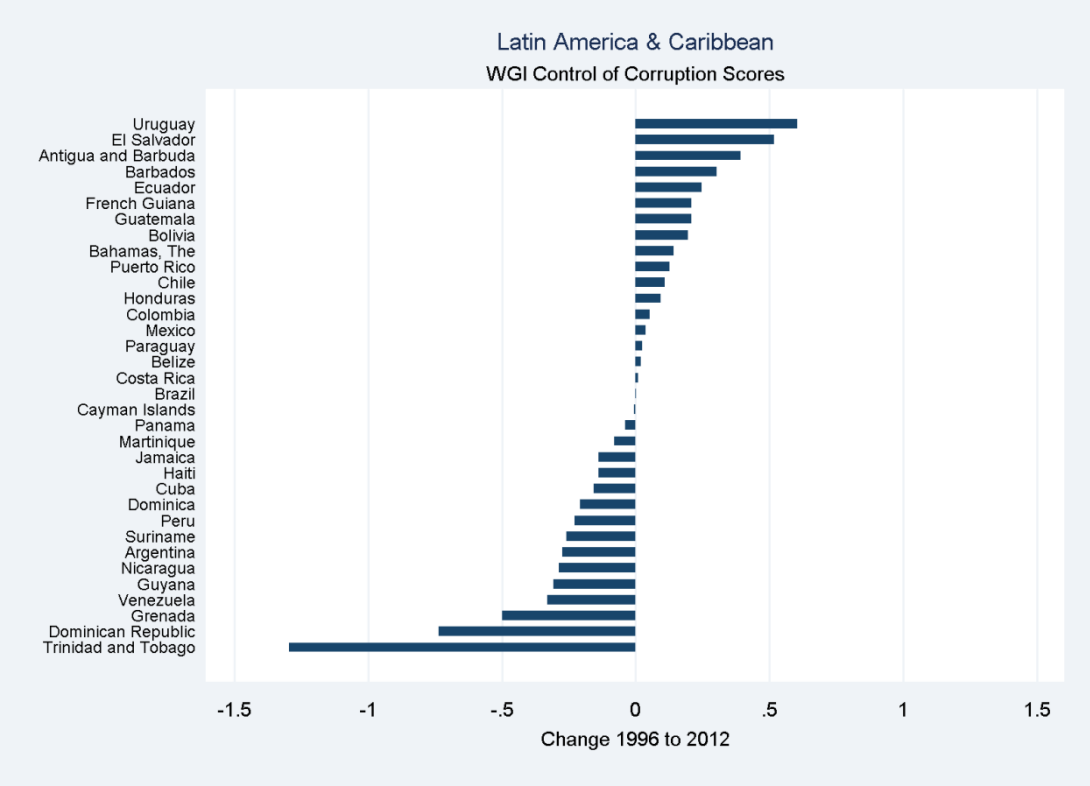


Figure 5: Change of WGI Control of Corruption, Latin America and Caribbean, 1996-2012



2) Opportunities and Resources for Corruption

Drawing on the equilibrium model, this section discusses the impact of political power opportunities and material resources upon the perceived degree of the control of corruption. Looking at resources and especially rents generated by the production of oil, natural gas and minerals, there is widespread consensus in the literature that these hydrocarbon or mineral rents bear the danger to be exploited by corrupt state agents (e.g. Ades and Di Tella 1999; Bhattacharyya and Hodler 2010). Unsurprisingly, most countries in Latin America and the Caribbean, which have high natural resource rents at their disposal, the prime examples being Venezuela, Trinidad and Tobago, Ecuador, Colombia and Bolivia, perform very badly as the control of corruption is concerned. The only outlier in this context is Chile, a country, which in 2011 generated almost 20% of its GDP by the production of copper, but was able to fight corruption successfully over the last decades.

Researcher have recurrently found that high dependence on foreign aid, similar to dependency on mineral rents, serves as an opportunity for corrupt behaviour of state bureaucrats (e.g. Knack 2001). Accordingly, among the five countries in Latin America and the Caribbean which receive the highest amounts of foreign aid by DAC donors, four range below the regional average for the control of corruption. Overall, the provision of rents seems to be a fairly good explanation for the different degrees of corruption within a number of countries of this world region.

In addition to rents, red tape constitutes a major opportunity for public office holders to gain private benefits. We use the Ease of Doing Business index, indicating the degree of state regulations under which private businesses have to operate, as an indicator for administrative red tape. Chile, the second best anti-corruption achiever in Latin America and the Caribbean has the most business friendly regulations in the region, followed by Peru and Colombia. The latter two countries are, however, still very much below the regional average of the control of corruption. On the other hand, in Haiti, the most corrupt country in the region, private businesses face pronounced state regulations (rank 173 on the Ease of Doing Business index). Only in Venezuela, the second worst regional anti-corruption performer, restrictions are higher (rank 179). Remarkably, the Ease of Doing Business rankings on the Latin American continent are not as good as the ones of the Caribbean cases. While 12 out of 20 continental states score worse than rank 100, only two of 14 island countries are placed below this benchmark. This implies that red tape is of secondary importance for corruption in the Caribbean sub-region and it also partially explains the generally higher levels of the control of corruption for many of these island states.

The informal economy, another indicator of opportunities for corruption (e.g. Dreher and Schneider 2010), is generally extensive in Latin America and the Caribbean (see Table 1 and 2). Almost all countries in the region face this problem and have an estimated shadow economy which contributes more than 30% to GDP. In Bolivia and Haiti, cases with high degrees of corruption, the informal sector even takes a size as two thirds large as the GDP. On the other hand, the two regional champions Chile and Costa Rica (see also Rehren 2014; Wilson 2014), have some of the smallest informal economic sectors (Chile 18.5% and Costa Rica 24%). However, there are outliers; Uruguay, the third long-time performer in Latin America (see also Buquet and Pineiro 2014), still has a large shadow economy (over 46% of the GDP in 2007). Overall, however, the intra-regional differences in the size of the informal sector are a fairly precise predictor for the different control of corruption levels in Latin America and the Caribbean.

Table 1: Key indicators regarding opportunities and resources for corruption, Latin America

Country	**Ease of Doing Business Rank 2012** [1)]	**Burden of Government Regulation Rank 2011/2012** [2)]	**Shadow Economy 2007 (% GDP)** [3)]
Argentina	116	134	23
Belize	106		42
Bolivia	155	59	63.5
Brazil	128	144	36.6
Chile	33	32	18.5
Colombia	44	110	33.5
Costa Rica	122	88	24
Ecuador	134	101	30.4
El Salvador	111	78	43
Guatemala	98	53	47.9
Guyana	114	47	34
Honduras	129	93	45.1
Mexico	53	97	28.8
Nicaragua	120	81	43.1
Panama	62	44	
Paraguay	100	39	
Peru	43	128	53.7
Suriname	160	94	35.1
Uruguay	87	89	46.1
Venezuela	179	143	30.9
Description: see table 1 in the MENA report			

Table 2: Key indicators regarding opportunities and resources for corruption, Caribbean (Islands)

Country	Ease of Doing Business Rank 2012 [1)]	Burden of Government Regulation Rank 2011/2012 [2)]	Shadow Economy 2007 (% GDP) [3)]
Antigua and Barbuda	59		
Bahamas, The	71		26.2
Barbados	84	13	
Cuba			
Dominica	65		
Dominican Republic	113	83	30.5
Grenada	97		
Haiti	173	115	57.1
Jamaica	85	127	32.5
Puerto Rico	38	122	
Saint Kitts and Nevis	92		
Saint Lucia	51		
Saint Vincent and the Grenadines	73		
Trinidad and Tobago	70	77	31.5
Description: see table 1in the MENA report			

3) Deterrents and Constraints for Corruption

Indicators for the constraints and deterrents of corruption in Latin America provide an overall devastating picture. While almost all of the countries signed and/or ratified the United Nations Convention Against Corruption in addition to the Inter-American Convention Against Corruption, the consequences for the national fights against corruption remained limited until today. Again Haiti and Venezuela, the two worst performers in the region, provide each a telling example of the limitations of multilateral frameworks for the fight against corruption. A mixture of lack of state capacity and political leaders' unwillingness to fight corruption (and even involvement in corrupt exchanges) explains much of the low degrees of the control of corruption in both countries (for Venezuela Coronel 2006; for Haiti see Klitgaard 2010). In these cases, particularism clearly is of systemic nature from top to the lowest level of administration.

The implementation of legal regulations that are adapted to the different national contexts matters most. In Latin America, Chile is the prime example of such a successful pathway towards increased control of corruption (Rehren 2014), while Uruguay, on the other hand, is a case, where an effective anti-corruption law is not so much the cause for good governance and the effective control of corruption, but more a consequence of them (Buquet and Pineiro 2014).

Anti-corruption legislation matters only if it is enforced by a politically independent judiciary. However, many countries such as Venezuela, Haiti, Paraguay, Nicaragua or Argentina, are among the worst performers worldwide. Their judicial systems are penetrated by corrupt practices, informal relationships and political dependencies. There are only four countries, which stand out: Barbados, Chile, Uruguay and Costa Rica fare favourably as the degree of judicial independence is concerned (Barbados ranks 19th, Chile 24th, Uruguay 29th and Costa Rica 40th on the global independence of judiciary ranking).

Independent media and a high degree of individual freedom rights are of crucial relevance to realize normative constraints against corruption. As many cases in Latin America and the Caribbean demonstrate, the freedom of the press and the granting of political rights and civil liberties are crucial conditions for the effective control of corruption. Aside from the generally higher freedom of the press in the small Caribbean islands (the only outlier is again Haiti), in the success cases such as Costa Rica, Chile and Uruguay the media sector enjoys a much higher independence from political interventions than in countries where corruption prevails. This strongly supports the assumption that press freedom improves transparency and thereby determines the effective fight against corruption. A prominent example for the effects of media's watchdog role is Costa Rica´s President Laura Chinchilla, who used to fly on a business jet of a Canadian oil company. The Costa Rican media run headline stories on this trip and popular outrage became so intense that several high public offices holders which were involved, including ministers, had to resign (Wilson 2014).

Political rights and civil liberties usually go hand in hand with the development of the freedom of the press. This explains why political rights and civil liberties are in line with freedom of the press scores in most of the Latin American and Caribbean countries. The countries which guarantee the largest degree of freedom to their citizenry are Chile, Costa Rica, Uruguay, and six Caribbean countries with Barbados at the top (see Table 3 and 4). As already indicated before, on average the Caribbean Islands perform much better than the continental cases. In contrast, Cuba, Venezuela, Haiti and Nicaragua, with the exception of the first, all cases of widespread corruption, restrict political and civil liberties the most.

Table 3: Key indicators regarding deterrents and constraints for corruption, Latin America

Country	Judicial independence 2011/2012 [1)]	Freedom of the Press 2012 [2)]	Freedom of Political Rights 2012 [3)]	Freedom of Civil Liberties 2012 [4)]
Argentina	133	52	2	2
Belize		22	1	2

Bolivia	97	48	3	3
Brazil	71	46	2	2
Chile	24	31	1	1
Colombia	96	53	3	4
Costa Rica	40	18	1	1
Ecuador	128	61	3	3
El Salvador	116	41	2	3
Guatemala	103	59	3	4
Guyana	93	33	2	3
Honduras	69	62	4	4
Mexico	88	61	3	3
Nicaragua	134	51	5	4
Panama	132	48	1	2
Paraguay	141	61	3	3
Peru	125	43	2	3
Suriname	55	24	2	2
Uruguay	29	26	1	1
Venezuela	144	76	5	5
Description: see table 2 in the MENA report				

Table 4: Key indicators regarding deterrents and constraints for corruption, Caribbean

Country	**Judicial independence 2011/2012** [4)]	**Freedom of the Press 2012** [1)]	**Freedom of Political Rights 2012** [2)]	**Freedom of Civil Liberties 2012** [3)]
Antigua and Barbuda		38	2	2
Bahamas, The		19	1	1
Barbados	19	18	1	1
Cuba		92	7	6
Dominica		24	1	1
Dominican Republic	120	40	2	2
Grenada		23	1	2
Haiti	142	49	4	5
Jamaica	46	18	2	3
Puerto Rico	41			
Saint Kitts and Nevis		20	1	1
Saint Lucia		15	1	1
Saint Vincent and the Grenadines		17	1	1
Trinidad and Tobago	47	26	2	2
Description: see table 2 in the MENA report				

III. Conclusion

Opportunities and constraints are fairly good predictors for the control of corruption in Latin America and the Caribbean. To start with, the socio-economic and political contexts of the small Caribbean islands are peculiar not only in the global but also in the regional context. Their implication for the rest of the world region seems to be limited. Conducting a comparative study, which encompasses other small island polities such as Mauritius, the Seychelles and Cape Verde in sub-Saharan Africa, would be a promising endeavour, however.

For the rest of the region – South and Central America – some countries, most notably Costa Rica, Chile and Uruguay, have broken the mould and have substantially reduced the extent of corruption. The pathways have been diverse; in Chile, for instance, the foundations for decreased corruption were laid in the authoritarian period under the Pinochet dictatorship already. The authoritarian regime focused on economic development and was to some degree responsive to the demands of the private sector which asked for conducive conditions for business activities (but not necessarily democratization). In addition, Chile is a crucial success case as the resources for corrupt exchanges have been abundant for decades. The country therefore is a constraints story in the sense that the prudent management of the country's copper rent revenues has contributed to its anti-corruption success. On the resource and opportunities side, Chile has conducted one of the most pronounced privatization and economic liberalization programs on the continent and thereby reduced potential for state corruption (von Soest 2013). Chile and the other two success cases clearly attest the importance of political leadership from the top. This is crucial condition to overcome unfavourable structural characteristics and to break the otherwise stable equilibrium of particularism.

This is even more important as most countries in South and Central America are characterized by very unfavorable conditions for the fight against corruption. The most important factors are widespread poverty and inequality (with Haiti as a glaring example), resource dependency (Venezuela), deeply-ingrained clientelist networks and informal exchange relations (Helmke and Levitsky 2006; Penfold-Becerra 2007), particularly in rural areas, and a wide-spread feeling that the political elite is detached from the majority of the population. It is against this background that populists have come to power in Bolivia and Venezuela and in other countries of the region (Hawkins 2010; Levitsky and Loxton 2013). However, up to now their promises in respect to curbing corruption have remained unfulfilled.

5. The Former Soviet Union

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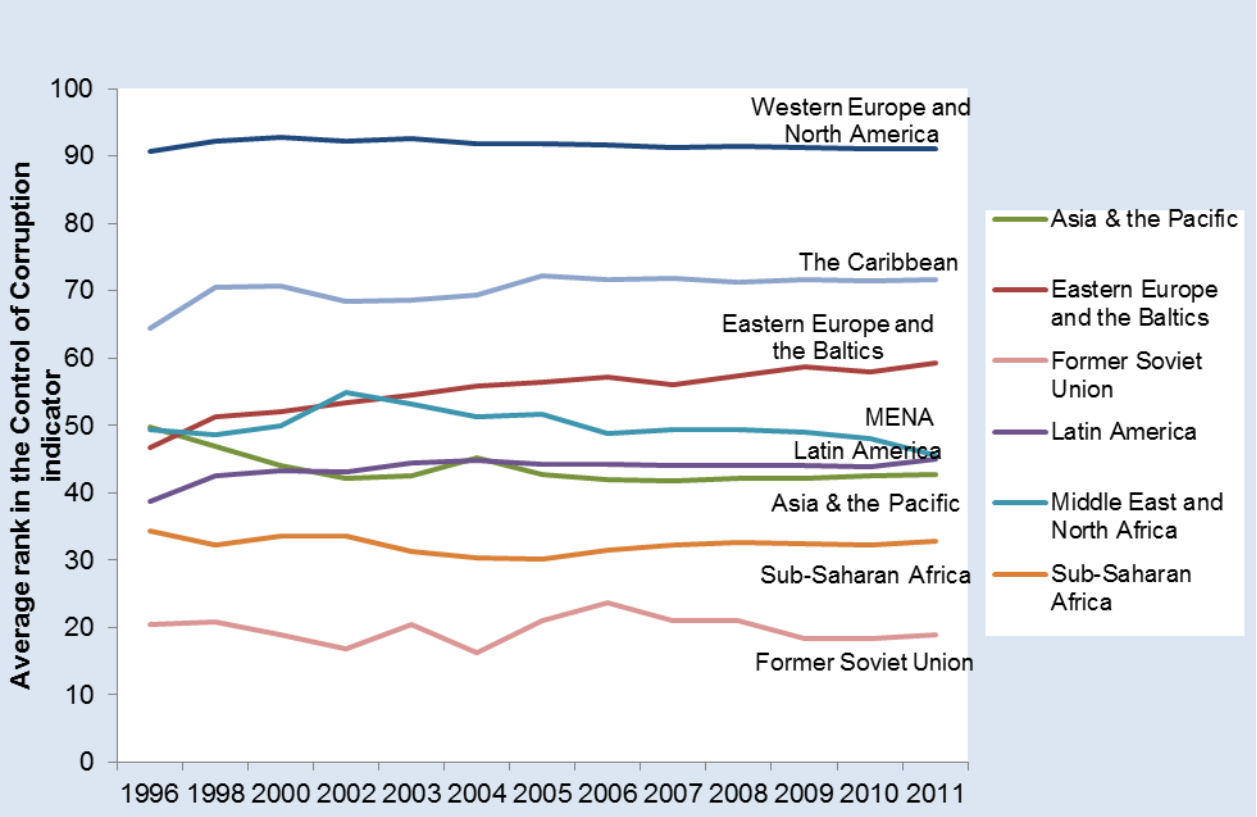
I. Introduction

Over the past decade corruption has become *the* major challenge that FSU countries have had to face in their journey towards modernisation. Despite numerous anti-corruption interventions, a growing industry of consultants, programmes and funding packages, the region continues to display rather ambiguous trends. According to Transparency International's latest report, nearly all the countries in this region fall below the global average (Georgia is the exception). The similar World Bank Control of Corruption shows countries in the region below the level of sub-Saharan Africa, the least developed part of the world (see Figure 1). Within the region, only four countries are above the regional average, with Georgia the anti-corruption champion, followed by Armenia, Moldova and Belarus (see Figure 2). Even though these instruments are the best we have, they have certain limitations. TI's corruption perception index (TI CPI) is based on expert perceptions and does not allow for cross-country comparison over time (Knack 2006; Galtung 2005). The WB indicator is also criticised for being insensitive to change (Mungiu Pippidi 2013). Despite the limitations clearly stated in the methodological annexes, media and policy makers consistently use them as reliable indicators of performance. Such indexes have moulded policy interventions, influenced donors and shaped public opinion. International anti-corruption reforms therefore lack specificity and follow a generic pattern based on a set of tools provided by the international community (Persson, Rothstein, Teorell 2010). The instruments are powerful advocacy tools, but anti-corruption reforms might be more effective if based on more contextualized instruments.

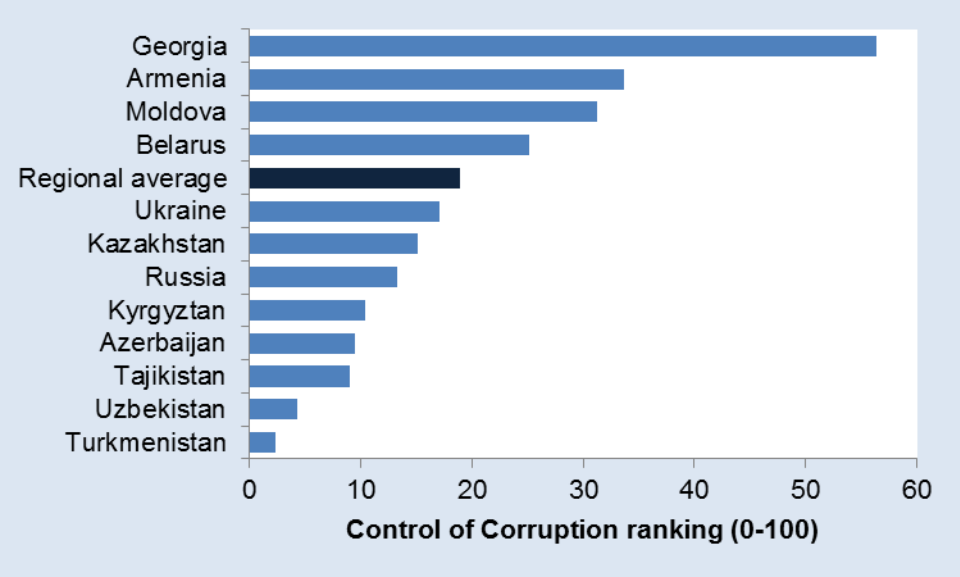
Figure 1. Regional trends of corruption control



Source: World Bank Control of Corruption, Hertie School of Governance regional aggregation.
Legend: rank from 1 to 100, with 100 least corrupt.

With this view, the paper offers a qualitative analysis of anti-corruption interventions in the region. It is based on secondary data such as: monitoring reports provided by major international institutions, implementation documents, regional research papers, newspaper articles and various ranking/measurement indexes (provided by World Bank, Transparency International, Freedom House, etc.). In order to ensure the validity and reliability of the material, the sources were cross-checked and data used if it was mentioned by more than two reliable sources. Despite using various media sources, this paper is not based on a systematic media review. For the purposes of this endeavour, corruption is defined as 'the abuse of entrusted power for private gain' (TI); an anti-corruption intervention is anything labelled as such by donors, receivers, governments, the private sector, civil society or the general public. In order to trace anti-corruption initiatives, the paper is organised into three main sections. The first section discusses the opportunities and resources for corruption. The second section looks at its deterrents and the third section focuses on anti-corruption and its prospects.

Figure 2. Performance on control of corruption - FSU



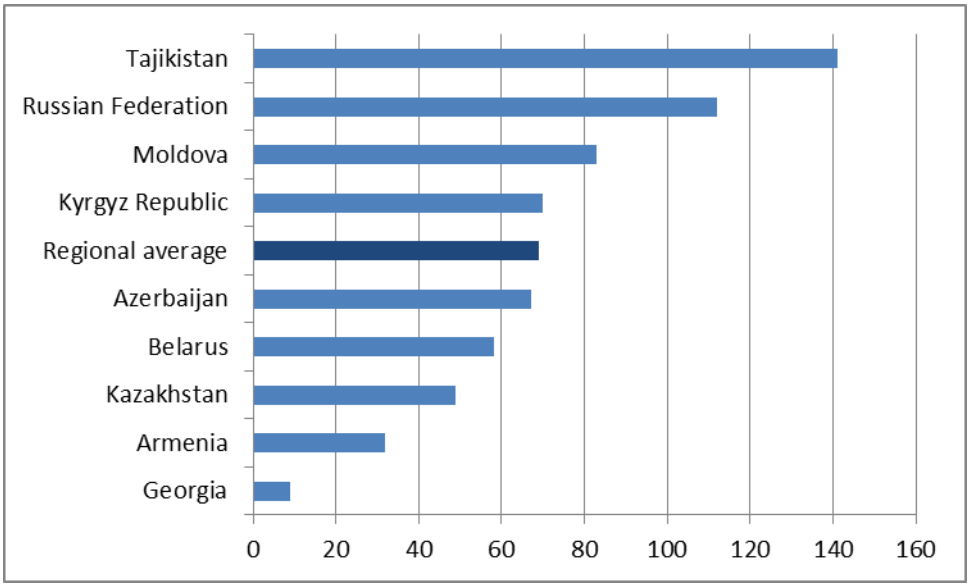
Source: World Bank Control of Corruption 2012
Legend: rank from 1 to 100, with 100 least corrupt.

II. Main part

1) Opportunities and resources for corruption

The model of resources and constraints developed by Mungiu-Pippidi would indeed predict poor control of corruption in this region, although we register impressive developments at the level of legal constraints (anticorruption strategies). For instance, **red tape** and corruption of officials continue to be major challenges for business. The World Bank 'Ease of doing business' ranking shows incoherent development (Figure 3). By that measure, the higher the position the worst the economic environment; and of 185 economies ranked, Uzbekistan was at 154, Tajikistan 141, Ukraine 137, Russia 112, Moldova 83, Kyrgyzstan 70, Azerbaijan 67, Belarus 58, Kazakhstan 49, Armenia 32 and Georgia 9. For the countries at the bottom, the main problems are related to corruption, weak enforcement of contract law, poor institutional frameworks and poor corporate governance. The Wall Street Journal reported that nearly 33% of top officials and finance professionals suggested that corruption was a major hindrance to the Russian economy. The Moscow Times reports that 95% of surveyed businessmen feel that due to corruption, 'the current environment is not encouraging innovation and entrepreneurship'. Long periods of time are spent on preparing and paying taxes, ranging from a low 200 hours in Kyrgyz Republic to four times more in Belarus.

Figure 3. Regional comparison on the ease of doing business - FSU



Source: *World Bank "Doing Business" 2013
Legend: *Rank from 1 to 183 with 189 the worst.

Such bleak perceptions might also be because the business climate is dominated by the **intrusion of government into business**, which is a major resource for corruption (Klitgaard 1988). Large state-run enterprises with heavy impact on national economies are a common factor. In Kazakhstan, Samruk-Kazyna controls more than half the national economy and manages the state assets in oil and gas, energy, transport, telecommunication, and the financial and innovation sectors. Moreover, it "has a pre-emptive right to buy strategic facilities and bankrupt assets. It is exempt from government procurement procedures … has the right to establish its own procurement rules". In the face of such extraordinary powers, the private sector and foreign companies face serious obstacles. In Tajikistan, little effort has been made to increase the transparency of state owned enterprises, the ruling elite benefiting directly from enterprises such as the Tajik Aluminium Company (TALCO). According to Freedom House, TALCO uses 40% of the country's electricity supply, and its production is sold through 'opaque' entities registered in the British Virgin Islands. A common practice is selling state property to close allies of the regime for an artificially low price. Sometimes the buyer is a company set up just days before the sale. In Georgia, "Geoland" LLC bought 8000 sq. m. of land in the Kazbegi Municipality, later sold for a nominal sum in November, 2012. It has been revealed that the brother of the mayor of Tbilisi, Irakli Ugulava, owns 50% of the shares of the company.

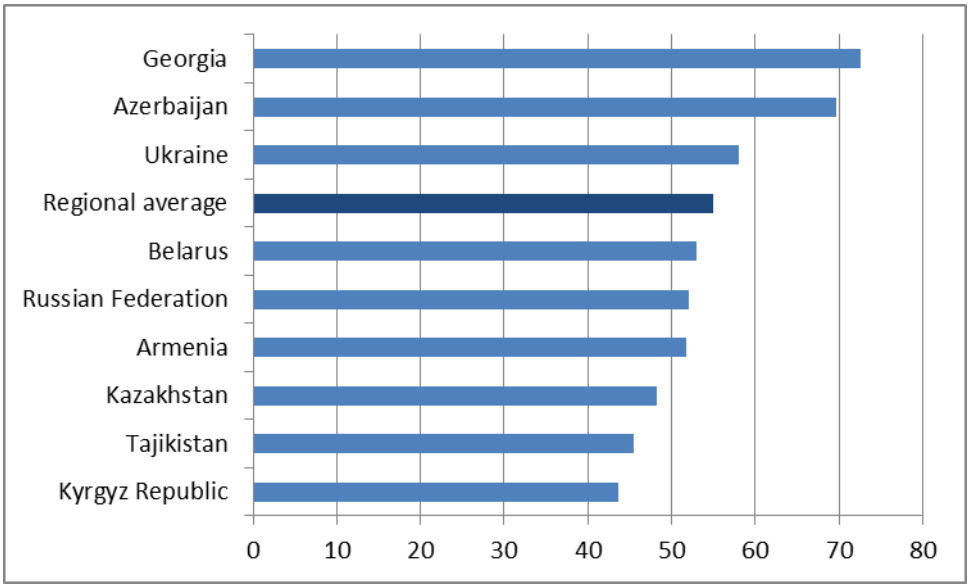
The great **mineral resources** of the region are a similarly important resource for corruption, as they provide a powerful incentive to the international community to overlook national problems with democracy and corruption, as well as offering a consistent source of rents for local elites. In Kazakhstan, foreign investment totalled $177.7 billion in September 2012 and the bulk of that was directed to the gas and oil sectors. In those sectors, corruption scandals involved internal actors, politicized actions and prestigious international economic entities. For instance, in November 2012 a senior Kyrgyz Energy Ministry official was accused of providing an operating licence to the company KasEnergo which had bought energy at a discount price and then sold it to the general public at a far higher price. The fraudulent scheme had an estimated value of 1.7 million Kyrgyzstan som (KGS) or $36,000. Meanwhile, the government-owned Kazakh company KazMunaiGaz has decided to put red dye into diesel produced at the Pavlodar refinery. Bloomberg reports that the Pavlodar refinery will "colour 159,500 metric tons of the fuel ... destined to be sold". A high profile scandal form Kazakhstan (Atyrau region) involved an estimated $100 million-worth of damage to the state budget, and the brother of the recently dismissed regional governor Bergey Ryskaliyev is under investigation for fraud. Sceptical observers suggest that this corruption scandal is "all part of a wider battle of Kazakhstan's … bickering clans" and not a 'genuine' corruption scandal.

Major international companies have also been linked with alleged corruption involving the Kazakh Customs Service. An international consortium, known as Tengrizchevroil, consisting of Chevron Corp., ExxonMobil Corp. and Deutsche Post AG's logistics business DHL opened an investigation into allegations that DHL bribed customs officials in Kazakhstan on behalf of the group. Allegedly, DHL paid "convoy bribes" on behalf of Tengizchevroil, in order to ensure that "escorts" did not delay the shipping of Tengizchevroil's equipment; the partnership's logistics agents regularly paid $150 to $300 in bribes to customs officials, which DHL then reimbursed. Customs services in the region are reputedly corrupt: as recently as 2007 Global Integrity reported that $140 million in bribes were collected by Kazakh Customs.

Two more things foster corruption in the region: ethnic conflicts and underground black economies. The realities of those factors on the ground have determined the policy makers to combine anti-corruption policies and aid packages with policies against drug-related crime, tax evasion and avoidance, security crime and terrorism. Figure 4 shows that on this indicator, Georgia, Azerbaijan and Ukraine are the worst performers from the region. However, it should be noted that conducting business outside of the formal environment seems to be a common denominator within the entire region. The conflict between Armenia and Azerbaijan over Nagorno Karabakh prompted military aid from the United States. Armenia received $600,000

and Azerbaijan $2,700,000, while Nagorno Karabakh as a de facto independent state received $5,000,000. The Georgian military service received $1,800,000 and $12,000,000 in 2013, probably in relation to the Georgia - Russia conflict of 2008 over South Osetia. The regional bilateral tension between Uzbekistan and Kyrgyzstan has been causing significant social and economic harm, as Kyrgyz nationalists suppressed the Uzbek population in Osh, and Uzbeks have begun to withdraw their business and assets from the region. The Anti-Crime and Corruption Department Chief of the Kyrgyz Ministry was killed in Osh, his death allegedly caused for professional motives.

Figure 4. Regional comparison on the size of informal economy (2007) - FSU



Source: HERTIE School of Governance
Legend: The size of informal economy is estimated as percentage of the GDP

The NATO operation in Afghanistan prompted **substantial amounts of foreign aid in the region, another resource of corruption** reported in the literature (Ledeneva 2003) For example, Tajikistan and Kazakhstan received $355 million and $214 million while instability increased and corruption was exacerbated. Because of a lack of proper oversight, in 2007 an investigation by the National Bank of Tajikistan revealed that the government had misused $310 million of aid. There have been no major aid-related scandals since then, and in 2010 with help from the UNDP, Tajikistan has created the Donor Anti-Corruption Forum which has sought to increase transparency in the distribution of foreign aid. Meanwhile, the conflict has strengthened the cross-border drug trade for all the countries that were part of the NATO's Northern Distribution Network. That situation led to an increase in the bribes demanded by border officials

and other members of the transit sector. UNODC highlighted that approximately 90 MT of heroin was trafficked along the 'northern route' in 2010.

The region displays high levels of opportunities for corruption. Table 1 presents three key indicators – *ease of doing business*, *time to prepare and pay taxes* and *size of informal economy* – with heavy influences on the economic and social environments. At first glance, the data indicates that conducting economic activities in the region is very difficult, time-consuming and influenced by informal arrangements. At a closer look, the data is somewhat contradictory – for example, Georgia is the best performer according to the first indicator and the worst according to the last – in other words, it seems to be very easy to conduct business in a country with a very developed shadow economy. Belarus ranks 58th on the ease of doing business, but is the absolute champion at the number of hours spent to prepare and pay taxes, where it takes four times more hours than in the Kyrgyz Republic.

Table 1. Key indicators regarding opportunities and resources for corruption - FSU

Country	**Ease of doing business rank 2013 ***	**Time to prepare and pay taxes (in hours)****	**Size of informal economy as % of GDP*****
Armenia	32	581	51.7
Azerbaijan	67	306	69.6
Belarus	58	798	53
Georgia	9	387	72.5
Kazakhstan	49	271	48.2
Kyrgyz Republic	70	202	43.6
Moldova	83	228	-
Russian Federation	112	320	52
Tajikistan	141	224	45.5
Turkmenistan	-	-	-
Ukraine	137	657	58.1

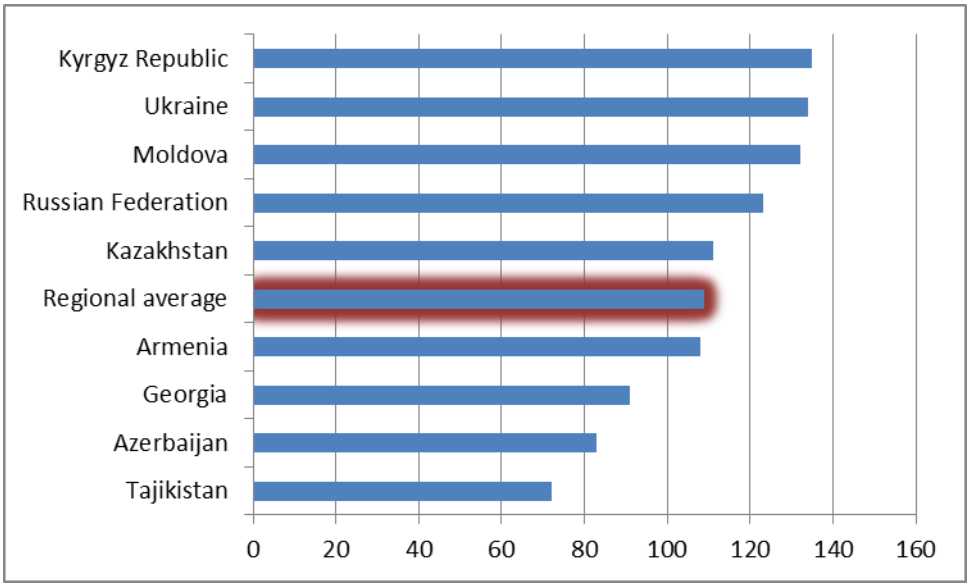
Source: *World Bank "Doing Business" 2013
**HERTIE School of Governance
*** HERTIE School of Governance 2007
Legend: *Rank from 1 to 183 with 183 the worst.

2) Deterrents and constraints

Implementing anti-corruption reforms required both an expansion *and* a specialisation of its institutional establishment. Specialised anti-corruption bodies have been set up in most of the FSU countries, usually under the direct supervision of the highest level of political authority (Armenia, Azerbaijan, Kazakhstan, Tajikistan, Russia, Ukraine). On the one hand that endows them with high prestige and shows the governments' 'political will'. For example, the Armenian Ethics Commission for High Ranking Officials was praised by the OECD. On the other hand it makes them susceptible to political influence. The Agency of the Republic of Kazakhstan on Fighting Economic and Corruption Crimes was accused of acting at the political whim of President Nazarbayev; the Tajik Agency for State Financial Control and Fight against Corruption was created in 2008, but it is still understaffed and perceived as one of the country's most corrupt institutions. In Ukraine, the National Anticorruption Committee has not held a meeting for over a year and the 800 million *hryvna* budget for implementing the anticorruption programme has never been allocated. Such mixed results call into question the necessity for designated anti-corruption institutions at the national level.

A strong and effective law enforcement system is very much a necessary condition for modernisation (Della Porta and Vanucci 1999). Figure 5 shows the regional performance on judicial independence. Even though the data for Belarus, Turkmenistan and Uzbekistan is missing, on average, the region performs badly on this indicator. Within the FSU countries, anti-corruption reforms related to law enforcement had two purposes: first to create a strong and reliable judicial system that could tackle corruption *outside* it, and second to eliminate corruption *within* the law enforcement agencies themselves.

Figure 5. Performance on judicial independence - FSU



Source: Wold Economic Forum 2011-2012
Legend: Rank from 1 to 142, with 142 the worst performer.

Within the general anti-corruption framework, policies related to law enforcement agencies generally aim to increase the level of criminalization through *higher crime rates*, *higher sentences* and *high profile offenders*. The volume of *corruption –related crimes has increased*. In Kazakhstan financial investigators identified nearly 1,800 corruption cases in public procurement between 2008 and 2012, with financial damage amounting to more than $46 million. In 2012, the Russian authorities prosecuted 889 officials (including 244 city mayors and 114 lawmakers of various levels) and 1,159 law enforcement officials on corruption charges. In Belarus, 276 corruption cases were prosecuted while the Ukrainian courts received 2,740 criminal cases involving corruption. In 2012, the damage from corrupt cases in Ukraine was nearly $225 million, according the Ukrainian Ministry of Justice. It is a challenge to interpret these statistics. On the one hand, they can be seen to show the efficiency of the justice system. On the other hand, they reveal that judicial resources have been directed towards anti-corruption, in accordance with the government priorities. That leads to the specialization of a significant body of police forces and magistrates in the anti-corruption area and puts additional pressure on the rest. On average, corruption amounts to roughly 1.5% of the total number of crimes. For example, in Belarus, where there was a general decline in crime in 2012, the share of corruption cases decreased slightly from 1.3% to 1.1%.

Higher crime rates are associated with *harsher sentences*. The former Kyrgyz president Bakiyev and his son were sentenced to twenty four years in prison for abuse of office. According to Miroslav Niyazov, former Secretary of the Security Council of Kyrgyzstan, those events were just for show, initiated by the authorities in the hope that they would be rehabilitated in the eyes of the public. In January 2013, David Kezerashvili, the former Georgian Defence Minister, was indicted for taking bribes and smuggling. He obtained $12 million from a business with ethanol, which caused a loss to the State of $50 million. The ex-minister faces punishment of 11 to 15 years imprisonment.

The high profile of the offender is usually coupled with *significant financial prejudices*. In 2012, the region offered numerous examples of waves of high profile investigations, indictments and arrests. In Kazakhstan, Bergey Ryskaliev, the former mayor of Atyrau region, was accused of embezzling funds by awarding contracts for public procurement to his friends and relatives, signing contract agreements at wilfully inflated sums, and of making unjustified transfers of funds to contractors by fictitious acts of completion and subsequent withdrawals of the same funds through false accounts. The financial damage amounted to over $469,665,000. In Kyrgyzstan the following individuals were arrested: an MP from "Ata-Jurt" Nariman Tyuleev, a former mayor of the capital, the Minister of Social Development, Ravshan Sabirov the deputy of “Ata-Meken” followed by the Head of Criminal Investigation Department Tilek Alibaev along with his second-in-command Bazarbekov Abdraimova; and the leaders of the mobile telephone company "Megakom”. A former Armenian Environment Minister, Vardan Ayvazyan, demanded a bribe from a gold mining company and was subsequently fined $37.5 million by a US court although no investigation was launched in Armenia. Furthermore, the former head of the State Social Security Service was arrested and accused of embezzling approximately $278,000. In Uzbekistan arrests were made of more than 40 members of a group headed by Akbarali Abdullayev, a nephew of the President. Until recently Abdullayev was considered a likely candidate for the post of President of the Senate and regarded as a potential "successor" to Karimov. The shadow "owners" of the Fergana Valley were arrested too. They were from the Akramovyh clan and closely related to Akbarali and his mother Tamara Sabirova, who herself owned 70% of the industries in the Fergana valley. Allegedly, the arrests were made on the direct orders of President Karimov. In Russia, a former Minister of Agriculture, Elena Skrynnik, was accused of involvement in a $1.3 billion fraud, and the former deputy head of the Russian Ministry for Regional Development, Roman Panov was accused of embezzling funds allocated for the APEC summit in Vladivostok, and 6.5 billion roubles were reported to have gone missing from the budget intended for the GLONASS development system.

Such high profile arrests could have been seen as signs of commitment by the relevant nations' leaders to stepping up their anti-corruption efforts. More often, though, they were interpreted as acts of punishment of adversaries. The politicised nature of anti-corruption reforms effectively undermined its core aim by *confusing the spheres of victim and offender*. In Ukraine there are allegations that the Yanukovych administration would use the judiciary to persecute its political opponent, Yulia Tymoshenko. In Russia, in November 2012, President Putin dismissed the Defence Minister Anatoly E. Serdyukov after the police raided the property of a land agency involved in the sale on the open market of a valuable state-owned property near Moscow. It was known as the Oboronservis case and the losses to the Defence Ministry from corruption were allegedly $130 million. The removal of Serdyukov was one of the highest-level dismissals linked to a corruption case in recent times in Russia. Many had viewed Serdyukov as part of Putin's inner circle, and while the gesture might be seen as Putin's pledge in his third presidency to address corruption, it might just as well be the case that the Minister's active reforms of the armed forces by cutting costs and personnel were received with displeasure.

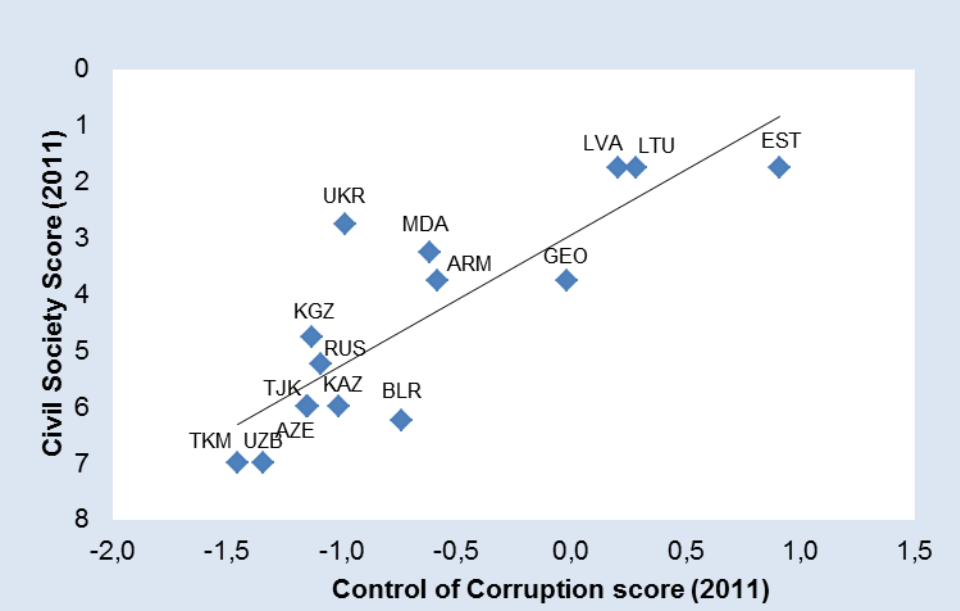
In order to reduce corruption within law enforcement agencies, a popular reform envisaged the use of *technology*. In Kyrgyzstan, a new recruitment system for judges put in place in 2012 consisted of computerised examinations. In Kazakhstan, President Nazarbayev initiated the "Law Enforcement Attestation Process", an exercise that involved competency testing for officers from a wide range of law enforcement agencies. According to the US website, "This exercise diverted the attention of many officers from their regular duties and led to the dismissal or transfer of thousands of officers."

New *repressive policies* have been associated with the desire to 'cleanse' the law enforcement agencies. Georgian President Saakashvili famously sacked the entire traffic police force to solve corruption problems; the strategy proved successful in Georgia but it is debatable whether it could be successfully transplanted to other countries. Furthermore, mass lay-offs might be a successful anti-corruption policy, but they bear enormous social costs. Putin for example remarked that 'Georgia has a few thousand traffic cops; Russia has over a million. Firing them all at once is simply not an option.' Instead, he issued statements telling the secret police (FSB) to stop intimidating businesses and to stop trying to extort bribes. Complementary policies involve *incentivizing* by increasing the salaries of the public sector and offering financial rewards to whistle-blowers. In November 2012 the Kyrgyz government announced a new scheme to reduce corruption among the judiciary by raising the salaries of judges. In August 2012, Kazakhstan allocated $213,000 a year to incentives for citizens to report cases of police corruption. Rewards may range from $300 to $1000 depending on the type of wrongdoing

uncovered. The rewards are to be paid only in cases where officials are found guilty of corruption in court. It remains to be seen whether the policy will be successful.

Civil society, as a normative deterrent to corruption, is reportedly the weakest link in the former Soviet Union (Mungiu-Pippidi 2010), and is strongly associated with loose control of corruption (see Figure 6). Government pressures, restrictive regulatory frameworks, irregular funding and lack of support from state institutions are the main challenges faced by civil society in FSU countries.

Figure 6. Civil society and control of corruption - FSU

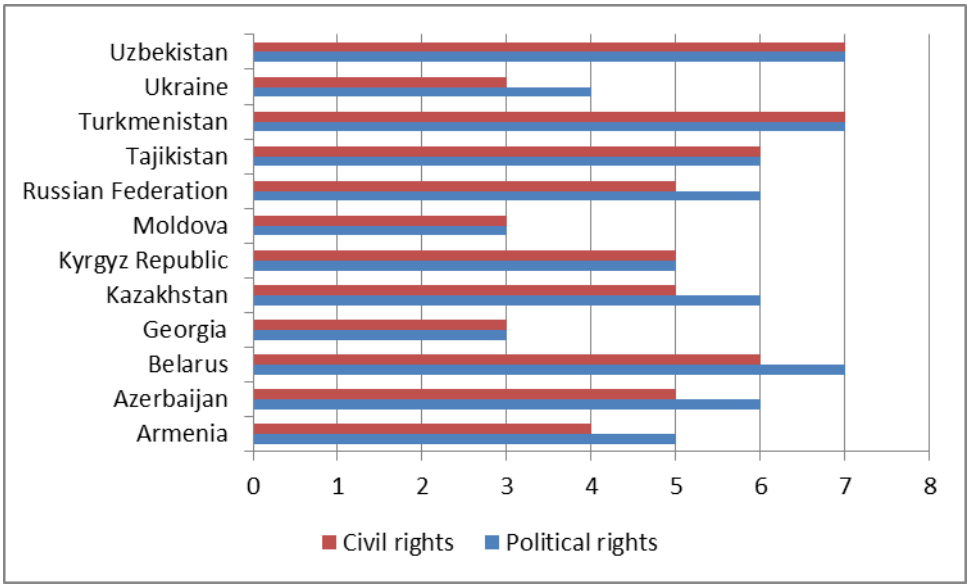


Legend: Association (linear regression) between control of corruption and civil society, Ukraine is the only outlier
Source: Mungiu-Pippidi 2010, updated with 2012 data

The low capability of civil society in constraining state capture is to be expected seeing the state of democracy in the region. Some countries, such as Belarus, are still categorized as 'repressive states' according to the 2013 Freedom House index of civil and political freedom rights (Figure 7). Formal government constraints on civil society organisations are common in Kazakhstan and Tajikistan, where the right of association and assembly is severely restricted. In Tajikistan, organizing an 'illegal gathering' can result in up to five years in prison, while in Kazakhstan participation in an 'illegal gathering' can lead to a $550 fine. In both countries there are criminal penalties for insulting the President, and political dissident groups have been targeted. In 2012, Russia expanded the definition of 'treason', reintroduced defamation as a criminal offence and increased the fines associated with it to 2million roubles, or $61,000. Fines

for individuals or organisations who violate the laws on arranging and participating in protests increased 150 and 300-fold respectively in June 2012. New legislation now forces organisations that accept foreign funding or donations to register as 'foreign agents,' while also tightening membership criteria and increasing 'supervision.' Critics claim that such legislation is designed to stop any capacity for government opposition and the term 'foreign agents' carries some seriously negative Soviet connotations. NGOs in Russia have reported numerous cases of government intimidation such as police raids, the stationing of 'protective' units of police in offices and the expulsion of certain organisations, like USAID.

Figure 7. Civil and political rights in FSU



Source: Freedom House 2013
Legend: From 1 to 7, with 1-most free and 7 – least free

Due to the rising profile of civil society, some governments have started to create alliances with various NGOs. Such alliances can become iconic partnerships, but can also be the means by which politicians use an alternative voice to put forward their opinions – which is rather more commonly the case in the regions under discussion here. Political interference can lead to preferential treatment, funding and corruption. In Uzbekistan, more than one NGO was involved in anti-corruption awareness campaigns; the Istanbul Action Plan report noticed that it was unclear "based on which criteria NGOs are selected to assist the Government in its anti-corruption efforts", while in Armenia, certain NGOs benefited from Government largesse. In April 2013, the Armenian Ministry of Finance declared that between 2010 and 2013 31 NGOs were funded from the state budget, together receiving approximately $ 1,215,000. Local media reported that no information could be found on the internet about the first three recipients of the

funding. Furthermore, each of the six NGOs that had been sponsored without interruption over the three years had been set up by the same person, a certain Suren Nersisyan.

Nevertheless, successful cooperation between governments and civil society in the area of anti-corruption reforms is possible. In Armenia, the Association of Investigative Journalists (HETQ) was extensively involved in the 'Armenia against Corruption' project. The Central Election Commission of Ukraine requested and implemented a voter-awareness campaign with the OSCE during the parliamentary election there in 2012.

Online activism in the area of anti-corruption has become very notorious in Russia. In 2011 Alexey Navalny established the Anti-Corruption Fund Rospil as a way to increase transparency in public procurement. Rospil uncovered violations in the awarding of public contracts that amounted to 30 billion roubles in 2012. In November 2012 he launched a new project – RosZKH – which aimed to eradicate corrupt practices in housing and communal services. Similarly, in Ukraine, the site nashigroshi.org ("Our Money") investigates corruption in the field of public contracts. Nashi Groshi has recently uncovered one $22,270 tender for snow removal from the courtyards of presidential administration buildings; another investigation showed that the annual travel expenses for members of the Supreme Administrative Court amounted to $270,685. In Ukraine, online activists created an online civil map of corruption – CorruptUA, where citizens can report corruption and place it on a map of the country.

The risks faced by civil society activists are very serious. After a recent criminal case Aleksey Navalny faces 10 years in prison for allegedly embezzling $500,000 from a state-controlled timber company in Kirov in 2009. Prosecutors initially dismissed the case, but federal officials revived it after Navalny became the most prominent leader of the street protests last year. In Belarus, the protests that followed the 2010 elections were brutally suppressed with hundreds of arrests. The government continued its policy of harassing civil activists and treated them as enemies of the state; draft amendments were signed by President Lukashenka to restrict funding options for civil society organisations. In preparation for the upcoming elections in Azerbaijan, officials tend to prevent activists from taking part in any actions or protests.

The other factor inflicting normative constrains, a free media, is likewise doing rather badly in FSU. The 2013 World Press Freedom Index provided by Reporters Without Borders shows that media freedom is not high on the agenda of the FSU states. Captured media, violence against journalists and repressive governments are just a few of the characteristics of these countries. In Belarus, suppression of the media continued after the disputed elections in 2010; in 2011 95

journalists were detained during the summer's "silent protests". The Kazakhstan International Bureau of Human Rights reported that there were particular concerns regarding freedom of expression due to increases in libel suits against newspapers and journalists, along with physical attacks. In 2012, the two main opposition newspapers, Golos Respubliki and Vzglyad, were forced to halt publication a matter of days after the prosecutor-general's office announced that it had asked an Almaty court to ban a number of independent and opposition national news outlets, before any ruling had been made on the substance of the case. In Ukraine, the 2012 Freedom House report noted an increasing monopolisation of national media by pro-government businessmen and politicians as well as an increase in paid political coverage. The same report remarked that in Uzbekistan, foreign broadcasting media outlets - Radio Free Europe/Radio Liberty, Voice of America, BBC World Service - cannot obtain permission to broadcast from within that country nor can they acquire accreditation for their offices. Furthermore, the authorities employ the practice of hiring "experts" to fashion criminal cases against journalists on charges ranging from national defamation to extremism.

Table 2 summarises the main findings of this section using five key indicators. Generally, in the region seem to be very few deterrents or constraints for corruption as it displays high levels of judicial dependence (nearly half of the countries are close to the bottom rank), a small and underdeveloped civil society, with no free press and ambiguous civil and political rights. Within the region, Georgia seems to be the best performer on average and Belarus the worst followed by Kazakhstan, Kyrgyzstan and Russia.

Table 2. Key indicators regarding deterrents and constraints for corruption - FSU

Country	Judicial independence rank*.	CSOs per population**	Freedom of the press***	Civil rights****	Political rights****
Armenia	108	30.4	66	5	4
Azerbaijan	83	11.3	79	6	5
Belarus	-	1.7	92	7	6
Georgia	91	16.4	59	3	3
Kazakhstan	111	2.1	78	6	5
Kyrgyz Republic	135	7.9	73	5	5
Moldova	132	5.5	65	3	3

Russian Federation	123	0.7	81	6	5
Tajikistan	72	9.7	78	6	6
Turkmenistan	-	3.0	95	7	7
Ukraine	134	1.1	53	4	3

Source: *Wold Economic Forum 2011-2012
** Mungiu-Pippidi 2010, updated with 2012 data
*** HERTIE School of Governance
**** Freedom House 2013
Legend: * Rank from 1 to 142, with 142 the worst performer
***Ranges from 0 (most free) to 100 (least free)
****From 1 to 7, with 1-most free and 7 – least free

3) Anticorruption and its prospects

The past decade was characterized by the globalisation of anti-corruption policies, conducted first and foremost through the multiplication of anti-corruption narratives, materialised in the form of international conventions. The conventions provided the international community with a standardised set of anti-corruption instruments. FSU countries have all become part of the global anti-corruption movement, at least formally. They have all ratified the United Nations Convention against Corruption (UNCAC) and Russia, Belarus, Moldova, Ukraine, Armenia, Georgia and Azerbaijan adopted the Council of Europe Civil and Criminal Law Conventions on Corruption, with Russia paving the way by signing the OECD Anti-Bribery Convention in April 2012.

The expansion of the anti-corruption domain was accompanied by the multiplication of international/regional partnerships that monitored and incentivised the implementation of anti-corruption reforms – the 'carrot and stick' approach, in fact.

- The OECD's Anti-Corruption Network for Eastern and Central Asia established the Istanbul Action Plan in 2003, a sub-regional peer review programme, for Ukraine, Armenia, Georgia, Azerbaijan, Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan.
- The European Union has monitored anti-corruption reforms through the European Neighbourhood Policy and the Eastern Partnership. The latest report uncovered the lack of a coherent trend towards modernisation in the region. It expressed concerns regarding Azerbaijan in relation to the following areas: the electoral process, independence of the judiciary, protection of human rights, alignment of media freedom legislation to international standards, and the need to build a sustainable democracy. Praise went to

Georgia, Moldova and to a certain extent Armenia, who were assured of continued financial support from Brussels.

- In the latest meeting of EURONEST (Baku, April 2012), Ukraine advanced its negotiations on the Association Agreement with the EU, making progress on the Visa Liberalisation Action Plans. The Agreement should be signed in November at the Vilnius Partnership Summit, if Ukraine steps up its anti-corruption efforts.
- Furthermore, within the Partnership for Modernisation, the EU has agreed to finance a joint anti-corruption project to be implemented by the Council of Europe and the Russian Business Ombudsman. The European Commission has made a priority of supporting projects aimed at promoting good governance in both Tajikistan and Kazakhstan.
- The World Bank chose Tajikistan as one of four European and Central Asian states in which to pilot its Governance and Anti-Corruption programme. The programme has worked to strengthen transparency and accountability in the public sector.
- National governments too have made available financial support in the region. The UK has a £42 million budget administered through the Department for International Development Central Asia programme.

Apart from generic support for anti-corruption reforms, the international community also promoted more in-depth interventions intended to 'change the rules'. The European External Action Service (EEAS) allocated € 1,470,000.00 to encourage political participation among the young residents of rural areas of Armenia, Azerbaijan and Georgia. EEAS also allocated €97,602.95 to Georgia, particularly to the Samtskhe-Javakheti region. Within the framework of human rights, that particular project focuses on the re-socialization of young offenders.

Monitoring aspects that were considered particularly challenging in the area were high on the agenda of the international donors. USAID has allocated large amounts to the presidential and parliamentary elections in Armenia and Georgia $3.988.000 and $17 million respectively. However, it did not allocate any financial resources for the upcoming presidential elections in Azerbaijan, which will be held on the 16th of October 2013. The purpose of the funds was to ensure the transparency of the elections, to minimize corruption risks, and to assist electoral institutions and stakeholders in strengthening the political will to change the election culture. The idea is to enable the establishment of a competitive electoral environment as well as to support the broadcasting of TV programmes to increase citizens' awareness of their rights and duties as voters.

Since countries in this region are keen to attract foreign investment, the impact of corruption on the private sector is dealt with separately. The success of anti-corruption policies in the private sector is on the one hand related to making it a priority at the national level, and on the other hand to its being part of international economic agreements, conventions and institutions.

- Georgia, which is the most successful country in the region, has prioritised tackling anti-corruption in the private sector through the action plan of its 2010 – 2013 anti-corruption strategy.
- In Uzbekistan, President Karimov signed a new law entitled “On the defence of private property and the guarantee of the rights of owners”, in September 2012. According to Karimov, the law was designed so that “every entrepreneur should know that he can without fear invest in his own business, expand production activities, increase production and generate income [...] keeping in mind that the government is guarding the legal rights of the property owner”.
- In order to secure property rights Kazakhstan ratified the Singapore Treaty on the Law of Trademarks and the Rome Convention for the Protection of Performers, Producers of Phonograms, and Broadcasting Organizations.
- Uzbekistan began the accession process to the CIS Free Trade Zone Agreement, while Armenia joined the World Trade Organization;
- Azerbaijan, Kazakhstan and Kirgizstan are part of the Extractive Industries Transparency Initiative (Tajikistan became a candidate in February 2013). In Kazakhstan, 123 extractive companies have chosen to implement the principles of the organization, which include reporting on all contracts and expenditure. Kazakh companies are 'close to compliant' with all EITI standards, but the Kazakh government should encourage all extractive companies to submit to audits which are of an international standard.
- In the FSU, the major barriers to business have been the licencing, customs and tax authorities. Recently, governments have started to address those problems in order to support economic development while reducing corruption. Russia eliminated the requirements for several preconstruction approvals and cadastral passports, Ukraine simplified the process of setting up a business and used an effective time limit for processing transfer applications, Belarus simplified property transfers by eliminating the necessity to obtain municipality approval in Minsk; Kazakhstan introduced an electronic system for granting licences; Armenia, Georgia, Kyrgyzstan, Russia and Ukraine introduced one-stop-shops to simplify the procedures for obtaining approvals. Reduced

taxation and the use of electronic forms in the tax system have proved successful policies in Ukraine, Russia and Georgia. However, Kyrgyzstan and Belarus have increased the costs of doing business by introducing additional taxes, policies somewhat related to anti-corruption concerns although they envisage wider and deeper change in society.

There are indeed a number of encouraging initiatives. In Russia, more than 20,000 firms formed coalitions to identify problematic legislation and to press for reform. One achievement was the simplification of obtaining permits, an accomplishment praised by the Doing Business Report. In Ukraine, a coalition of business associations demanded that the National Prosecutor launch an investigation into the mayor of Sumy's imposition of burdensome requirements on local businesses. In Kyrgyzstan, the Bishkek Business Club has been working to introduce anti-corruption programmes for businesses. Furthermore, Kyrgyz business associations have offered to cooperate with the Council for Entrepreneurship Development, so that the new legislation is produced in cooperation. A group of young Russian entrepreneurs set up a creative anti-corruption initiative. They developed 'Bribr' which was an iPhone application (app.) to report bribes across Russia anonymously. Using the app. anyone can enter information with details including location, the sum of money transacted and the reasons for offering or demanding the bribe. So far, nearly 3 million roubles have been reported, according to Bribr's website.

Politics remains the major source of problems. USAID showed that in the aftermath of the Orange Revolution, Ukraine made important steps towards addressing corruption, but the situation rebounded following political disputes. After the widely disputed Russian presidential elections, the relationship between Putin's administration and the West, in particular with the US, was put under strain. The Russian government suspected that domestic unrest was being stirred up by foreign advocacy groups and so expelled USAID from the country in September 2012. In December 2012, the US passed the Magnitsky Act, freezing US assets and denying visas to a selected group of Russian officials who were allegedly involved in the murder of Sergei Magnitsky. In response, Russia passed a law to ban Americans from adopting Russian babies. Undoubtedly, the US act was not welcomed by either the Russian government or business circles, and Russia has been working hard to avoid a European version of Magnitsky Act. Nevertheless, it is difficult to say if it had any impact on anti-corruption reform in Russia, as the country received positive assessments from GRECO.

The countries from this region seem rather keen to implement reforms when the 'carrot' is access to markets, for example to labour markets in the case of Ukraine through the visa liberalisation programme, or protecting their own financial interests. The Cyprus crisis hit

Russian business deposits hard, while the Magnistky Act put American investments under strain. For their part, the EU is unwilling to upset its neighbours given its dependence on Russian gas and other regional natural resources. Economic forecasts for the next 30 years suggest Russia will be the second greatest world provider of oil, and Ukraine is a strategic partner since a large proportion of Russian gas flows to the EU through Ukrainian pipelines. It is no surprise then that at the EU-Russia summit held in Yekaterinburg in June 2013 both parties agreed that the EU and Russia had a harmonious and strategic partnership. Russian president Putin stated that in 2012 the trade turnover between Russia and the EU grew by 4.1% and expressed his hopes that the trend would continue and would soon reach the $500 billion mark. According to *Deutsche Welle*, the relationship between Russia and the EU is governed by a 'new pragmatism' which refers to enhanced economic cooperation as opposed to opposition and conflict. In that context, the German newspaper reports that there was 'only praise for the newly agreed road map sketching out energy relations' between the two partners, which means that Russia would open up its pipelines to competitors. The great effort to curb corruption in these countries must therefore come from within.

III. Conclusion

As to March 2013 when data collection for this report ended, the FSU region did not show a coherent trend towards establishing control of corruption. Anti-corruption tools seem to have made more leeway in Georgia (though challenges remain), but failed dramatically in Turkmenistan and Ukraine, while Russia has fallen back after she had been making progress. Policy-wise, the most successful interventions have been those focused on changing the modus operandi of state and business. However, these conclusions should be reassessed in the future because the countries in this region are at different stages in implementing these types of reforms.

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Project profile

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The fundamental purpose of ANTICORRP is to investigate and explain the factors that promote or hinder the development of effective anti-corruption policies and impartial government institutions. A central issue is how policy responses can be tailored to deal effectively with various forms of corruption. Through this approach ANTICORRP seeks to advance the knowledge on how corruption can be curbed in Europe and elsewhere. Special emphasis is laid on the agency of different state and non-state actors to contribute to building good governance.

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