

2006 Global Integrity Report: Key Findings

Corruption is a global problem. Surveys confirm that most citizens perceive and often experience deep-rooted public corruption in their daily lives. Econometric research indicates that corruption and poor governance negatively impact economic development, particularly so in poor countries where the most vulnerable in a society suffer most. Weak governance increases risks for foreign direct investors and retards the potentially positive impact of development aid.

From Washington to Cotonou, changes in government are occurring on the back of anti-corruption platforms as citizens demand greater accountability. Journalists and civil society groups have become more effective in their watchdog roles, ferreting out specific corrupt acts and abuses of power. At the policy level, a “grand bargain” seems to have been cemented between wealthy donor countries and poorer aid recipient countries – curb corruption, poor countries are told, in exchange for increased foreign aid and investment. All of this cries out for greater actionable data and reporting that can inform the debate and hold governments – both donor and recipient – accountable to the people.

Regular elections are not the only indicator of government accountability. Other crucial safeguards must be in place – and fully implemented – to adequately ensure that citizens can monitor their government and hold it accountable. A free media, vibrant civil society, multiple institutional checks and balances, and key internal anti-corruption mechanisms must also exist. While the number of countries putting the right laws on the books and signing up to international anti-corruption conventions is increasing, the wave of corruption scandals around the world continues. This suggests that some systems are working effectively to expose the problem, but in many cases implementation and enforcement of anti-corruption mechanisms lag badly. In other words, an “implementation gap” continues to exist in many nations.

In 2006, Global Integrity, an international nonprofit that tracks governance and corruption trends around the world, undertook a second major round of fieldwork to examine these very phenomena. We used comprehensive journalistic reporting and quantitative data gathering to answer some basic yet crucial questions: how are countries performing when it comes to anti-corruption safeguards, and what are the strengths and weaknesses of each country’s public integrity system? We systematically examined the laws, institutions, and practices that prevent abuses of power and ensure that governments are responsive, and responsible, to their citizens.

This year’s fieldwork features in-depth, qualitative and quantitative assessments of 43 key countries, primarily large aid recipients and emerging markets. Our team of 200 journalists and researchers around the world applied our unique assessment methodology (described by the World Bank as, “an example of ‘good practice’ methodology for governance indicators”) to generate actionable indicators that will be used by grassroots advocates, reform-minded politicians, local journalists, aid officials, and foreign investors alike. The results of this fieldwork are remarkable.

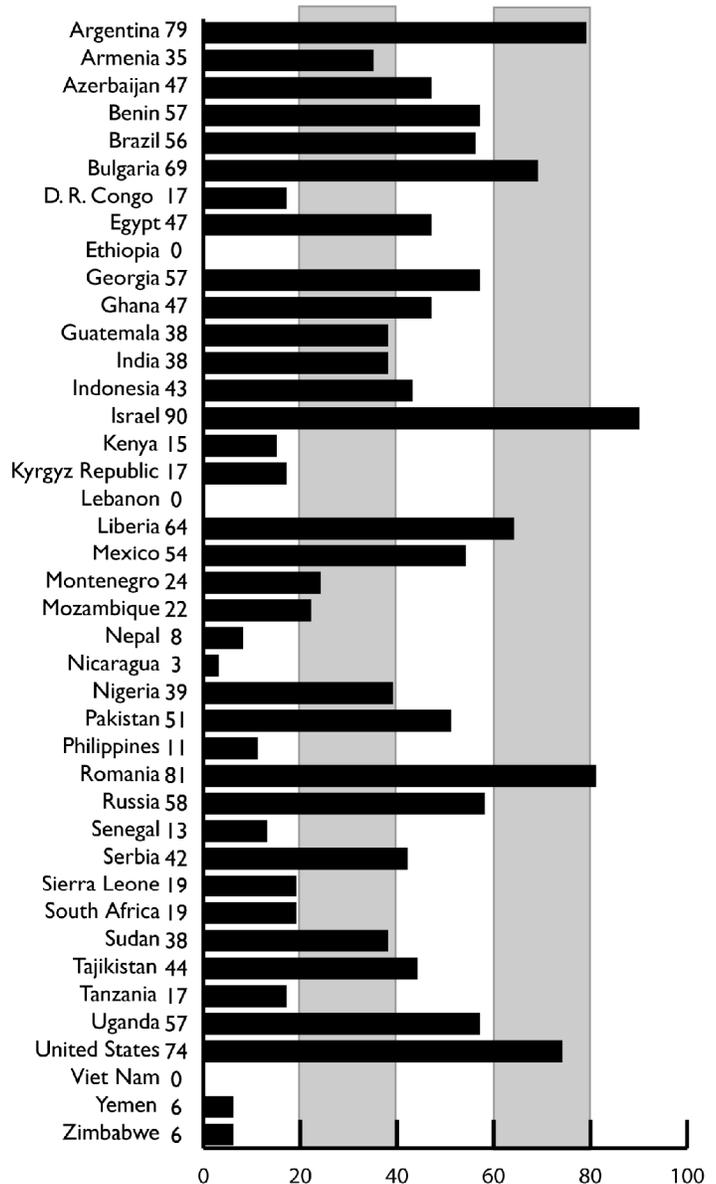
2006 Key Findings

KEY FINDING: Political financing is the #1 anti-corruption challenge facing this year's group of countries. Recent scandals in both poorer and wealthier nations – including the United States – confirm that political financing can no longer be ignored and is clearly a central driver of corruption in many countries. Unlike some anti-corruption challenges that are rooted in poor economic development and low wage levels, the lack of effective political financing regimes is largely a problem of political will.

In the United States, after a dozen years as the minority party, the Democrats wrested control of both houses of Congress in 2006 due in part to Republican ethics scandals related to political financing and lobbying. Voter disgust trickled down to state elections, where Democrats gained a majority of governorships and increased their power in state legislatures. In younger democracies like South Africa, there are simply no rules on the books to regulate the private financing of parties and candidates, encouraging a situation where those with access and influence wield a disproportionate amount of power over the political process. Citizen access in these countries to political financing records, which is crucial for media and NGO monitoring, is typically poor. Sadly, the data from this year's Global Integrity fieldwork suggest that many developing countries seem destined to repeat the mistakes of more developed nations where political financing scandals that exploit the nexus between money and power have simply become the norm.

2.3) Political Financing

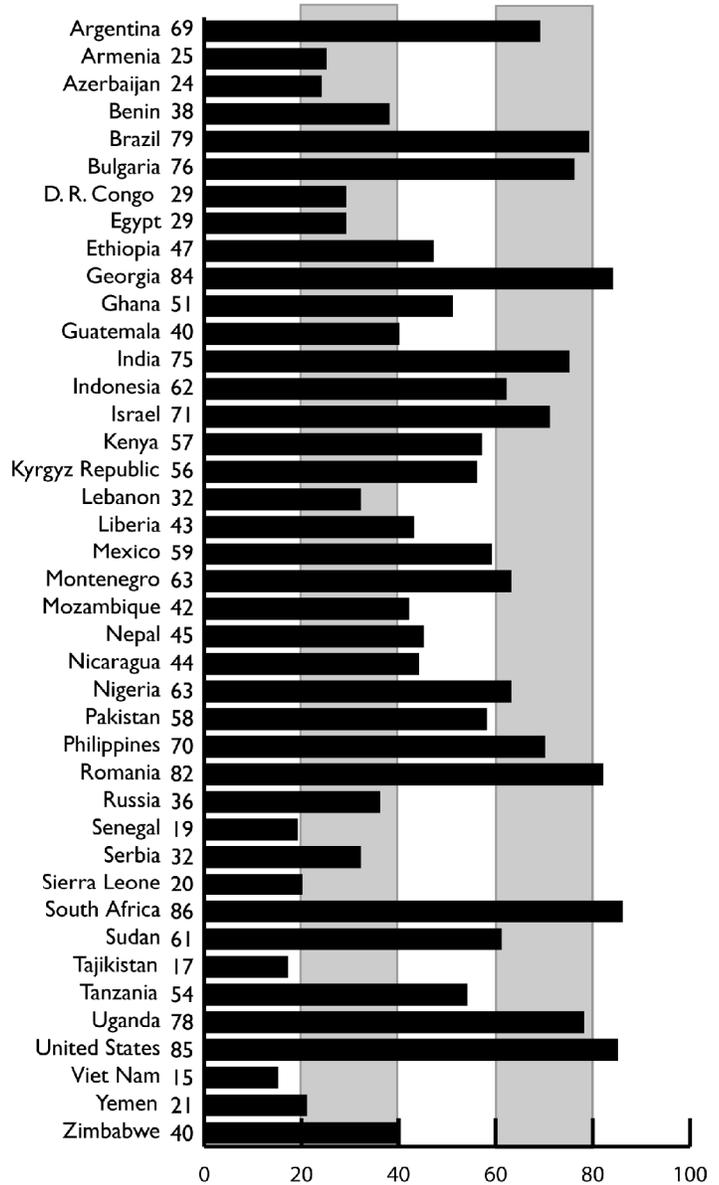
Global Integrity Index 2006



KEY FINDING: Weak legislative accountability threatens to undermine other crucially needed long-term anti-corruption reforms. Only lawmakers can pass the necessary legislation to protect whistleblowers, enable access to government information, regulate the flow of money into the political process, and adequately fund and staff key government anti-corruption institutions. Unfortunately, Global Integrity’s new round of data and reporting suggest that legislative accountability at the national level is uniformly weak around the world.

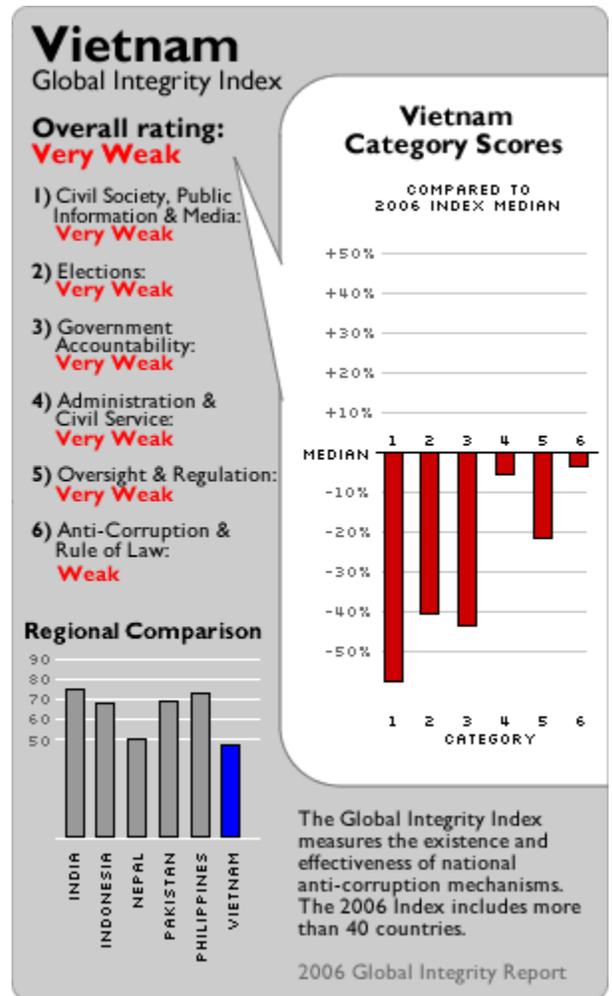
The integrity of the legislature, ostensibly the institution most representative of the public interest, is itself coming under threat in countries like Mexico (with the recent fury over the disputed national election results), the United States (where the Congress has been racked by scandal and criminal indictments of members), and South Africa (see the “Travelgate” scandal). This weakness has also manifested itself in poor budget oversight, opening the door to abuses by the executive branch.

3.2) Legislative Accountability Global Integrity Index 2006



KEY FINDING: Vietnam, one of Asia’s hottest emerging markets, is assessed as having the second weakest overall anti-corruption framework of the entire group of 2006 countries. This raises several red flags for investors, particularly since this year’s group of countries is comprised largely of poorer nations with very limited infrastructure and financial resources. The results for Vietnam suggest that governance and corruption challenges in Vietnam are deeply rooted and systemic.

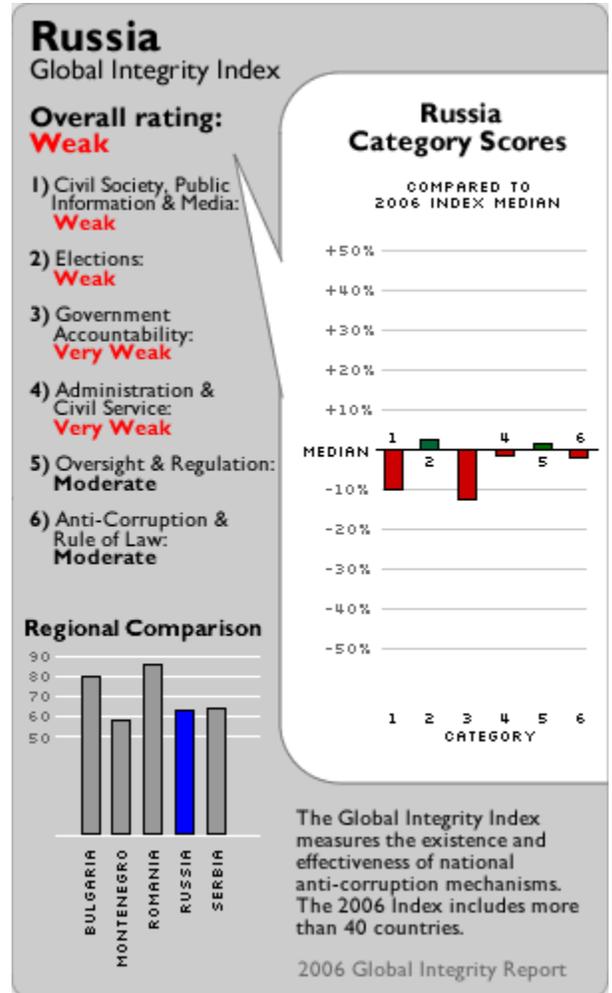
Global Integrity’s new data and reporting for Vietnam also suggest that the recent “PMU 18” scandal – in which government transportation officials embezzled millions of dollars of government money to, among other abuses, gamble on European football matches – may only be the tip of the iceberg. With the country’s party-state distinction completely blurred and little in the way of effective government oversight from either the legislature or judiciary, Vietnam faces a serious uphill battle on anti-corruption reforms



KEY FINDING: Russia appears to have made little progress in establishing and enforcing effective anti-corruption mechanisms compared to several other Soviet Union successor states.

Russia’s overall assessment for 2006 is roughly on par with those of Azerbaijan and Kyrgyzstan and is significantly below that of Georgia. This data seems to confirm recent anecdotal evidence in Russia that the consolidation of power and crackdown on media have negatively affected overall governance, and should be cause for concern for foreign investors, especially those interested in long-term direct investment in the country.

The weakness of Russia’s anti-corruption system appears to be rooted in poor government accountability. Global Integrity’s new data and reporting highlight several structural deficiencies, including the fact that immunity is granted to the head of state – this in a country where the chances of impeachment (the only way around such immunity) are remote because of an extremely pro-government legislature. As in other countries in our sample, poor implementation of conflicts of interest regulations for senior civil servants hinders reform efforts. Additional challenges were noted with regard to civil liberties and media freedom, where, beyond the killings in recent years of prominent journalists, a new law passed in mid-2006 will enable the government to label any critics of the state as guilty of “extremism.”



KEY FINDING: Promoting effective anti-corruption and good governance programs in post-conflict Africa requires a long-term commitment. Global Integrity’s 2006 country selection included fifteen African countries, five of which have recently emerged from or continue to struggle with internal conflicts – Liberia, Sierra Leone, the Democratic Republic of Congo, Sudan and Uganda. The results for this set of countries paint a picture which suggests there are no quick fixes for promoting more responsive government in the aftermath of conflict. Most of these countries display a somewhat predictable poor overall performance. However, despite a low overall rating, data and reporting from Liberia highlights the relatively vibrant civil society and media environment that has come about since the change in government, suggesting that political will and commitment can make a difference even in the most difficult of circumstances.

With the recently announced \$5 million “Ibrahim prize” for the least-corrupt African leader and the hosting of Global Forum V (an inter-governmental anti-corruption conference) in South Africa in April 2007, all eyes will be on the continent’s commitment to anti-corruption reforms.

KEY FINDING: New European Union (EU) members Romania and Bulgaria displayed a moderate gap in overall anti-corruption mechanisms, with Romania exceeding the performance of Bulgaria. Both countries’ relatively strong overall performances confirm that the “carrots and sticks” EU accession process has been effective in promoting institutional reform in both countries.

Both countries also score well on public access to government information, confirming the findings of a recent Open Society Institute study which argued that “young” democracies such as Bulgaria and Romania performed better in providing information to their citizens than “old” democracies.¹ However, both countries face systemic problems where the partisanship of media owners negatively impacts journalistic ethics and self-censorship.

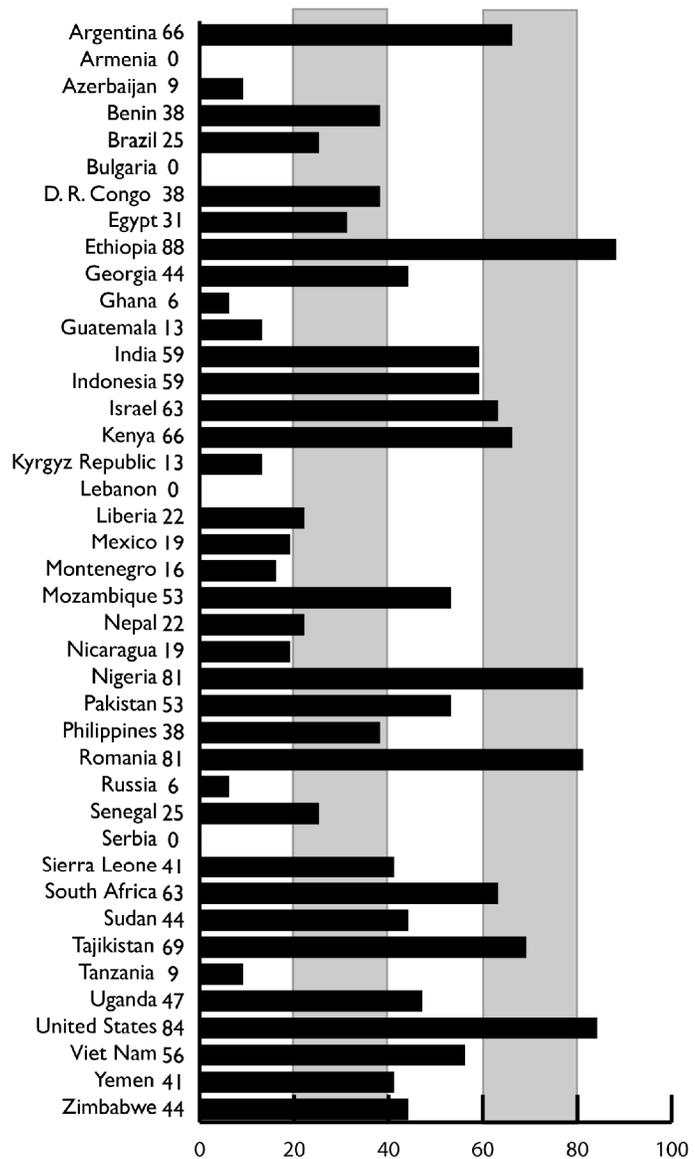
¹ Open Society Institute, Justice Initiative http://www.justiceinitiative.org/db/resource2?res_id=103424

KEY FINDING: Whistleblower protections and weak (or non-existent) access to information mechanisms threaten government accountability in almost every country. When it comes to speaking out against abuses of power, the protections offered in most countries for truth tellers are pitiful. Even when there is a specific law in place to protect whistleblowers, it is rarely enforced. In Brazil, we report that anonymous tips – oftentimes an essential ingredient for protecting whistleblowers inside the government who expose waste and graft – have actually been outlawed by the Supreme Court. In Egypt things are worse: civil servants can actually be sent to jail or fined for reporting corruption if they are unable to convincingly prove the alleged violations.

The right of citizens’ access to information tells a similar story. Access to information laws are either not in place or, where they are on the books, they are either not implemented or are sometimes blatantly ignored. In Sierra Leone, we report, “Getting information requests granted usually depends on the individual’s personal connections.” In Nicaragua, a leading local NGO has made more than 80 official information requests of the government during the past ten years; almost all have simply gone unanswered. In Indonesia, we report that, “Most politically-sensitive documents and information, especially regarding the budget and other government projects, may be withheld or very difficult to obtain.”

2006 countries covered: Argentina, Armenia, Azerbaijan, Benin, Brazil, Bulgaria, Cambodia, Democratic Republic of Congo, Egypt, Ethiopia, Georgia, Ghana, Guatemala, India, Indonesia, Israel, Kenya, Kyrgyz Republic, Lebanon, Liberia, Mexico, Montenegro, Mozambique, Nepal, Nicaragua, Nigeria, Pakistan, Philippines, Romania, Russia, Senegal, Serbia, Sierra Leone, South Africa, Sudan, Tajikistan, Tanzania, Uganda, USA, Vietnam, the West Bank, Yemen, and Zimbabwe.

4.2) Whistleblower Protection Global Integrity Index 2006



About Global Integrity: *Global Integrity's core product each year is the Global Integrity Report, a compilation of country reports prepared by in-country experts that assess openness, government accountability, and anti-corruption mechanisms at a national level. Each country report comprises two main elements. The first is a qualitative narrative prepared by a leading journalist in the country exploring how corruption manifests itself in everyday life for the average citizen – how it looks, tastes, feels, and smells on the ground. The second is an in-depth, quantitative scorecard tool called the Integrity Indicators, which breaks down and analyzes the country's "integrity framework" into six broad dimensions of governance (and almost 300 individual indicators) ranging from elections and media freedom to public procurement, privatization, and law enforcement. Prepared by a leading researcher in the country and then blindly reviewed by additional in-country and external experts, the Integrity Indicators not only assess the existence of laws, regulations, and institutions designed to curb corruption but also their implementation as well as the access that average citizens have to those mechanisms. Basic country facts and a Corruption Timeline provide further context for each Country Report.*

How Our Information is Used: *At the grassroots level, journalists and local NGOs use our work to uncover unique story leads and sharpen advocacy campaigns promoting better governance. In the private sector, leading investment banks and emerging markets investors leverage our data and reporting to assess country and project risk. Multilateral donors routinely use Global Integrity's data and reporting to inform their lending decisions. Our information plays a role in informing the World Bank's International Development Association (IDA) loan allocations, which potentially impact 2.5 billion people, half of the total population of the developing world. Seventy percent of the countries making up the 2006 Global Integrity Report were IDA countries. Bilateral foreign aid donors such as the Millennium Challenge Corporation, a U.S. Government corporation which selects countries for economic growth and poverty reduction programs based on their commitment to good governance, have used the Global Integrity reports as a tool for diagnosing policy performance and have found the indicators highly comprehensible and comparable across countries.*

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