

GLOBAL INTEGRITY
Independent Information on Governance & Corruption

Global Integrity Report: 2007 **Key Findings**

The *Global Integrity Report: 2007* assess the existence and effectiveness of key anti-corruption and good governance mechanisms at the national level in countries around the world. Increasingly relied upon as the most trusted source of unbiased qualitative and quantitative information on governance and corruption trends, the Report was prepared by a team of more than 250 in-country journalists, researchers, and academics and comprises more than a million words of text and 20,000 data points. Rather than attempt to measure corruption directly, the Report instead assesses the opposite of corruption – government accountability and transparency.

For full results and detailed information about our methodology please visit <http://report.globalintegrity.org>

Global Integrity – 2007 Winner, Ashoka “Changemakers” competition: “Ending Corruption: Honesty Instituted”

Global Integrity Report: 2007 – Introduction

From June to December 2007, Global Integrity – a leading non-governmental organization dedicated to tracking governance and corruption trends around the world – carried out fieldwork in 55 diverse countries to generate its third *Global Integrity Report*. The Report combines qualitative journalism with quantitative data gathering in each country to generate in-depth country assessments that assess the existence, effectiveness, and citizen access to key national-level anti-corruption mechanisms. A widely anticipated publication each year, the Report and the country assessments that comprise it are increasingly relied upon by aid donors, governments, grassroots advocates, and investors to help analyze and promote key governance reforms.

As in previous rounds of fieldwork, we sought to answer some basic yet crucially important questions in each country: 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? Applying our award-winning methodology, the Report comprises nearly 20,000 data points across the countries covered, all published free of charge at <http://report.globalintegrity.org>.

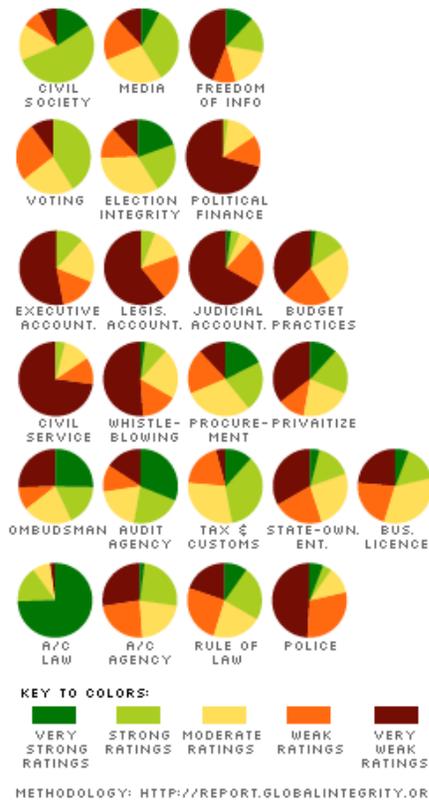
This year's Report features in-depth assessments of 55 key countries, including several nations at political crossroads: Russia, Pakistan, Thailand, Kazakhstan, and Sri Lanka are among the countries covered this year. The Report takes a holistic view of good governance and anti-corruption issues. We understand that regular elections are not the only indicator of government accountability (in fact, one of our Key Findings for 2007 is that promoting elections at the expense of other governance reforms may not advance long-term democratic consolidation). 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. The 2007 fieldwork also featured our greatest effort to-date to cover the G8 countries, and demonstrated that while the wealthier G8 countries are indeed among the better overall performers, they all exhibit significant governance weaknesses similar to those found in many developing countries, especially in political financing and government accountability. In addition, the 2007 Report covered more than 20 countries previously assessed in 2006 and revealed significant progress in some countries (Nepal, Bulgaria, and Azerbaijan) and backsliding in others (Georgia, Nigeria and Uganda).

All of the fieldwork involved with producing the *Global Integrity Report: 2007* was carried out by local teams of in-country experts: more than 250 courageous and professional journalists, academics, and researchers who poured thousands of hours of effort into generating one of the most trustworthy toolkits examining governance and corruption issues in the world. We are grateful for their dedication and commitment.

Global Integrity Report: 2007 – Key Findings

KEY FINDING: Although elections are seemingly the linchpin of Western governance reform efforts around the world, there is little evidence to suggest they are strongly related to improved government accountability. Free and fair elections continue to be promoted as the litmus test for a government’s commitment to transparency and accountability, especially in crisis-ridden and post-conflict countries. But data from the *Global Integrity Report: 2007* appear to support those who advocate for a more holistic or “gradualist” approach to governance reforms that encompass electoral, legal, and institutional development simultaneously to stimulate longer-term improvements in government accountability.

Global Integrity Index: 2007
Ratings for all countries by category



The lack of a strong relationship between clean elections and improved government accountability suggests that a narrow focus on elections may be less effective than a more holistic approach to strengthening the accountability of senior officials and civil servants. In **Pakistan**, the furor surrounding whether and when to hold elections in the wake of the assassination of former Prime Minister Benazir Butto glosses over the reality that without deep and far-reaching structural reforms, elections, regardless of their outcome, will mean little to the country’s chances for a transparent and accountable government¹. Recent crises in **Ukraine** and **Georgia** also underscore the finding, where the respective governments remain paralyzed by deeply-rooted corruption scandals despite relatively successful elections trumpeted by outside actors, including the United States.

An analysis of the 2007 data reveals that “elections-strong” countries were just as likely to face serious problems with government accountability as “elections-poor” countries. For example, **Peru**, **Bosnia and Herzegovina**, and **Kazakhstan**, among the more than 20 countries with a “Strong” rating for election integrity, performed “Moderate” to “Very Weak” in sub-categories assessing asset disclosure and conflicts of interest regulations. At the same time, more than two dozen countries that earned “Moderate” to “Very Weak” ratings for election integrity also fared similarly disappointingly in the same government accountability and administration/civil service categories as the “elections-strong” countries. **Burundi**, **Egypt**, and **Tajikistan**, for example, had a “Very Weak” election integrity rating while

¹ As one former White House adviser on South Asia stated recently, “even if [President Pervez] Musharraf won fairly, no one will believe it” (“U.S. Urges Pakistani Steps,” *The Washington Post*, 3 January 2008: A16), thus underscoring the limits to the electoral process in shaping long-term democratic gains.

also earning a poor assessment in asset disclosure, conflicts of interest enforcement, and internal anti-corruption mechanisms across government and the civil service.

KEY FINDING: Significant weaknesses in China’s anti-corruption framework raise questions as to the true risks facing investors rushing to capitalize on the country’s economic expansion – and to the risks Chinese sovereign investment funds pose to Western markets. With an assessment that featured more than half of the 23 governance sub-categories assessed by Global Integrity as “Very Weak” (the lowest possible ranking), the 2007 assessment for China highlights the lack of checks and balances and transparency measures that can provide stability and predictability for investors in otherwise risky emerging markets.

As China continues to attract massive inflows of foreign capital, the question for investors is how long they can continue to operate efficiently in a market where political connections and party patronage play such a prominent role in controlling the key anti-corruption mechanisms including the judiciary, the newly-formed Anti-Corruption and Anti-Bribery Bureau, and the Central Disciplinary Committee. Conversely, the corruption risks faced by Western regulators and firms will likely increase as Chinese sovereign investment funds continue to invest billions in overseas markets, including in Western banks and large private equity funds, despite poor checks and balances at home.²

KEY FINDING: The wealthier G8 countries suffer from similar corruption challenges as developing countries. While many observers tend to assume that wealthier countries have developed to a point where corruption is no longer a problem, Global Integrity’s 2007 data for the United States, France, Italy, Japan, and Canada paints a decidedly different picture.

Corruption in the political financing system remains a major problem for all countries covered in the 2007 assessments, including the G8 countries, and remains arguably the single-greatest challenge that undermines the anti-corruption system in the **United States**, where gaps in the political financing system are as problematic as those in **Bosnia and Herzegovina**. In **Canada**, the extent of the executive’s control over appointments to the judiciary puts the nation alongside **Kenya** and **Mexico** as having a “Very Weak” rating for judicial accountability. In **Italy**, whistle-blower protections are as weak as those in **Ecuador** and **Tajikistan**. In **France** and **Japan**, problems with political patronage and political influence in the civil service are similar to those found in **India** and **Russia**. This suggests wealthier and developed countries do not hold the moral high ground on issues of public integrity.

² A recent policy brief published by the Carnegie Endowment for International Peace warned as much: “Inside China, corruption endangers foreign direct investment because illicit behavior by local officials could expose Western firms to potentially vast environmental, human rights, and financial liabilities. Corruption creates serious obstacles for Western companies facing rivals who engage in illegal practices in order to win business in China. Corruption puts Western firms’ intellectual property rights particularly at risk because unscrupulous local officials routinely protect Chinese counterfeiters in exchange for bribes” (Minxin Pei, “Corruption Threatens China’s Future,” *Carnegie Endowment for International Peace Policy Brief*, No. 55, October 2007: 6).

KEY FINDING: As first reported in the *Global Integrity Report: 2006*, poor regulation over political financing remains the most serious deficiency in anti-corruption systems around the world. With the lowest median sub-category score for all countries assessed in 2007, political financing remains an area ripe for corruption in the vast majority of countries covered.

Even where regulations exist to limit donations from wealthy individuals and corporations to political candidates and parties, enforcement is almost universally poor or non-existent. Particular problems exist in the lack of third-party auditing requirements for candidate and party financial disclosures, meaning that whatever records are made publicly available cannot always be trusted as accurate. In-kind and “off-the-books” contributions also remain prevalent in many countries.

KEY FINDING: Despite the conventional wisdom which says that changes in governance and anti-corruption performance take many years to manifest themselves, several countries exhibited significant improvements and backsliding from 2006 to 2007. The largest improvement from the *Global Integrity Report: 2006* to the 2007 edition was witnessed in **Nepal**, where despite the massive governance challenges that remain, the country has begun to stabilize following a tumultuous 2006 and could be on an upward trajectory with regard to promoting effective anti-corruption efforts in the long-run. **Azerbaijan** also demonstrated a noticeable improvement from 2006 to 2007, though serious deficiencies remain in the area of government accountability, especially with regard to enforcing existing regulations on conflicts of interests and not making asset disclosures of senior officials publicly available. In **Bulgaria**, reforms enacted as part of accession to the European Union have now pushed the Balkan nation towards the top of the *Global Integrity Index: 2007*.

Two countries that were assessed as suffering from significant backsliding from 2006 to 2007 were **Georgia** and **Nigeria**. In the former, the continued consolidation of power in the executive branch (a trend picked up in Global Integrity’s qualitative reporting on the country as early as the summer of 2006) ultimately led to a political crisis in the fall of 2007 that forced the Saakashvili government to call for early elections. In the Nigerian case, the April 2007 national elections that were viewed as highly flawed hurt the country’s Integrity Indicators data and contributed to a significant retrenchment in overall governance performance. The continued lack of a robust freedom of information regime in Nigeria continues to weigh down the country’s assessment as well. **Uganda** also witnessed a significant decline in its ratings from 2006 to 2007.

KEY FINDING: In politically charged environments, governments are more likely to place greater restrictions on the formation of broadcast media outlets than on print media organizations. In many developing countries where illiteracy is high and print media publications too expensive for citizens to access in rural areas, the restrictions placed on broadcast media (television and radio) have a decidedly negative impact on the overall governance climate and can be abused as tools for political manipulation.

In **Algeria**, broadcast licenses are noticeably more restricted than licenses for print media, and broadcast media in the country remains effectively controlled completely by the government itself. In **Azerbaijan** and **Georgia**, the ability to obtain print media licenses is straightforward. But governments there do not allow for the formation of broadcast outlets with nearly the same ease. The *Global Integrity Report: 2007* reports that there are almost no independent television channels in Azerbaijan while in Georgia the government is increasingly unwilling to allow for new television stations to be created, especially if they are not pro-government in their outlook. The recent controversy surrounding the temporary transfer of an opposition-aligned television station to media mogul Rupert Murdoch has only exacerbated tensions over media ownership in Georgia, where stations are increasingly viewed as political arms of their owners.

Italy and **Sri Lanka** also displayed similar trends with virtually no requirements for print media licenses but increasingly high costs – in both money and political patronage – proving burdensome for obtaining broadcast licenses. Sri Lanka presents a particularly depressing situation where, “There is no transparent process, and there is favoritism in the process. There is no authority in charge, and, although the Telecom Regulatory Commission issues the [broadcast] license, it is in fact granted by the government on patronage,” according to Global Integrity’s 2007 data gathered in Sri Lanka.

KEY FINDING: Civil society organizations (CSOs) play an important role in curbing corruption in post-conflict countries where government institutions are weak. In the *Global Integrity Index: 2007*, CSOs receive Moderate to Strong ratings in post-conflict countries such as Sierra Leone, Liberia, Bosnia & Herzegovina, Lebanon and Nepal despite major governmental weaknesses in those same nations. Some of these countries have gone through civil strife whereas others have been damaged by international conflict, yet civil society organizations in both scenarios are playing an important role in holding government accountable.

In **Sierra Leone**, civil society input into national policy making is increasing. Several CSOs participated in the review of the national anti-corruption strategy and are also members of the War Victims Repatriation Task Force. **Lebanon’s** civil society has been greatly involved in decision-making since the 2005 assassination of former Prime Minister Rafik Hariri and the following political turmoil. CSO activists have been asked to join the inter-Lebanese national dialogue initiative to present the views of civil society on the priorities for the reconstruction of Lebanon. In **Nepal**, CSOs were instrumental in reestablishing a democratic governance structure in Nepal in 2006/2007 and their role continues as they play a significant part of the ongoing peace process. Civil society actors in **Liberia** have taken a firm step in collaborating with lawmakers by advising them in the drafting of the national Anti-Corruption Commission Bill. CSOs pressed for key authorities for the Commission including political independence, prosecutorial powers, guaranteed funding, and security of tenure.

Post-conflict countries are often typified by dysfunctional governments that lack the ability to provide services or be held accountable by their citizens. The process of re-

establishing a functional legal framework and governmental service delivery mechanisms can take a long time. In the absence of those formal mechanisms, CSOs and grassroots organizations can play a key role in not only aiding the victims of conflict but also in holding government accountable by promoting more transparent and efficient service delivery.

This is not to suggest, however, that CSOs are a long-term panacea for reducing corruption in countries recovering from conflict. CSOs cannot fulfill all the traditional functions that a national government provides and may themselves suffer from a lack of accountability. Nevertheless, exemplary non-state organizations have proven to be important collaborators with official lawmakers in post-conflict countries assessed in the *Global Integrity Report: 2007*.

KEY FINDING: In key African countries where Global Integrity applied special indicators to assess the effectiveness of civil society organizations (CSOs), African governments were more willing to cooperate with CSOs on issues related to public service delivery (i.e. health and education) than on transparency and government accountability issues. Of the six countries where Global Integrity applied the special indicators -- Kenya, Tanzania, Uganda, Zambia, Namibia, and Mozambique – **Kenya** stands out as having the most robust and active civil society regardless of which issues CSOs were engaged on. Despite that vibrant civil society, the Kenyan government was still more willing to cooperate with CSOs that deal with service delivery issues such as health, education, and housing than those focused on government accountability issues.

In **Namibia** and **Mozambique**, CSOs are more publicly engaged in debates surrounding the well-being of their citizens through discussions of agriculture, trade and education policy than on government integrity and transparency. In **Tanzania**, government's cooperation with CSOs is "Very Weak" regardless of the issue at hand; as Global Integrity's data highlights, "The government tends to involve nongovernmental organizations when it suits the government, and then only on the government's terms."

As a contrarian example, however, in **Uganda** Global Integrity data showed the opposite gap, with government less willing to engage with CSOs focused on service delivery (Very Weak) and more willing to engage with those working on high level accountability and abuse of power (Moderate). This may possibly be the result of Uganda's successful efforts of late to encourage foreign investment and foreign aid by demonstrating a willingness to discuss transparency and accountability issues.

While the situation differs from country to country in Africa, the general trend appears to be one where governments and CSOs themselves are more likely to engage in an effective dialogue over service delivery issues than on corruption and governance reforms.

KEY FINDING: Poor ratings for government accountability across all countries – in the executive as well as the legislative and judicial branches – suggest that governments are hindering governance reform efforts in their own countries.

Despite a growing awareness on the part of both bilateral and multilateral donors of the need to direct aid to alternative stakeholders such as civil society groups and the media, aid agencies' continued emphasis on working primarily with governments themselves (and most often the executive branch) presents a paradoxical dilemma when those same governments suffer from a glaring lack of accountability and transparency.

Of the six high-level categories assessed by Global Integrity for all countries in 2007, government accountability had the lowest overall mean score across all countries. That low rating highlights the continued challenges associated with promoting effective conflicts of interest regulations, asset disclosure requirements, and post-government "cooling off" periods in both developed and developing governments. It should perhaps come as little surprise that the majority of countries continue to make little progress in promoting reforms in this area, where political will continues to fall sadly short of the leadership that is required to push through such crucial changes.

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Global Integrity is grateful to the Legatum Institute for Global Development (www.ligd.org) for its continued support of Global Integrity's work. LIGD is an independent policy, advocacy and advisory organisation within the Legatum group of companies (www.legatum.com). The Institute's mission is to research and promote those principles that drive the creation of global prosperity and the expansion of human liberty and well-being, including the rule of law, transparency, and accountable government as the pillars of a prosperous and free society.

Other generous supporters of the *Global Integrity Report: 2007* were: the Australian Agency for International Development, the Wallace Global Fund, and the World Bank.

Global Integrity is an independent, non-profit organization tracking governance and corruption trends around the world. Global Integrity works with local teams of researchers and journalists to monitor openness and accountability. Its data and reporting are used routinely by aid donors, governments, grassroots advocates, and investors to prioritize governance challenges in countries and develop roadmaps for reform. Visit <http://www.globalintegrity.org> for more information.