

Fighting corruption in Eastern Partnership countries: The view from civil society

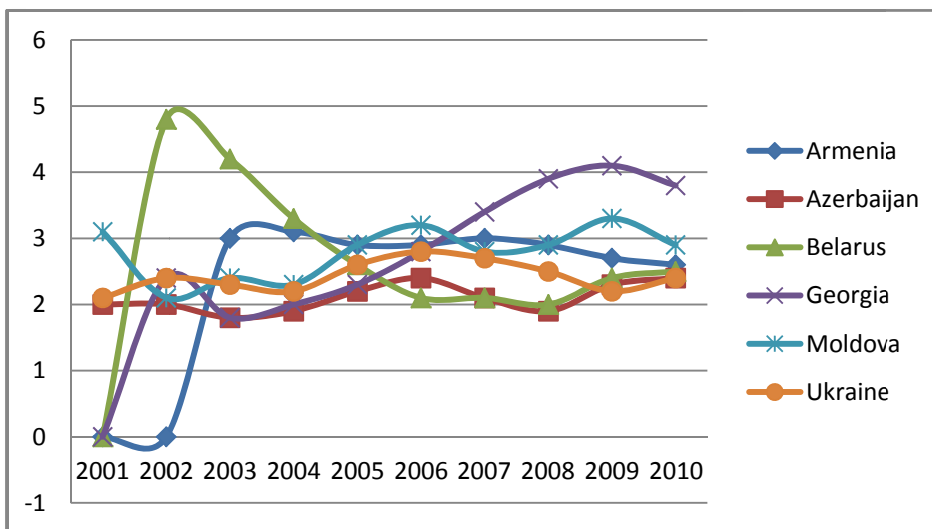
Policy Brief

1. Corruption in the region

Corruption remains one of the main curses affecting democratic and economic development in the EaP and three countries under consideration: Moldova, Armenia and Ukraine. According to Transparency International's Corruption Perception Index (CPI), which is the most widely used international rating of corruption perception, Eastern Partnership countries present a very disturbing picture in terms of the spread of corruption.

The EaP region as a whole ranks well behind the post-soviet Balkans and new EU member states, with the sole exception of Georgia, which ranks close to the Western Balkans. All the countries in this group failed to improve their position significantly over the last decade—with the exception, again, of Georgia, which improved significantly since 2003—, staying at or below the 3.0 mark in the index, a position that TI describes as a “national shame.”¹

Chart 1. Corruption Perception Index, Transparency International (2001 - 2010)²



The stability of these indicators over a 10-year period is very eloquent, suggesting that corruption is a complex phenomenon that is spreading to all sectors of the economy, society and politics. This is

¹ TI's Corruption Perception Index ranks perceptions of the degree of corruption as seen by business people and country analysts. It ranges from 10 (highly clean) to 0 (highly corrupt). About 180 states were rated in 2010.
² CPI data is available at: http://www.transparency.org/policy_research/surveys_indices/cpi

supported by data from national surveys in these countries.

For example, Ukraine's 2009 survey reported that about 68% of Ukrainian citizens were involved in corrupt relations during that year;³ the Moldovan 2009 survey suggests that about 37% of the population would accept money, gifts or favours if they were public servants and that almost half the population gave money to public servants during the year, while 36% offered gifts;⁴ and in Armenia, 53% of respondents admitted that they were personally prepared to bribe someone, only 41% stating that they would not bribe, and 60% believed there was nothing they could personally do to overcome corruption⁵ in 2009.

This produces a context of tolerance towards corruption, which is viewed as a legitimate instrument of social interaction that helps to smooth relations between individuals or businesses and government officials. It is not perceived by the public as a constraint to economic and social development that affects the quality of government institutions,

the economic environment or the social capital of the nation negatively. Most of those interviewed for this study acknowledged that this kind of social environment works against effective anti-corruption policies and contributes to low political will among the countries' leaders to tackle corruption.

However, the differences in corruption perception within the group of three countries should not be underestimated. A chart

showing data from the World Bank Institute's Control

³ The state of corruption in Ukraine. Comparative analysis of nationwide surveys from 2007–2009. http://www.pace.org.ua/images/stories/2009_Corruption_in_Ukraine_Survey_Report.pdf
⁴ Perception of the Corruption Phenomenon in the Republic of Moldova, MOLICO, 2007 and 2009 Opinion Polls. http://www.coe.int/t/dghl/cooperation/economiccrime/MoneyLaundering/Projects/MOLICO/Molico_en.asp
⁵ Mobilizing Action Against Corruption, 2009, Armenia Corruption Surveys of Households and Enterprises.

of Corruption Indicator (CCI) gives an idea of the differences among EaP countries. The WBI CCI is one of six governance indicators measured by the Institute on an annual basis for each country.⁶ In general, the greener the area, the less corrupted the country is, whereas the redder the area, the higher the rate of corruption. In fact, there is no green on the chart at all, implying that corruption is a genuine problem for all countries in this region. However, there is a big difference between Georgia and the other five countries of the region. There is also a considerable difference between Moldova and Armenia on one side, which are orange, and Ukraine, which is red, together with Belarus and Azerbaijan.⁷

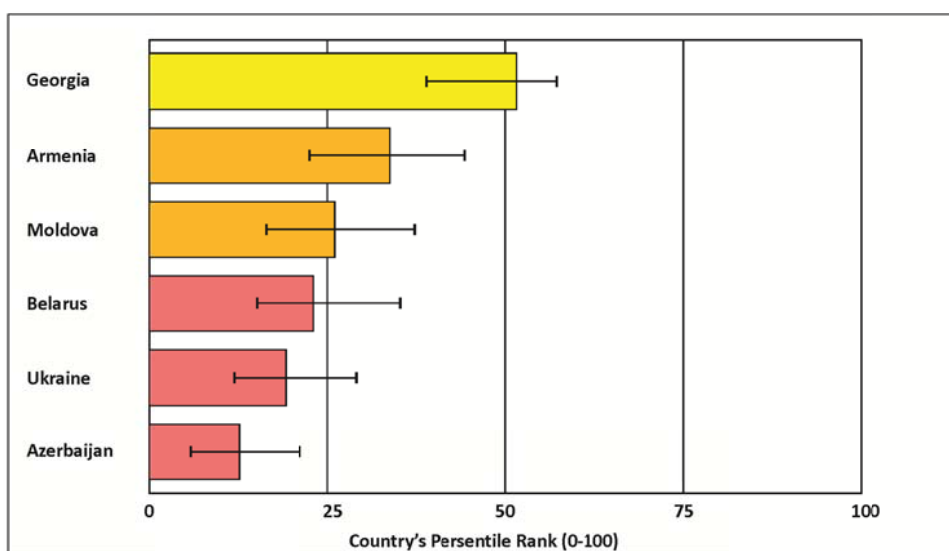


Chart 2. Control of Corruption Indicator, World Bank (2009)⁸

2. Domestic policy

Despite the fact that Armenia, Moldova and Ukraine have displayed different progress in developing anti-corruption policies and fulfilling international commitments, local stakeholders in all three countries agree that their governments do not consider fighting corruption a real priority. Anti-corruption policy remains high on the governments' declared agenda due to public opinion and

international pressure. But the pace and course of these reforms remains unsatisfactory in the eyes of both civil society and the broader public.

Interviewees say that their governments lack genuine political will to fight corruption. This is aggravated by widespread public tolerance of the phenomenon. Moreover, there is powerful opposition to any effective anti-corruption steps in the civil service. These are the main general reasons given by local experts to explain the ineffectiveness of anti-corruption policies in their countries.

Civil society representatives in all three countries believe that the governments imitate anti-corruption policy rather than genuinely pursue it. In practical terms, it means officials have concentrated on the

development of an institutional and legislative anti-corruption framework without paying much attention to implementation of any adopted policies.

The policy documents that are being produced generally lack specific indicators, targets and concrete plans. The drafting of anti-corruption legislation tends to be a time- and resource-consuming process that

produces poor results: bills stuck in legislatures and reformist potential being revised, or else there are no mechanisms for enforcing anything after adoption. Anti-corruption institutions that are being set up either lack teeth or are politically subordinate and thus dysfunctional.

The case of Moldova is very compelling in this regard. This country has set up specific institutions and adopted much important anti-corruption legislation that is only at the stage of debate in Ukraine, for instance—the most corrupt country of the three, according to the CPI. However, the chapter on Moldova shows that almost all of these initiatives have been blocked because insufficient funding has been allocated to implementing institutions or they lack the necessary by-laws. This illustrates the need for public pressure at each stage of the development and implementation of any specific anti-corruption legislation. Otherwise, implementation is likely to be blocked as soon as the issue falls outside public and international donor attention.

⁶ The CCI reflects perceptions of the extent to which public authority is exercised for private gain, including both petty and serious forms of corruption, as well as 'capture' of the state by its nomenklatura and private interests. This chart shows the percentile rank of each country on the CCI. The percentile rank indicates the percentage of countries worldwide that rate below the selected country. Higher values indicate better governance ratings.

⁷ Yellow means that 50-75 % of countries worldwide are rated below the particular country; orange means 25-50%, while coral red means that 10-25 % of countries are rated below it.

⁸ Kaufmann D., A. Kraay & M. Mastruzzi, Worldwide Governance Indicators Methodology and Analytical Issues, World Bank Institute, 2010.

“Imitation policy” also presents a trap for donors who hope to cooperate with governments on anti-corruption issues. Governments accept external assistance for the development of anti-corruption institutional, policy and legislative capacity and major funds are being allocated for these objectives. But the final results are less than satisfactory.

The experience of each country suggests a number of specific ways to overcome ineffectual anti-corruption policies. First, very specific indicators and targets need to be developed to measure the success of any policies implemented. Well-known indicators like the CPI or World Bank’s CCI or doing business rating, although not methodologically comprehensive, could suit this purpose better than existing targets. The stated intention of Moldova and Armenia to incorporate these indicators into their policy documents is promising.

Second, donors and NGOs must successfully appeal to national commitments to endorse existing international anti-corruption norms and recommendations, which will make it more difficult for their governments to ignore this. Instruments like the UN and CoE conventions and GRECO⁹ recommendations keep delivering, although not as quickly as was initially hoped.

Also, there are country-specific practices that have proven quite successful. For instance, Moldova introduced mandatory software-based corruption-proof reviews of draft legislation, a mechanism that could be applied in Ukraine and Armenia.

Another policy option that has proved more effective is to implement several sector-specific initiatives that eliminate corruption. Although this approach is not as widespread as “legislative and institutional” anti-corruption policies, it produces visible results acknowledged by the general public.

Such initiatives include the introduction of e-governance, reform of the traffic police system, and progress in the customs agency in Armenia, and the introduction of independent testing to replace individual university entrance exams in Ukraine. All these initiatives are fairly technical in nature and aim at cutting the scope of the ‘corruption market’ in specific areas.

However, Ukrainian experience shows that there is a threat that anti-corruption reforms are reversed after a change of government. One possible lesson from this is to support sectoral reforms, with changes in

legislation and institutional design that will make these reforms more sustainable.

3. Foreign assistance

A variety of donors support the fight against corruption in Eastern European countries. The US government has been the largest and most consistent donor, funding anti-corruption reforms through the US Agency for International Development (USAID) and the Threshold Programme of the Government-funded Millennium Challenge Corporation (MCC). The latter is an example of the link being made between US development aid and a recipient country’s potential to combat corruption. To endorse anti-corruption reform plans, over 2007-9 Ukraine received US \$45mln and Moldova US \$24.7mln from MCC. The biggest share of this aid went to support government efforts and the rest went to civil society and the press.

The European Union is another key international donor supporting the fight against corruption in this region. European Neighbourhood Policy Action Plans include anti-corruption measures among their objectives. Tackling corruption is also one of the priorities of the EU Border Assistance Mission to Moldova and Ukraine, as well as of EU High Level advisory missions to Armenia and Moldova. The EU funded Council of Europe (CoE) projects on anti-corruption reforms giving Ukraine €1.7mln and Moldova €3.5 mln over 2006-9. The EU also links the level of integration and funding to neighbouring countries with performance in good governance reforms.

In addition to the US and EU, other international donors such as the OSCE, UNDP and World Bank, and bilateral donors like Canada, Sweden and the UK support to anti-corruption policies. Generally, donors support the development and implementation of anti-corruption strategies, capacity-building among government institutions, the organisation of anti-corruption agencies, and drafting legislation. Many donors provide sector-based support, such as for the judiciary, education or law enforcement agencies. Some donors, like the US and UNDP, also support a stronger watchdog function in civil society and the press. Private and political foundations, such as several German foundations or the Open Society foundation’s network, mostly address civil society efforts to combat corruption.

All three of the studied countries are members of international networks such as the CoE groups GRECO and Moneyval, which focus on combating corruption and money-laundering respectively, and

⁹ The Council of Europe’s Group of States against Corruption.

the OECD Anti-Corruption Network for Eastern Europe and Central Asia. These bodies provide reform guidance and international expertise to their members.

Despite such a variety of donors and international actors focusing on anti-corruption, results have been at best modest in the eyes of local stakeholders. The interviews reveal that, while the donors largely provide assistance to government institutions, there is not enough political will or ownership within these governments to combat corruption effectively, so anti-corruption efforts remain largely donor-driven.

While the lion's share of anti-corruption aid has been directed to governments, the most successful projects according to both NGOs and donors are those involving civil society actors or aimed at civil society capacity-building. Local stakeholders have been calling on donors to address this imbalance by assisting capacity-building in civil society and supporting cooperation between government and civil society.

Donors are also criticized for poor coordination. Moreover, they are often seen to rely too much on foreign expertise, which is difficult to adapt to local contexts.

Conditionality linked to aid is important, especially for such big donors as the EU, US and international financial institutions. There must be a better link between development aid, especially, direct budget support, and evident progress in the fight against corruption. The MCC design offers a good example, although practice shows that the application of this model has not been consistent: Moldova was granted development aid prematurely, which had a negative impact on the dynamics of anti-corruption reforms, while Armenia, although it belongs to the same group as Ukraine and Moldova in terms of corruption perception indicators, became eligible for MCC development aid without the threshold programme.¹⁰ Recently, the EU also tightened the link between aid and progress in fighting corruption by suspending its assistance to Ukraine when the government failed to endorse anti-corruption measures.

4. Civil society performance and potential

A number of NGOs are working to counter corruption in all three countries. They work on raising awareness, providing assistance and legal advice to individuals and operate as watchdogs and think-tanks. With increased international funding to

combat corruption, organisations focused on this issue have mushroomed.

The one role that civil society is taking on successfully is raising awareness among voters as a corruption prevention measure. In Armenia, for example, due to foreign funding, a network of NGOs has been set up in the regions to work directly with voters by taking in their complaints and providing information and legal consultations on rights issues. One positive trend is that the number of journalists' reports investigating corruption is on the rise. Nonetheless, even this role is far from being fully played by NGOs. An opinion poll in Armenia showed that popular awareness of NGOs involved in anti-corruption activities is low: NGOs are not well known and most respondents would not approach an NGO with corruption-related grievances.¹¹

Civil society has the potential not only to tackle corruption from the bottom by working with ordinary citizens, but also to deal with the issue from the top by pushing government to pursue anti-corruption reforms, demanding more transparency and accountability, contributing to the development of policies and regulations, monitoring implementation, evaluating the effectiveness of reforms, and providing a barometer of public opinion for the government.

However, civil societies in all three countries face several challenges that get in the way of taking on an active role in combating corruption. First, all of them are largely depended on foreign funding, which offers sustainability and durability of civil society efforts. For example, in Ukraine and Moldova, foreign funding for anti-corruption for civil society has been cut back since 2009. While the local business community could potentially support the anti-corruption efforts of civil society organisations, so far there is no sign of this.

Moreover, donors mainly fund short- and medium-term projects. This means that NGOs working on anti-corruption are in a constant search for funding instead of focusing on the accomplishment of their missions. Long-term grants should be made available to those NGOs who have proved their commitment and their ability to achieve results in tackling corruption.

Second, there is a lack of dialogue and cooperation between civil society and government. On the one hand, officials seem reluctant and even hostile towards CSOs that criticise their actions. On the other hand, many NGOs themselves prefer maintaining a

¹⁰ Since March 2006, Armenia has been participating in the Millennium Challenge Corporation Compact, a 5-year project providing US \$235,650,000 for poverty reduction.

¹¹ Mobilizing Action Against Corruption, op.cit.

distance from the government. Although the level of interaction between civil society and government agencies differs throughout the three countries, civil society actors in all three have been demanding mechanisms for civil society to participate in the policy-making process at all stages, from design to implementation and evaluation. They also want donors to help build civil society capacity to provide meaningful input into policy-making.

Third, what also impedes the watchdog role of civil society and the media is highly restricted access to information about the government, which makes it difficult to monitor and assess its actions. Support for the implementation of laws on public access to information and freedom of information is a common appeal from local stakeholders to international actors.

5. Recommendations

CSOs themselves should take a number of steps to increase their impact in combating corruption:

- play a leading role in awareness-raising regarding the causes and consequences of corruption in terms of social and economic welfare, security and so on, citizen's rights and existing legal mechanisms to tackle corruption;
- set up coalitions of different types of CSOs in order to strengthen the potential for advocacy vis-à-vis government institutions;
- determine priorities for joint anti-corruption actions, using existing tools for cooperation with governments;
- establish partnerships with other civil society groups and stakeholders affected by corruption, such as business communities, student unions and consumer organisations, to mainstream anti-corruption through different areas of action among CSOs, such as providing training;
- establish closer partnership with media organisations to reinforce awareness-raising and to follow up on corruption cases profiled by the media;
- use existing and develop new tools for making CSOs voice heard, such as different consultation mechanisms within EU institutions, CoE and OECD, and international NGO networks, such as TI;
- facilitate the exchange of ideas and experience, including success stories from different regions within a country, different EaP and new EU member countries, using such tools as—but not limited to— roundtables, twinning projects, site visits, and professional exchanges.

When **supporting civil society** efforts to fight against corruption, **international donors and assistance providers** should support:

- capacity-building in CSOs to fight corruption through a better balance between short-term project-based support and long-term grants for well-established organisations already engaged in anti-corruption and through support for the exchange of experience among CSOs within each country and across the region;
- interaction and cooperation between civil society and government both at national and local levels;
- cooperation between civil society and the media and support for investigative journalism;
- civil society efforts to engage with different stakeholders, e.g. cooperation between anti-corruption NGOs and other CSOs such as business associations, trade unions, student associations, consumer organisations, and unregistered civic movements, to increase their awareness and encourage them to include anti-corruption activities in their work;
- mechanisms for CSOs participation in developing, implementing and evaluating national anti-corruption policies.

When **working with public authorities** in EaP countries, **international donors and assistance providers** should:

- provide for balanced cooperation with different types of beneficiaries and the different branches of power—executive, judiciary and legislative. The predominance of support for the executive branch does not promote its accountability and has proved not the most effective choice;
- support the establishment of networks that encourage government officials to work together with civil society experts and thus support cooperation between the government and the 'third' sector;
- rigorously and consistently apply the principle of conditionality in the provision of financial or technical assistance to governments;
- establish independent mechanisms for donor coordination in anti-corruption assistance;
- support measures to increase transparency and accountability in government by, for example, focusing on the implementation of access to information laws, provisions on the use of public assets, declarations of assets, and so on.

when developing and implementing the EaP, **the EU** should keep seven recommendations in mind:

- devise specific benchmarks and measurable indicators to evaluate progress in the implementation of anti-corruption objectives in ENP Action Plans and the EU-Ukraine Association Agenda;
- encourage civil society involvement in monitoring and evaluating the effectiveness of anti-corruption policies in EaP countries;
- develop an effective mechanism to implement the objectives of the EaP Multilateral Process, such as inclusion of “governance peer reviews and exchanges of best practices” and “stronger participation of civil society to enhance oversight of public services and strengthen public confidence in them.” These can be achieved, for example, through exchanges and twinning projects among EaP countries and between EaP and EU countries, and, in the second instance, by starting with enabling CSO representative participation in the EaP Multilateral Platform #1 and its expert panels;
- make sure that all EU assistance, especially direct budget support, is rigorously and consistently linked to progress in anti-corruption reforms and international commitments taken on by EaP governments, to progress in establishing transparency and accountability of public finances, including the ability of CSOs to monitor public spending;
- increasingly consult with and involve CSOs in the design, implementation and monitoring of EU assistance to fight corruption in the Eastern Partnership countries;
- involve CSOs in various activities under good governance projects supported through ENPI, including the Twinning and TAIEX tools.
- ensure that EU aid to fight corruption in EaP countries covers civil society. In particular, such assistance provided by the EU via the CoE under the EaP multilateral track should contain a separate component to support to CSO capacity-building and dialogue with public officials.

This Policy Brief is the executive summary of the study, conducted within the project “Civil society participation in policies to combat corruption in the Eastern Partnership countries” that is being implemented by the **Ukrainian Institute for Public Policy** (Kyiv), **International Centre for Human Development** (Yerevan), **Institute for Public Policy** (Chisinau) in cooperation with **FRIDE** (Madrid) with financial support from the **Black Sea Trust**, a project of the **German Marshall Fund** of the United States.

The full study is available online at the following websites:

- <http://uipp.org.ua>
- <http://www.ichd.org>
- <http://www.ipp.md>
- <http://www.fride.org>



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