

Overview of Corruption in MENA Countries

Query:

"Please can you provide a general overview on corruption in the Middle East/ North Africa (MENA) region? My understanding is that Yemen, Jordan and Egypt have signed and ratified UNCAC, but that it remains largely unimplemented. I have an article written by Dr Paul Salem: 'The Impact of Corruption on Human Development in the Arab World.' In that paper he points to broad structural / political solutions. However, these remain elusive and it might be that at this point progress is only possible in more limited ways.

I am specifically interested in Algeria, Egypt, Jordan, Lebanon, Morocco, Tunisia, Syria, Yemen and the Palestinian Territories.

What does the literature say about the extent and impact of corruption (petty and grand) in the region and about the potential for different approaches to tackling it? In particular, how much genuine 'buy in' and potential is UNCAC considered to have in the region?

Purpose:

To assist with considering how we might work in the MENA region to reduce corruption. In particular how this might contribute to achieving peace and security in the region.

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Part 1: Overview of Corruption in MENA Countries

Extent of Corruption in MENA Countries

Research is limited on the exact extent and nature of corruption in the Middle East and North Africa (MENA) region. All experts and papers consulted within the framework of this query agree that the region is characterised by the paucity of accessible empirical data on corruption related issues, possibly due to a general lack of will for such scrutiny. However, there is a general consensus that both petty and grand corruption are widespread in the region and deeply rooted in the political infrastructure of the state (mainly military dictatorships, totalitarian regimes or monarchies), the institutional infrastructure of the public sector, (typically very large, overstaffed with low salaries) and relatively little opportunities for public participation.

As agreed with the enquirer, an overview table of publicly available data covering the nine MENA countries of interest for this query is attached as an appendix.

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The **Arab Human Development Report (AHDR)** published in 2005 carried out "Freedom Surveys" in five Arab countries (Jordan, Morocco, Palestine, Algeria and Lebanon) in 2004. 90% of the respondents believed that corruption pervades their society, while 70 % of the respondents of another international survey believed that their country is "run for the benefit of the influential few". The majority of respondents in all surveyed countries were aware of bribes paid or favours rendered during the year preceding the survey either to access services they were entitled to or to avoid punishment by the authorities.

Please see: <http://www.pogar.org/publications/other/ahdr/ahdr2004e.pdf>

TI's **Corruption Perceptions Index (CPI)** consistently ranks MENA countries below the world median, with some variations across countries, Jordan and Tunisia performing better than their peer countries and Yemen and Syria remaining at the bottom of the ranking. The CPI points to slow but steady progress on legal reform in the region. Jordan in particular emerges as a leader in spearheading efforts to promote the UNCAC, while other countries in the region are lagging behind in implementing the convention.

Please see: http://www.transparency.org/news_room/in_focus/2007/cpi2007/cpi_2007_table

In 2006, Morocco was the only country covered by the **Global Corruption Barometer** but was one of the four countries most affected by corruption, with more than 40 % of the respondents reporting having paid a bribe in the year preceding the survey.

Please see: http://www.transparency.org/index.php/policy_research/surveys_indices/gcb/2006

The **World Bank's Governance Indicators** for the region provide a more nuanced picture of the situation and analysed the results in a report on "Better Governance for development in the Middle East and North Africa Report" published in 2003. (<http://siteresources.worldbank.org/INTMENA/Publications/20261857/Overview.pdf>). Although it is difficult to make generalisations and there are wide variations across countries, MENA countries tend to perform above average in terms of political stability and rule of law - which reflects the characteristics of autocratic or monarchical regimes. Compared to the rest of the world, the region also performs relatively well in terms of quality of administration, covering indicators of government effectiveness protection of property rights, regulatory frameworks, budget and financial management or general public administration. Despite a general perception of low quality of service delivery, the evidence does not systematically point towards lower service delivery in terms of health infrastructure or education outcomes.

But MENA countries consistently perform below average on indicators of transparency, voice and accountability, as well as control of corruption. In terms of control of corruption, only Jordan, Tunisia and Morocco display scores above 50. All countries exhibit systematic weaknesses in terms of accountability and access to civil and political rights. The level of public accountability as measured in terms of access to information or holding leaders accountable for their actions and policies is particularly low and not a single country in the region figures in the top half of the world in terms of public accountability. Furthermore, although quality of governance tends to increase with incomes as consistent with international trends, MENA countries consistently display lower quality of governance than would be expected for their level of income. This gap is even wider for public accountability related indicators. This "governance gap" has been extensively documented by the above mentioned report.

The **Global Integrity Index** also confirms this trend and points out the weaknesses of the MENA integrity systems in place in the region, especially for voice and accountability related indicators. The four countries assessed in 2006 (Egypt, Lebanon, Yemen and, coming soon, the Palestinian Territories) perform very poorly in all categories of the index (civil society, elections, government accountability, public service administration, oversight and regulations as well as anti-corruption and rule of law), ranging from weak to very weak on all integrity indicators used. However, looking at the disaggregated indicators, Egypt and Lebanon exhibit strong civil society activity, whose effectiveness seems to be hampered by very weak public access to information or restrictions imposed on the

media. Both countries receive slightly better scores in terms of quality of public administration or regulations in specific areas such as procurement, taxes and customs or business licensing. The three countries perform very poorly in terms of government accountability and elections. Consistent with other ratings and indexes, Yemen is at the bottom of the ranking. (Please see: <http://www.globalintegrity.org/data/2006index.cfm>)

The **Bertelsmann Transformation Index (BTI)** also confirms these overall regional trends. The BTI assesses countries' performances in managing changes towards democratisation and market liberalisation. In 2006, the BTI ranked 119 countries in terms of their achievements in development and transformation processes. The "Status Index" is based on a set of both political and economic indicators that, among others, captures the levels of political participation, rule of law, stability of democratic institutions, political and social integration as well as level of socio-economic development, organisation of the market and competition, strength of the economy, sustainability, etc. All MENA countries fall below the world's median and tend to display slightly lower scores in terms of political transformation than in terms of economic transformation indicators. Lebanon, Jordan and Tunisia perform slightly better than their peer countries while Syria and Yemen remain consistently at the bottom of the ranking. As reflected by the World Bank's governance indicators or the Global Integrity Index, the governance gap appears slightly more significant in political governance than in economic governance.

The "Management Index" looks at the quality of political management systems in place. It is based on five major indicator categories, including the reliable pursuit of goals by government, the effective use of resources (that includes a control of corruption indicator), the governance capability, the consensus building capacity and the international cooperation component. Algeria, Egypt, Syria and Yemen received very low ratings in terms of the quality of their public management, indicating little or moderate success in managing changes. All MENA countries performed especially poorly in terms of control of corruption, with scores ranging from 2 (Yemen, Algeria and Lebanon) to 4 (Egypt, Jordan and Tunisia). Please see: <http://www.bertelsmann-transformation-index.de/11.0.html?&L=1>

Underlying Causes of Governance and Anti-Corruption Performance

A variety of factors have been highlighted to explain the "governance gap" and relatively poor governance and anti-corruption performance of MENA countries. These factors are fully developed and documented in the above mentioned 2003 World Bank report on Better Governance as well as in "Institutionalised Corruption: an instrument of governance in the middle East and North Africa?" (<http://www.cipe.org/pdf/publications/fs/rachami.pdf>)

Lack of transparency and access to information

MENA countries are characterised by a general lack of transparency and limited availability of information, even within government themselves. Information is mainly controlled or censored by government. Even if some countries are moving towards greater transparency, most governments in the region restrict access to information, control the media or make no effort to publish it widely. The lack of information about procedures, combined with little publicly available information and limited recourse mechanisms limit the opportunities to contest dishonest behaviour.

Insufficient internal accountability mechanisms, including systems of checks and balances

Even if generally guaranteed by a strong constitutional basis, the independence of the judiciary is often compromised in the region by a lack of independence from the executive branches of government. As a result, the region is characterised by weak judiciaries that don't have the power to question the executive. Judges are often government employees, placed under the authority of the executive through the Minister of Justice. This allows the government to interfere in the judicial process and undermines overall government accountability. For example, Egypt, Morocco or Lebanon may have highly professional judiciaries, but they are continuously placed under pressure from the executive. For a more detailed overview of the judiciary in Algeria, Morocco and Egypt

please see the Global Corruption Report 2007
(http://www.transparency.org/publications/gcr/download_gcr#7)

Essential institutions such as parliament or law enforcement agencies are usually in place (at least on paper), but they usually lack the resources and authority to truly hold members of the executive accountable. Administrative corruption is also rooted in inadequate human resources policies that encourage hiring and discourage firing, resulting in oversized public sectors with low levels of salary. Culturally, public hiring may also be based on informal networks and relationships, with widespread forms of nepotism further undermining the efficiency of already weak internal accountability mechanisms.

Poor external accountability mechanisms

In MENA countries, civil society organisations, the media or professional associations usually exist but their legitimacy and effectiveness are hampered by considerable government controls and restrictions. In terms of electoral processes, even if guaranteed by the constitution, political pluralism has been the exception in the region and voters have limited choices and alternatives. Local elections may provide more promising participation opportunities.

Restrictions of the freedom of the press

With a few exceptions, the freedom of the press is restricted by government. Broadcasting is usually under government control. Private ownership does not necessarily significantly increase media independence, if it is, as in Lebanon, controlled by wealthy politicians or prominent government officials. The print media may be freer, such as in Algeria or Lebanon where the press remains vivid and critical of government, but is also subject to severe legal restrictions or censorship. The Algerian code for example threatens journalists with up to one year imprisonment for libelling government or army officials.

Elitist social structures and pervasive corporatism

In the region, ruling groups are favoured over the rest of the population and informal patronage infiltrates government structures. The minority elite usually control most of the economic resources and activity as well. Reformist governments may hesitate upsetting their biggest allies by regulating economic activities, leading to widespread corporate misconduct and corruption. The powerful social and cultural forms based on tribes and nucleus family in most of Arab societies reinforce this trend and the spread of socially accepted forms of nepotism.

Excessive regulations and barriers to entry

The region is also characterised by excessive regulations and tight control of market participation, creating dependency on government for basic services. In many countries, the private sector is also largely dependant on public contracts or cooperation to sustain its activities.

Impact of Corruption

The impact of corruption on social, human and economic development has been widely documented. Research compiled in the framework of a UNDP programme on governance in the Middle East indicates that the corruption factor is correlated to most development and governance indicators such as economic growth rate, Poverty Index, GDP per Capita, Human Development Index, Foreign Direct Investments or spending on education and health. (Please see "Integrity, Corruption and Development in Arab Countries: <http://www.unpan.org/innovmed/Documents/Dubai/AhmedSakrAshour.ppt>).

Findings from another study also confirm that control of corruption is a major determinant affecting per capita income, for a large sample of developing countries, irrespective whether situated in the MENA or non MENA region, more significantly so for countries with per capita incomes greater than 1000 \$. (Please see "Corruption in the Middle East: Challenges Posed for the United States": <http://www.ccc.nps.navy.mil/si/2004/nov/looneyNOV04.asp>)

High levels of corruption have an impact on slow human development just as levels of human development also affect levels of corruption. The impact of corruption on human development in the Arab World has also been analysed by the Lebanese Transparency Association and the Fares Foundation in a paper published in 2006. In addition to the well known economic impact of corruption, this study highlights the effects of corruption on political legitimacy and processes in the Arab world. (Please see "The Impact of Corruption on Human Development in the Arab world": <http://www.transparency-lebanon.org/2006/Archives/Human%20Development-%20Corruption.PDF>).

Although the impact of corruption may vary across countries according to specific local context, political structures and legacy of the past, the most salient effects include:

- Corruption in the Arab World increases the risk of **state capture**. Most political systems in the region are driven by the interest of the ruling party or of a minority elite, whose logics is dominated by self preservation rather than public service.
- As a result, corruption can be seen as a factor of **resistance to change** as the ruling elite may be reluctant to give up the privileges and benefits they get from corrupt practices.
- Authoritarian governments are dominated by the logics of maintaining power and control over resources. To preserve power and privileges, governments necessarily **restrict freedom and choice as well as participation** opportunities for citizens in political or economic processes.
- Reduced opportunities for political participation result in little opportunities for citizens to articulate needs and leads to **poor public management and resource allocation**, with a likely reduction of expenditures on education or health services.
- Corruption also results in an **increase in public investments** that lend themselves to corrupt practices and diverts capital from more productive private sector activities.
- The impact of grand corruption is visible across the region in the **inequitable distribution of resources and national wealth**. In most countries in the region, there is an obvious dichotomy that prevails between wealthy well-connected elites and the impoverished general public.

Furthermore, in a context of stagnant growth and development, most of the countries in the region have been plagued with unemployment and underemployment and receive little from the world's foreign investors. Investors are reluctant to commit in countries with authoritarian regimes and unpredictable legal and political environment. Corruption constitutes a major impediment to both foreign and local investment by creating an uncertain legal, economic and political environment. (Please see: http://www.currenthistory.com/org_pdf_files/105/687/105_687_40.pdf.) For the younger Arab generations, the lack of employment opportunities combined with lack of trust in government and the exclusion from political and economic processes can potentially generate a self reinforcing downwards spiral, creating explosive conditions that could ultimately threaten global security.

Part 2: Different Approaches to Tackle Corruption in MENA Countries

Addressing the root causes of corruption in the Arab World poses considerable challenges as it entails a radical reform of the political structures in place, deep economic reforms as well as the introduction of laws and mechanisms of accountability and transparent governance. In addition, fighting corruption in the region is likely to meet enormous resistance from local privileged elites who benefit from a corrupt system.

The political dimension of anti-corruption reforms is seen as a major challenge and a potential obstacle in the region. The successful introduction of anti-corruption reforms requires genuine political will to address the problem as well as public support for reforms. Studies, papers and reports agree that there is little evidence of strong political will to address the underlying causes of corruption in the region. A U4 Expert Answer has explored anti-corruption reforms and challenges in the Middle East. Please see: <http://www.u4.no/helpdesk/helpdesk/queries/query92.cfm>.

U4 Expert Answer

Anti-corruption reforms in the region to date have mainly been legalistic and institutional in nature. They have mainly focused on a set of measures or public statements aiming at: (<http://www.unpan.org/innovmed/Documents/Dubai/AhmedSakrAshour.ppt>)

- Strengthening the role and outreach of control agencies
- Establishing corruption bodies reporting to government
- Passing a set of anti corruption laws
- Prosecuting and trying corruption cases involving high officials
- Reforming the civil service, government administration or the judiciary

Donors' efforts in the region have increasingly focused on enhancing democratic processes and public participation in the region and anti-corruption efforts have usually been integrated in broader frameworks aiming at promoting better governance. In this approach, corruption is understood as a symptom of bad governance as well as of the weaknesses of the legal, administrative and political systems in place. As a result, donors' initiatives have primarily focused on sectors and institutions that are critical to development and political processes such as the judiciary, the legislature, the election system, political parties, and the financial sector.

As early as 2000, **UNDP**, for example, launched a programme on governance in the Arab region (**POGAR**), which aims at improving governance processes in the region and focuses on rule of law, participation as well as transparency and accountability. Projects carried out within this framework have included promoting debate on judicial reform, capacity building of parliaments, knowledge management and dissemination of methods for combating corruption. As part of the programme's knowledge management strategy, POGAR's website compiles and disseminates key documents, research, regional statistics and country specific information. (Please see: <http://www.pogar.org/about/>). The programme was evaluated in 2005 and key recommendations for the future included (re)establishing "public financial management" and "decentralised governance" as additional priority areas for the region. Further suggestions focused on responding to the need of the region to build the capacity of anti-corruption agencies, review the region anti-corruption laws and constitutions, produce knowledge and expertise, as well as build the capacity of parliamentarians.

USAID is also active in the region through the Middle East Partnership Initiative (**MEPI**) that was launched in 2002 with the view to promoting democratic reform in the region. MEPI specific areas of focus include women empowerment, education, economic development and political participation initiatives. Under the political pillar of the programme, examples of programmes and activities carried out include promoting transparent election processes in Lebanon and Egypt, supporting live satellite broadcast of Arab parliamentary sessions, strengthening to role of civil society as well as national and local political party organisations. Please see: <http://mepi.state.gov/outreach/>

The joint **OECD/UNDP** regional initiative "**Good Governance for Development**" (GfD) was launched in 2005 and aims at modernising public governance in MENA countries by promoting dialogue among policy practitioners from MENA and OECD countries. The initiative focuses on three inter-related areas - administrative, financial, and judicial reforms and includes six broad priority areas: Civil Service and Integrity; E-Government and Administrative Simplification ; Governance of Public Finances ; Public Service Delivery, Public-Private Partnership and Regulatory Reform; Judiciary and Law Enforcement ; Citizens, Civil Society and Public Sector Reform. Please see: http://www.oecd.org/pages/0,3417,en_34645207_34645555_1_1_1_1_1_1,00.html

These various initiatives illustrate a common understanding of the underlying causes of corruption in the region and promote globally accepted approaches focusing on institutional and political reform to address them. In Islamic countries, however, corruption tend to be understood in moral terms, i.e. the personal imperative of behaving properly, and the relevance, risks and potential of developing specific culture/religion sensitive strategies could be investigated further as an alternative entry point

for anti-corruption work. A previous Expert Answer has dealt more extensively with this issue. Please see: <http://www.u4.no/pdf/?file=/helpdesk/helpdesk/queries/query137.pdf>

Part 3: The Potential of UNCAC in MENA Countries

Another complementary approach consists of using the UNCAC as a framework for anti-corruption work in the region. As the most recent and comprehensive tool at the global level, UNCAC provides an important entry point for anti-corruption reforms and donor action regarding anti-corruption and good governance in the region. The UNCAC is especially valuable for MENA countries because, except for the UN Convention on Transnational Organised Crime which has a narrower focus, it is the only applicable international anti-corruption instrument in the region. To date, the UNCAC has been ratified by Algeria, Egypt, Jordan, Yemen and Morocco and signed by Syria and Tunisia.

UNCAC as a Political Tool to Promote Anti-Corruption Reforms

UNCAC promotes common standards for the development and implementation of national policies as well as enhanced international cooperation to address the international dimension of corruption. Countries have generally shown willingness to modernise their legislative framework and align with UNCAC's anti-corruption provisions, partly to comply with international requirements associated with the accession to international treaties. For example, international pressure exerted by the international community on MENA countries for the accession to the World Trade Organisation, or in the case of Morocco and Lebanon, to the Euro-Mediterranean Association Agreement, has provided important opportunities to promote the dialogue on anti-corruption measures. In this regard, UNCAC has provided a useful political tool as well as consensual framework to promote anti-corruption reforms. Please see:

<http://www.google.de/search?hl=de&q=Legal+and+Practical+Challenges+to+the+Ratification+and+Effective+implementation+of+UNCAC&btnG=Suche&meta>

Relevance of the Preventive Measures for the MENA Region

Furthermore, UNCAC preventive measures as detailed in Chapter II of the Convention reflect the generally accepted principles of good governance. They outline necessary requirements in the area of public sector ethics and procedures, public procurements, public sector finance, public reporting, access to information and whistleblower protection, public sector standards as well as public education, all measures likely to have an impact on the above identified underlying causes of corruption in the MENA region. For example, UNCAC prevention measures such as access to information or public reporting can potentially enhance public accountability mechanisms by providing an institutional framework that promotes more participation and active involvement of parliament and civil society in policy development and implementation. The UNCAC's articles on public procurement and public sector finance also provide a useful framework to strengthen national public financial management systems and promote budget transparency.

Implementation Challenges

Progress towards ratification has been made in the region. With the exception of the Palestinian Territories who are not eligible for the UNCAC, Lebanon is the only country from the nine focus countries of this query that is not yet engaged in the process. These countries are now confronted with the implementation challenge. TI National Chapters in Algeria, Bahrain, Jordan, Lebanon, Yemen, Palestine and Morocco have been particularly active to promote the ratification and implementation of UNCAC in the region, through lobbying activities, coalition building with civil society organisations and parliamentarians as well as policy recommendations on UNCAC provisions. Against this background, case studies have been carried out in Lebanon, Jordan, Bahrain and Morocco in 2005 and 2006 to review existing legislation, identify and evaluate concrete steps that would facilitate the implementation of UNCAC. The Jordan report focuses on the need to establish an independent anti-corruption Commission to facilitate the application of the UNCAC into the national legislation and provides concrete recommendations in this regard. The Moroccan case study recommends strengthening existing institutions such as the National Audit Court as well as

establishing a strong anti-corruption body to coordinate anti-corruption efforts at the national level. Existing laws and measures tend to focus more on the repression than on the prevention of corruption. In Lebanon, the report states that political impediments to the ratification of UNCAC include the patronage based political system. Although civil society is very active, the political will to combat corruption remains notoriously absent.

A lack of political will has indeed been identified by all these studies as the major obstacle to effective UNCAC implementation in the region. Beyond the need to harmonise national legislation with the UNCAC provisions, a set of regional common challenges also emerge from these various studies (Please see: http://www.transparency.org/news_room/in_focus/2006/uncac_mena):

- The first prerequisite to the effective implementation of the convention is the development of a strong political will among the ruling elite for more transparency, openness and accountability. Strengthening democratic processes and public participation is also seen as a major challenge and priority.
- In many countries, there is a need to better coordinate national anti-corruption efforts to avoid the dispersion of laws and multiplicity of bodies in place that are likely make anti-corruption measures ineffective. The formulation of a comprehensive anti-corruption plan is a possible approach to address this issue.
- Reforming the public sector and promoting core principles of democracy, rule of law and separation of power also pose major challenges to all MENA countries.
- Promoting transparency and integrity standards and values through civil society activism or a freer media is also identified as an important step towards fostering a supportive environment for the implementation of the UNCAC.

Part 4: Further reading and Resources

Corruption in Egypt: The black cloud is not disappearing

A report on corruption published in July 2006 by the Egyptian coalition opposition group Kifaya compiled with information from local and international reports, TI, UNDP, legal records and Egyptian media sources. www.ikhwanweb.com/lib/Kefayafasad.doc

Synthèse de l'enquête nationale d'intégrité

In 2001, Transparency Maroc carried out a national integrity survey interviewing 400 companies on corruption related issues. This paper presents the findings. Transparency Maroc also carried out a household survey the same year, interviewing 1000 households.

<http://www.google.de/search?hl=de&q=csa+tmo+transparency+maroc&meta=>

Business Anti-Corruption Portal

This website provides country profiles in relation to corruption issues for Egypt, Jordan and Morocco. <http://www.business-anti-corruption.com/normal.asp?pageid=482>

Data Base of Government and Non Government Legal and Judicial Institutions in MENA

This World Bank's data base provides a list of multiple institutions, donors, various actors and stakeholders active on governance and anti-corruption issues in the MENA region.

<http://web.worldbank.org/WBSITE/EXTERNAL/WBI/WBIPROGRAMS/PSGLP/0,,contentMDK:20565005~pagePK:64156158~piPK:64152884~theSitePK:461606,00.html>