



National Integrity System

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Overview Report

This regional overview report is based mainly on the nine reports on the National Integrity Systems (NIS) in Cambodia, China, Hong Kong, Japan, Philippines, Singapore, South Korea, Thailand and Vietnam commissioned by Transparency International. In addition, this analysis incorporates research findings on corruption in these societies from other sources. This report identifies the major trends in curbing corruption and the best practices employed in these eight countries and one territory.

The Importance of Policy Context

The contextual differences among these societies and the level of governance are two important factors influencing the nature and functioning of their NIS. The nine societies covered in this report are quite different in geography, population and GDP per capita, as shown in Table 1. China is by far the largest, with a total land area of 9.6 million sq km. Singapore and Hong Kong are the smallest, with land areas of 699 sq km and 1,092 sq km respectively. Being the third largest country in the world, and the largest Asian country, China will clearly encounter more difficulties in enforcing anti-corruption laws in the provinces and at the local government level and in patrolling its long borders with 13 countries than Hong Kong and Singapore. As the Philippines is an archipelago with thousands of islands, the task of fighting corruption has been handicapped by the problems of internal travel and communication and weak law enforcement, especially in the provinces and rural areas.

Table 1 Policy Contexts of Nine Asian Societies

	Land Area (sq km)	Population (2006)	GDP per capita (2004)	2006 CPI Score*
Cambodia	181,040	13,881,427	US\$350	2.1
China	9,596,960	1,313,973,713	US\$1,470	3.3
Hong Kong	1,092	6,940,432	US\$22,960	8.3
Japan	377,835	127,463,611	US\$36,170	7.6
Philippines	300,000	89,468,677	US\$1,040	2.5
Singapore	699	4,492,150	US\$24,840	9.4
South Korea	98,480	48,846,823	US\$14,160	5.1
Thailand	514,000	64,631,595	US\$2,550	3.6
Vietnam	329,560	84,402,966	US\$550	2.6

Sources: Data compiled from: *The CIA Factbook* (<http://www.cia.gov/cia/publications/factbook/geos/>); http://www.transparency.org/policy_research/surveys_indices/cpi/2006; *Pocket World in Figures*, 2007 Edition (London: Economist and Profile Books, 2006); and <http://devdata.worldbank.org/data-query/SMResult.asp>.

* CPI scores range from 0 (highly corrupt) to 10 (highly clean).

Second, China also has the largest population, with a total of 1.3 billion persons. In contrast, Singapore and Hong Kong have the smallest populations, each with less than 7 million persons. Needless to say, the task of curbing corruption in China, which has the largest population in the world, is much more challenging than Singapore's efforts to minimise corruption among its small population. Similarly, Japan, Philippines, Vietnam, Thailand and South Korea have large populations and would face more difficulties in implementing their anti-corruption strategies than Hong Kong and Singapore.

Third, Japan has the highest Gross Domestic Product (GDP) per capita, of US\$36,170. Singapore and Hong Kong are not too far behind. Meanwhile, Cambodia and Vietnam are the two poorest countries, at less than US\$600 in GDP per capita. As combating corruption is expensive and requires a substantial investment in manpower and other resources, a country with a higher GDP per capita would be able to channel more resources for its anti-corruption strategy. On the hand, poorer countries cannot afford to devote the required resources to anti-corruption activities, especially if their political leaders do not have the political will to do so.

Thus, both Hong Kong and Singapore have been able to provide their respective anti-corruption agencies with the required resources to perform their anti-corruption functions effectively. For example, in 2005, Singapore's Corrupt Practices Investigation Bureau (CPIB) had a staff of 83 persons and a budget of US\$7.26 million.¹ Hong Kong's Independent Commission Against Corruption (ICAC) had 1,194 staff members and a budget of US\$85 million in 2005.²

In sum, both Singapore and Hong Kong, with high GDP per capita and small populations, have more favourable policy contexts for curbing corruption than China, which is a much larger country with a sizeable population and low GDP per capita. Hence, it is not surprising that with favourable policy contexts and the strong political will in their governments to curb corruption, the scores of Singapore (9.4) and Hong Kong (8.3) on Transparency International's 2006 Corruption Perceptions Index (CPI) are much higher than that of China (3.3), which is handicapped by both an unfavourable policy context and the lack of political will to curb corruption.

Trends in Anti-Corruption Measures

Given the diversity of this region, it is unsurprising that a range of anti-corruption measures have been implemented. However, certain trends do emerge among the societies under consideration. These trends provide the context for examination of the most effective practices in the region.

Trend 1: Single Agency Versus Multiple Agencies in Corruption Control

Reliance on a Specific Anti-Corruption Agency

An analysis of the anti-corruption strategies employed by the nine societies demonstrates a reliance on two patterns of corruption control. The first is the reliance on a specific anti-corruption entity as the lead agency in fighting corruption. Table 2 below shows that Singapore initiated this pattern with the establishment of the CPIB in October 1952. The CPIB replaced the Anti-Corruption Branch in the Singapore Police Force, as it was unable to deal effectively with police corruption.³ In doing so, the British colonial government reversed its policy when it realised the folly of relying on the police to curb corruption, especially when the police were corrupt.

Malaysia followed Singapore's example when it formed the Anti-Corruption Agency (ACA) in 1967. Hong Kong became the third society to adopt a single agency when it created the ICAC in February 1974. After a gap of 25 years, the National Counter Corruption Commission (NCCC) was formed in Thailand in November 1999. South Korea followed suit in January 2002 with the establishment of the Korea Independent Commission Against Corruption (KICAC).

Table 2 Single Anti-Corruption Agencies in Four Asian Societies

	Anti-Corruption Agency	Date of Formation
Singapore	Corrupt Practices Investigation Bureau	October 1952
Hong Kong	Independent Commission Against Corruption	February 1974
Thailand	National Counter Corruption Commission	November 1999
South Korea	Korea Independent Commission Against Corruption	January 2002

Multiple Anti-Corruption Agencies

In contrast, the remaining countries, with the exception of Japan, depend on multiple agencies to curb corruption. The Philippines heads the list, as it has relied on 18 presidential anti-corruption agencies since its fight against corruption began in 1950.⁴ Today, in addition to the *Tanodbayan* or Ombudsman, which is the 'constitutionally mandated lead agency for combating corruption',⁵ and the *Sandiganbayan* (Anti-Graft Court), there are five existing presidential anti-corruption agencies in the Philippines, as indicated in Table 3.

Similarly, Vietnam relies on six anti-corruption agencies. The need to coordinate the efforts of these multiple agencies was recognised by the 2005 Law on Anti-Corruption, which provided for the formation of the sixth agency, the National Anti-Corruption Steering Committee (NACSC),

under the prime minister's jurisdiction to coordinate anti-corruption efforts.⁶ However, while the new legislation makes the NACSC formally the lead anti-corruption agency, work still straddles a range of agencies. With the coming into effect of Vietnam's Law on Anti-Corruption in June 2006, the immediate concern is to specify clearly the role and responsibilities of the NACSC vis-à-vis the other five existing anti-corruption agencies.⁷

Table 3 Multiple Anti-Corruption Agencies in Four Asian Countries, 2006

	Anti-Corruption Agencies
Philippines	Presidential Commission on Good Government
	Inter-Agency Anti-Graft Coordinating Council
	Presidential Committee on Effective Governance
	Presidential Anti-Graft Commission
	Governance Advisory Council
Vietnam	Government Inspectorate
	State Audit
	People's Procuracy
	Central Inspection Commission of the CPV
	Anti-Corruption Department, Prime Minister's Office
China	National Anti-Corruption Steering Committee
	Central Commission for Disciplinary Inspection
	Supreme People's Procuratorate and courts
	Ministry of Supervision
Cambodia	provincial, municipal and county counterparts
	Department of Inspection Relations with ministries and institutions
	Department of Inspection
	Department of Monitoring Law Enforcement
	Complaints and Investigating Department
	Department of Conflict Resolution
	Anti-Corruption Unit

China relies on the Central Commission for Disciplinary Inspection (CCDI) within the Communist Party of China (CPC) to deal with corruption complaints against party members. The Supreme People's Procuratorate and courts are responsible for implementing the criminal law while the Ministry of Supervision focuses on the disciplinary control of civil servants.⁸ Furthermore, both the CCDI and the Ministry of Supervision have their counterparts at the provincial, municipal, and county levels.⁹

Cambodia relies on the five departments within the Ministry of National Assembly-Senate Relations and Inspection (MoNASRI), which was formed in 1999, to curb corruption. These departments deal with inspection relations, inspection, monitoring law enforcement, complaints and investigation and conflict resolution. Apart from these departments, there is also the Anti-Corruption Unit, which was created in October 1999 to investigate corruption complaints in all the government ministries.¹⁰

Japan's Unique Approach

Japan is the only country where the task of corruption control has not been assigned to either a single agency or multiple agencies. The absence of an anti-corruption agency has resulted in the Center for Public Integrity awarding a 'very weak' score of 54 to Japan in its integrity scorecard.¹¹ Indeed, the Japanese government has not adopted a comprehensive anti-corruption strategy as it has been 'haphazardly taking measures when scandals involving public officials or politicians emerged'.¹²

More specifically, actions 'involving bribery, breach of trust, tax evasion, securities exchange violations, and the circumvention of laws'¹³ are viewed as crimes and investigated accordingly by the special investigation departments in the public prosecutors' offices in Tokyo, Osaka and

Nagoya. For example, the 1976 Lockheed scandal and the 1988 Recruit scandal were investigated by the public prosecutors in Tokyo's special investigation department.¹⁴

A comparative study of the effectiveness of prosecutors in dealing with corruption cases in Italy and Japan found that the Italian prosecutors were 'insulated from the world of electoral politics' and were more independent than their Japanese counterparts, who had 'limited independence' from outside political influence.¹⁵ An analysis of the ship-building scandal of 1954, the Lockheed scandal of 1976 and the Recruit and Sagawa Kyubin scandals of 1988 confirms that 'prosecutors in Japan operate in an institutional environment that leaves them susceptible to outside political control'. Indeed, since 1955, Liberal Democratic Party leaders have manipulated 'the institutional structure of prosecution in order to exert political control over prosecutors and thereby protect party members and their cronies from indictment'.¹⁶

Single Anti-Corruption Agency Is Effective with Political Will

Of the two patterns of corruption control in Asian societies, the first pattern of relying on a single, independent anti-corruption agency is the most effective if the political leaders are committed to curbing corruption. Of the four anti-corruption agencies listed in Table 2 above, Singapore's CPIB and Hong Kong's ICAC have been most effective in curbing corruption. Thailand's NCCC was initially effective in fighting corruption, but its effectiveness was eroded recently by former Prime Minister Thaksin's influence and the resignation of the NCCC members in May 2005 after they were found guilty of abusing their powers by awarding themselves salary increases.¹⁷ South Korea's KICAC was established to provide 'a check-and-balance system'. However, as one evaluation of anti-corruption measures in South Korea indicated, as the 'KICAC is not given investigative power, the check-and-balance system [does] not work as effectively as the Government originally intended'.¹⁸

Multiple Anti-Corruption Agencies Are Less Effective

The second pattern of relying on multiple anti-corruption agencies to curb corruption, as in Cambodia, China, Philippines and Vietnam, is less effective. For example, in the Philippines, the proliferation of anti-corruption agencies has led to 'resource and effort-dilution in anti-corruption efforts due to duplication, layering and turf wars'.¹⁹ Similarly, in China, the multiple departments involved in anti-corruption work lack a proper coordination mechanism. Accordingly, since 1993, the CPC CCDI, the Supreme People's Procuratorate and the Ministry of Supervision have enhanced cooperation among themselves and all the anti-corruption agencies. In the case of Vietnam, as there is a great deal of overlap among the five existing anti-corruption agencies, an immediate task of the newly created NACSC is to coordinate and reduce the overlap among these agencies.

Trend 2: The National Integrity Systems Have Profound Weaknesses

A National Integrity System should make corruption a 'high risk' and 'low return' endeavor. It should prevent corruption from occurring in the first place rather than relying on penalties after the event.²⁰ Thus, those living in a society with an effective NIS will perceive corruption as a 'high risk, low reward' activity, as those involved in corrupt behaviour are likely to be caught and severely punished. The anti-corruption strategy will focus on preventing corruption instead of simply investigating it after it occurs. Conversely, the population of a society with an ineffective NIS will perceive corruption as a 'low risk, high reward' activity, as corrupt offenders are unlikely to be detected and punished; the anti-corruption strategy will focus on investigating existing corruption rather than preventing it.²¹

Singapore and Hong Kong

According to the data shown in Table 4, the NIS in Singapore and Hong Kong are the most effective among the nine societies examined in this report. Both Hong Kong and Singapore have the highest average governance scores according to the World Bank's six governance indicators and are perceived to be the two least corrupt Asian societies according to Transparency International's 2006 CPI. Hong Kong achieves this with a high level of civil society activity. Civil society groups like the Civic Exchange operate freely in Hong Kong.²² In contrast, Singapore has not had 'an active civil society or media, or strong political competition between parties for power'.²³ Indeed, 'civil society plays a small role' in Singapore. Since the 1990s, some civil society groups have embarked on social and environmental protection causes, but none of them have focused on anti-corruption activities.²⁴ Instead, 'the government takes a strong lead in enforcing

transparency and integrity in all areas of society'.²⁵ Singapore has succeeded in curbing corruption because of political will and 'a very sound anti-corruption framework'.

Table 4 Effectiveness of the NIS in 9 Asian Societies

	Average Governance Score (2005)	2006 CPI Score	Control of Corruption (WB Indicator)
Singapore	85.98	9.4	99.0
Hong Kong	86.33	8.3	92.1
Japan	83.33	7.6	85.2
South Korea	70.18	5.1	62.1
Thailand	52.68	3.6	51.2
Philippines	41.46	2.5	36.5
China	35.56	3.3	30.5
Vietnam	34.33	2.6	26.6
Cambodia	20.11	2.1	8.9

Sources: Daniel Kaufmann, Aart Kraay and Massimo Mastruzzi, 'Governance Matters V: Aggregate and Individual Governance Indicators for 1996–2005' (Washington, D.C.: World Bank, 2006); Transparency International Corruption Perceptions Index 2006.

Although former British colonies, both Hong Kong and Singapore have fought corruption effectively by rejecting the British colonial method of depending on the police to curb corruption, relying instead on single anti-corruption agencies. On the other hand, both Singapore and Hong Kong have wisely retained the tradition of meritocracy in the civil service that was introduced by the British with the establishment of the Public Service Commission (PSC) in both societies. Each PSC has ensured that merit-based recruitment and promotion in the civil service have kept nepotism and cronyism at bay.²⁶

Cambodia

At the other extreme, Cambodia's average governance score of 20.11 is the lowest among the nine. Corruption in Cambodia is 'so widespread and deep-rooted [that it] will take years of reform and restructuring of [the] existing systems'.²⁷ Corruption has 'permeated almost every aspect of Cambodian life' as many Cambodians have to pay bribes and informal fees for 'medical care, school grades, court verdicts, traffic "violations" and marriage and birth certificates'.²⁸ Hence, it is not surprising that 'the average Cambodian views most sectors of the economy as corrupt' and public institutions [as] not transparent'.²⁹

Apart from low salaries, which encourage civil servants to engage in corrupt practices, the Cambodian public sector has many ineffective laws. For example, civil servants should be promoted on the basis of merit or seniority but 'in practice this is often ignored and posts [are] given out at the discretion of the chief of a given institution'.³⁰ Indeed, according to Duncan McCargo:

Top positions in institutions ranging from the military to Buddhist monasteries are openly bought and sold. The heads of the national police, for instance, have never attended a police academy. Promotions to senior police posts typically cost \$500 to \$1,000 in bribes. A national survey showed that people view the Ministry of Justice as the most corrupt government agency. Ministers and other senior officials are literally selling their offices.³¹

Perhaps the most glaring weakness of Cambodia's NIS is the 10-year delay in enacting the draft Anti-Corruption Law, which is 'currently with the Council of Ministers ... [and] ... was supposed to be made official by the end of June 2006'.³² Unfortunately, the Cambodian government has failed again to meet this latest deadline. On October 16, 2006, Prime Minister Hun Sen explained that the delay was caused by the government wanting 'the law to be as close to perfect as possible, with workable implementation guidelines able to be drawn up based on the newest penal codes'.³³ However, the delay seems to reflect a lack of political will on the part of the Cambodian government and its legislators in curbing corruption in fact. As the draft law was still with the Council of Ministers and not yet tabled for parliamentary debate, it was unlikely to be passed by the end of 2006.

Vietnam

In Vietnam, the adoption of the *doi moi* mixed-market reforms in 1986 led to a proliferation of corruption, which was perceived by the Communist Party of Vietnam (CPV) as a national calamity.³⁴ In 2001, the Vietnamese President Tran Duc Luong lamented that: 'Corruption is taking place every day and every hour, at all places, all the time'.³⁵ More recently, the CPV identified corruption as a major threat to its survival during the 10th Party Congress in April 2006. In the same vein, most of the respondents in the 2005 Diagnostic Survey conducted by the Internal Affairs Committee of the Central Committee of the CPV had ranked corruption as the most serious problem facing the country; both petty and grand corruption were widespread.³⁶

The Transparency International evaluation of Vietnam's NIS concludes that the NIS 'does not work well; the mechanisms in place to tackle corruption are either rudimentary or poorly enforced'. While the passage of the first Anti-Corruption Law in late 2005 shifted the focus to the prevention of corruption and emphasised the watchdog role of civil society and the media, 'civil society and the media are currently ill-placed to perform this role'.³⁷

More importantly, there are six recurrent problems in the NIS in Vietnam: adoption of a piecemeal or incremental approach to tackling corruption; protection of the politically powerful from prosecution; 'institutional rivalry and jurisdictional disputes' between the various anti-corruption agencies; widespread nepotism even though appointment to the civil service should be based on merit; public consultation that is 'formalistic and narrowly based'; and public reluctance to make complaints as there is no protection for whistleblowers. Furthermore, 'inadequate staffing, salaries, and budget allocations also inhibit the effectiveness of many pillars in the fight against corruption'. Lastly, a high degree of formalism exists in Vietnam, as 'there is a wide gap between the formal rules governing the NIS and actual practices on the ground'.³⁸

Philippines

Corruption remains a serious problem in the Philippines in spite of the various efforts by the government and civil society to curb it. Surveys conducted by the Social Weather Station in 2005 and 2006 found that corruption was perceived as a major problem as well as a consistent area of dissatisfaction by the public.³⁹ Similarly, in 2000, Nelson Moratalla, Deputy Director of the Philippine National Police Academy, concluded: 'On the whole, the results of national and international surveys consistently depict the Philippines as riddled with corruption and unable to effectively fight corruption'.⁴⁰

The NIS in the Philippines faces two major problems. First, legislation either under-regulates (as in the lack of protection for whistleblowers) or over-regulates (as in local government regulations). The second problem is 'more disturbing': all the integrity pillars are 'tainted by internal corruption and are therefore heavily compromised' and 'unable to perform their functions and operate effectively'. For example, the constitutional commissions are not independent, the public procurement system is plagued with misappropriation problems and 'there is ... a need to improve enforcement by prosecuting and convicting "big fish" rather than "small fry"'.⁴¹

China

China has shown signs of improvement in the past 10 years. Nevertheless, corruption remains at a 'comparatively severe level' in China today.⁴² The CPC has been unable to check corruption within its ranks. According to Hilton Root, party officials can 'short-circuit corruption investigations by appealing to their protectors in the party hierarchy'.⁴³ In 2003, Zou Keyuan noted the rising trend of corruption in China between 1991 and 1999. During this period, a total of 881,175 cases of corruption were reported but only 391,677 cases (44 per cent) were investigated.⁴⁴

A recent OECD evaluation of China's efforts in fighting corruption found that 'despite significant efforts from the CPC and government leaders, corruption remains a serious problem for both citizens and businesses, particularly for foreign direct investment'. Many challenges must be overcome in China 'before corruption and bribery will be contained successfully'.⁴⁵ These include over-regulation, the failure of the legislature to provide oversight of other branches and weak judicial independence.

Thailand

In 1997, Thailand adopted the 'People's Constitution' along with various anti-corruption measures, including the NCCC, which was established in November 1999. However, the positive effects of these measures have been eroded during the past five years by Prime Minister Thaksin

Shinawatra's dominant influence. This influence has contributed to 'widespread sophisticated corruption practices'⁴⁶ such as 'policy corruption or the practice of double standards' as the 'Government officials' jobs are to help the businesses of government politicians to make more profit'.⁴⁷

In their analysis of the Thai political system, Robert Slagter and Harold R. Kerbo identified its three basic deficiencies: political instability, a lack of policy coherence and 'the penetration of corruption into the macro decision-making agencies of government'.⁴⁸ Accordingly, the *raison d'être* for the 1997 People's Constitution was to reform the Thai political system by minimising the major problem of corruption and by enhancing political participation.

An independent Election Commission was created to deal with the problem of money politics and vote-buying. The ineffectiveness of the Counter Corruption Commission (CCC) during its 24-year existence led to its dissolution and replacement by the NCCC in 1999. After the experience of the CCC's inadequacies, the NCCC has been given the power to investigate corruption complaints against both civil servants and politicians. The NCCC is also more independent than the CCC as it is responsible to the Senate and not the prime minister. Finally, the NCCC has control over its staffing, budgeting and other aspects of management. The nine NCCC members are nominated by the Senate and appointed by the king for a single, non-renewable term of nine years.

In spite of its resource constraints, the NCCC has done a creditable job as it has investigated corruption cases involving politicians and senior bureaucrats. In December 2000, the NCCC charged Prime Minister Thaksin Shinawatra with concealing assets worth 4.5 billion baht, accusing him of registering these assets in the names of his employees. However, Thaksin was later acquitted by the Constitutional Court in an 8 to 7 split decision.⁴⁹

Apart from strengthening the NCCC, the 1997 People's Constitution was also concerned with reducing potential conflicts of interest for public officials. It prohibits cabinet members from holding partnerships, owning shares of more than 5 per cent in business companies and participating in commercial transactions with state agencies.⁵⁰ However, critics of Thaksin have accused him of 'policy corruption', formulating policies and implementing projects that favour himself and his cabinet colleagues.⁵¹

The introduction of the 1997 People's Constitution had enhanced Thailand's ability to curb corruption. However, the NCCC's efforts in combating corruption suffered a setback when its nine commissioners resigned in May 2005. They had been found guilty by the Supreme Court of abusing their powers in August 2004, when they issued an executive decree to increase their monthly salaries by 45,000 baht (US \$1,125).⁵² On the other hand, this episode also shows that the NCCC members were not above the law and were accountable for abuse of their powers.

On September 19, 2006, Prime Minister Thaksin's government was overthrown in a bloodless military coup. The coup leader and army chief, General Sondhi Boonyaratkalin, suspended the 1997 constitution and declared martial law. Retired army commander General Surayud Chulanont was sworn in as the interim prime minister on October 1.

If the coup had not occurred, it was likely that Thaksin and his Thai Rak Thai party would have won the October 2006 general election. This would have resulted in a continuation of Thaksin's rule and the policy corruption that grew during his term of office. On the other hand, if the Council for Democratic Reform keeps its promise of holding elections after formulating a new constitution in one year's time, there is hope that the situation in Thailand will improve. No matter whom they are, political leaders need to demonstrate their political will to curb corruption by strengthening anti-corruption measures.

South Korea

The South Korean government has demonstrated strong political will in curbing corruption. For example, President Kim Young Sam and President Kim Dae Jung both displayed tremendous political determination through the anti-corruption measures introduced during their respective terms of office. Kim Dae Jung's comprehensive anti-corruption strategy resulted in the enactment of the Anti-Corruption Act in July 2001 and the creation of the KICAC in January 2002.⁵³ In 1998, he formed the Regulatory Reform Committee (RRC) to make the country more business friendly by eliminating unnecessary red tape and regulations. After its first year of operations, the RRC abolished 5,226, or 48 per cent, of 11,115 administrative regulations.⁵⁴ Furthermore, the OPEN (Online Procedure Enhancement for Civil Applications) system was launched by the Seoul Metropolitan Government in April 1999 to improve preparation of civil applications covering 54 procedures. By May 2000, the OPEN system had improved the delivery of public services and transparency as it had handled 28,000 cases of civil applications and more than 648,000 visitors

had visited the website.⁵⁵ Civil society has also played an important role in fighting corruption in South Korea, for example, through the work of K-Pact.

However, corruption is still a problem.⁵⁶ South Korea's CPI ranking was 22nd out of the 30 OECD member countries in 2005, and many Koreans believe their country faces a high level of corruption.⁵⁷

Thus, even though the KICAC has reported 'a gradual improvement of [South] Korea's NIS architecture' and there have been 'significant improvements in governance and integrity'⁵⁸ in recent years, there are still shortcomings in South Korea's NIS. Four measures would enhance South Korea's NIS: (1) introducing effective monitoring mechanisms to ensure accountability and integrity; (2) strengthening law enforcement by increasing the commitment of the courts and prosecutors to be fair and independent in performing their duties; (3) empowering the KICAC by providing it with 'more authoritative and/or investigative powers' and protecting whistleblowers from 'tangible and intangible retaliation' and (4) establishing a special bureau of investigation of corruption by high-ranking public officials, as many of those officials involved in scandals were not investigated or punished.⁵⁹

Japan

The situation in Japan is unique, as there is little or no low-level corruption in the administration, but there is a high degree of institutionalised corruption involving political leaders and business interests.⁶⁰ In other countries there is either a low level of both institutionalised and low-level corruption or a high level of both institutionalised and low-level corruption. Rather than for ethical reasons, the infrequency of low-level corruption within the Japanese administration is due to civil servants' income security, social expectations and the strong loyalty they manifest towards the organisation they work for.⁶¹

Unlike South Korea, Japan has not demonstrated strong political will in fighting institutionalised corruption and corruption within the private sector. Its government has not assigned this task to any specialised agency. The Japanese government appears to be satisfied with maintaining the status quo. Albrecht Rothacher has described this paradox of corruption Japanese style thus: 'corruption is a structural component of Japan's power structure' and 'is endemic in a system run by an oligarchy operating in a gift culture.'⁶²

In its second review of Japan's enforcement of the OECD Convention, the OECD Working Group on Bribery recommended that Japan be proactive in investigating and prosecuting foreign bribery cases. It also urged Japan to undertake an objective assessment of the legal and procedural obstacles to the effective investigation and prosecution of the offence of bribing a foreign public official in Japan.⁶³

Best Practices in Curbing Corruption

Political Will as the Critical Ingredient for Success

The most important prerequisite in fighting corruption is political will.⁶⁴ Sahr J. Kpundeh has defined political will as 'the demonstrated credible intent of political actors (elected or appointed leaders, civil society watchdogs, stakeholder groups, etc.) to attack perceived causes or effects of corruption at a systemic level'.⁶⁵ As he contends, political will 'is a critical starting point for sustainable and effective anti-corruption strategies and programmes. Without it, governments' statements to reform civil service, strengthen transparency and accountability and reinvent the relationship between government and private industry remain mere rhetoric'.⁶⁶

A comparative study of anti-corruption strategies in Hong Kong, India, Mongolia, Philippines, Singapore and South Korea found that 'Political will is the most important prerequisite as a comprehensive anti-corruption strategy will fail if it is not supported by the political leadership in a country'.⁶⁷ Strong political will, combined with a favourable policy context, can facilitate the three best practices discussed below.

Establishment of a Specialised Anti-corruption Agency

The experience of Singapore and Hong Kong in fighting corruption indicates the value of setting up an independent agency dedicated solely to the task of corruption control.⁶⁸ On the other hand, reliance on multiple anti-corruption agencies leads to the problems of lack of coordination, competition for resources and dilution of anti-corruption efforts.

The existence of a single anti-corruption agency, however, does not automatically guarantee success in combating corruption. Three preconditions improve its effectiveness:

1. Political will, including an anti-corruption strategy, provision of sufficient personnel and resources and enforcement of anti-corruption laws.
2. An incorruptible anti-corruption agency staffed by honest and competent officers, free from police and political control.
3. Investigation of both petty and grand corruption, public and private sector corruption and anyone suspect regardless of status or position.

The Importance of Civil Society

Civil society also plays a key role in eradicating corruption.⁶⁹ A strong civil society reduces the costs of corruption by providing its members with the space and organisational capabilities required to act against corrupt activities.⁷⁰

Civil society can fill gaps left by the incumbent government in curbing corruption, as can be observed in South Korea, Philippines and Thailand. In 2005, South Korea had more than 20,000 non-governmental organisations, of which 5,800 were classified as civil society organisations (CSOs).⁷¹ One South Korean political scientist concluded that South Korean civil society 'is generally perceived as substantially more credible, clean, public-minded, democratic, rational, and civil than political parties. ... a robust political society ... can synergistically collaborate with the vibrant civil society in furthering various reform agendas to enhance the quality of democracy'.⁷²

In 2005, TI Korea initiated the formation of the Korean Pact on Anti-Corruption and Transparency (K-PACT) by bringing together public, private and political representatives, as well as members of civil society to solve 'the problem of corruption, enhance transparency, raise international confidence, and resolve the Korea Discount problem'.⁷³ Michael Johnston and Sahr J. Kpundeh have argued that 'coalition building is a promising way to strengthen and link political will and civil society'.⁷⁴ Indeed, a strong coalition can strengthen political will by persuading the 'elites that they have an interest in reform, via popularity, enhanced development, a better international image, or simply their own political survival'. The Anti-Corruption Act of July 2001 was proposed and supported by Korean CSOs.⁷⁵

Philippine CSOs 'remain in the forefront of anti-corruption activity and have been directly responsible for unseating two corrupt presidencies'.⁷⁶ The exact number of CSOs in the Philippines is not known, but it was estimated that there were about 150,000 non-stock, non-profit organisations in June 2002.⁷⁷ The good record of the Philippines in nurturing civil society is confirmed by the Center for Public Integrity's Integrity Scorecard, which has awarded a score of 98 or 'Very Strong' for CSOs in the Philippines.⁷⁸

In Thailand, four important CSOs are involved in anti-corruption activities. The People's Network against Corruption (PNAC), formed in 2001, is the largest and comprises 100 individual members and more than 500 corporate members. Thai CSOs participated in the formulation of the 1997 constitution. As described by Juree Vichit-Vadakan, Thailand's free and open media have exposed 'corruption, malpractice and poor service, bringing awareness of these abuses of state and government power and failures of officials to do their jobs properly to a wider public'. In short, 'a symbiotic relationship thus exists between civil society and the media, and they complement each other in creating a more democratic society in Thailand'.⁷⁹

Adopt a Sectoral Approach to Curb Corruption

A sectoral approach can be employed by targeting those government departments that are most vulnerable to corruption. To create these 'Islands of Integrity', departments are hived off from one another, and standards are improved.⁸⁰ A sectoral approach can help combat corruption especially in those countries where it is systemic.⁸¹ When corruption is widespread, it makes sense to devote the limited anti-corruption resources of the government and civil society to those pillars that are more vulnerable to corruption. A second advantage of this sectoral approach is that it takes into account the specific characteristics of each sector.⁸² Finally, it has positive spillover effects on combating corruption in other sectors as it demonstrates that corruption can be defeated.⁸³

Policy makers need to focus on specific vulnerabilities and address these with targeted reforms. Such area-specific remedies are what is needed to combat corruption.⁸⁴ A sectoral approach to fighting corruption provides a road map, identifies key vulnerabilities and recommends strategies for addressing these weaknesses.

Conclusion

The effectiveness of a society's NIS depends on the political will of its government in curbing corruption, its level of governance and the nature of its policy context. Singapore and Hong Kong have been successful because of their governments' strong commitment to fighting corruption, their effective governance and their favourable policy contexts. On the other hand, countries such as Cambodia and Vietnam have faced more obstacles in this regard.

Countries can improve the effectiveness of their NIS by adopting three best practices. First, political will to curb corruption should be combined with a single independent anti-corruption agency. Singapore, Hong Kong, Thailand and South Korea have relied on a single independent anti-corruption agency as a key instrument of their anti-corruption strategies. The CPIB in Singapore and the ICAC in Hong Kong have been bolstered by demonstrations of strong political will in fighting corruption in the form of comprehensive anti-corruption laws and adequate staff and budgets. Meanwhile, multiple agencies to curb corruption can lead to lack of coordination among the agencies and division of limited resources for anti-corruption work among competing agencies.

Second, strong civil society should mobilise other sectors to fight corruption. Coalition-building can be especially useful. South Korea, the Philippines and Thailand have been particularly successful in this regard.

Third, as widespread corruption cannot be solved overnight, a sectoral approach can be used. The sectoral approach recommends a road map for tracking and addressing the vulnerabilities to corruption in those critical sectors that require reform urgently. Thus, instead of unrealistically attempting to eliminate corruption throughout their societies, countries can channel their scarce resources to those sectors that are in urgent need of reform first.

In the final analysis, corruption is an evil that must be uprooted. We must remain optimistic, as even simple reforms can move a country in the right direction. A Chinese proverb wisely advises that 'a journey of a thousand miles begins with a single step.' The critical first step is that political leaders must manifest their sincere commitment to curbing corruption.

Notes

- ¹ Republic of Singapore, *The annex to the expenditure estimates for the financial year 2005/2006*, Cmd 2 of 2005 (Singapore: Ministry of Finance, 2005), 177–178.
- ² Independent Commission Against Corruption, *2005 Annual Report of the Commissioner of the ICAC Hong Kong SAR* (Hong Kong: ICAC, 2006), 28, 85.
- ³ Jon S.T. Quah, 'Combating corruption in Singapore: what can be learned?', *Journal of Contingencies and Crisis Management* 9, No. 1 (March 2001): 32.
- ⁴ See Eiji Oyamada, 'President Gloria Macapagal-Arroyo's anti-corruption strategy in the Philippines: An Evaluation', *Asian Journal of Political Science* 13, No. 1 (June 2005): 100–101, Table 9, for details of 17 agencies. This list is incomplete, as the first anti-corruption agency, the Integrity Board, which existed from May to November 1950, was excluded. See Eric C. Batalla, 'De-institutionalizing corruption in the Philippines: identifying strategic requirements for reinventing institutions', in Antonio C. Pedro, Jr., *Combating Corruption in East Asia* (Manila: De La Salle University, Yuchengco Center for East Asia, 2001), 47, Table 1.
- ⁵ Oyamada, 'President Gloria Macapagal-Arroyo's anti-corruption strategy', 100. The *Tanodbayan* was originally created by President Ferdinand Marcos in July 1979 and was reformed in 1988 by President Corazon Aquino. See Jon S.T. Quah, 'Comparing anti-corruption measures in Asian countries: lessons to be learnt', *Asian Review of Public Administration* 11, No. 2 (July–December 1999): 81.
- ⁶ *National Integrity Systems Country Study Report: Vietnam* (Berlin: Transparency International, 2006), 8.
- ⁷ *Ibid.*, 27.
- ⁸ Irene Hors *et al.*, *Governance in China* (Paris: Organisation for Economic Co-operation and Development, 2005), Chapter 3, 'Fighting Corruption in China', 101–131 at 110–111.
- ⁹ *National Integrity Systems Country Study Report: China* (Berlin: Transparency International, 2006), 17.
- ¹⁰ *National Integrity Systems Country Study Report: Cambodia* (Berlin: Transparency International, 2006), 26–27.
- ¹¹ 'Japan: Integrity Scorecard', <http://www.globalintegrity.org/2004/scores.aspx?cc=jp&act=scores>.
- ¹² *National Integrity Systems Country Study Report: Japan* (Berlin: Transparency International, 2006), 15.
- ¹³ Yuichiro Tachi, 'Role of public prosecutors in Japan', in *Taking Action Against Corruption in Asia and the Pacific* (Manila: Asian Development Bank, 2002), 120.
- ¹⁴ *Ibid.*
- ¹⁵ David Johnson, 'A tale of two systems: prosecuting corruption in Japan and Italy', in Frank J. Schwartz and Susan J. Pharr, eds., *The State of Civil Society in Japan* (Cambridge: Cambridge University Press, 2003), 257.
- ¹⁶ *Ibid.*, 273.
- ¹⁷ Jon S.T. Quah, 'Curbing Asian corruption: an impossible dream?' *Current History* 105, No. 690 (April 2006): 178.
- ¹⁸ Seong Youn Kim, 'Review on assessing effectiveness of integrity and anti-corruption measures in the Korean public service', in *Public Sector Integrity: A Framework for Assessment* (Paris: Organisation for Economic Co-operation and Development, 2005), 130–131.
- ¹⁹ *National Integrity Systems Country Study Report: Philippines* (Berlin: Transparency International, 2006), 30.
- ²⁰ Jeremy Pope, *Confronting Corruption: The Elements of a National Integrity System* (Berlin: Transparency International, 2000), 35.
- ²¹ Jon S.T. Quah, *Curbing Corruption in Asia: A Comparative Study of Six Countries* (Singapore: Eastern Universities Press, 2003), 13.
- ²² *National Integrity Systems Country Study Report: Hong Kong* (Berlin: Transparency International, 2006), 36.
- ²³ *National Integrity Systems Country Study Report: Singapore* (Berlin: Transparency International, 2006), 7.
- ²⁴ For a detailed analysis of the nature and constraints on civil society in Singapore, see the various chapters in Gillian Koh and Ooi Giok Ling, eds., *State-Society Relations in Singapore* (Singapore: Oxford University Press, 2000).
- ²⁵ *National Integrity Systems Country Study Report: Singapore* (Berlin: Transparency International, 2006), 12.
- ²⁶ Treisman had used the 1996, 1997 and 1998 CPI to test some hypotheses on the causes of corruption. Among other things, he found that 'the level of perceived corruption is robustly negatively correlated with a country's colonial past. In particular, the evidence indicates that countries with a history of British rule were robustly rated as less corrupt'. D. Treisman, 'The causes of corruption: a cross-national study', *Journal of Public Economics* 76 (2000): 399–457, quoted in Hafiz Akhand and Kanhaya Gupta, *Economic Development in Pacific Asia* (London: Routledge, 2006), Chapter 7, 'Corruption, growth and foreign direct investment', 92.
- ²⁷ *National Integrity Systems Country Study Report: Cambodia* (Berlin: Transparency International, 2006), 11.
- ²⁸ *Ibid.*, 15.
- ²⁹ *Ibid.*
- ³⁰ *Ibid.*
- ³¹ Duncan McCargo, 'Cambodia: getting away with authoritarianism?', *Journal of Democracy* 16, No. 4 (October 2005): 102.
- ³² *National Integrity Systems Country Study Report: Cambodia* (Berlin: Transparency International, 2006), 17.
- ³³ 'Hun Sen says critics "misunderstand" anti-corruption bill', *The Brunei Times*, 17 October 2006.
- ³⁴ John Gillespie, 'The political-legal culture of anti-corruption reforms in Vietnam', in Tim Lindsey and Howard Dick, eds., *Corruption in Asia: Rethinking the Governance Paradigm* (Annandale: The Federation Press, 2002), 167.

- ³⁵ Quoted in *Far Eastern Economic Review* and cited in Elizabeth Maitland, 'Corruption and the outsider: multinational enterprises in Vietnam', in Lindsey and Dick, *Corruption in Asia*, 147.
- ³⁶ *National Integrity Systems Country Study Report: Vietnam* (Berlin: Transparency International, 2006), 11.
- ³⁷ *Ibid.*, 45.
- ³⁸ *Ibid.*, 34–35. According to Fred W. Riggs, *Administration in Developing Countries: The Theory of Prismatic Society* (Boston: Houghton Mifflin Company, 1964), 21, a high degree of formalism 'results in striking incongruence between formally prescribed institutions and actual, informal behavior'.
- ³⁹ *National Integrity Systems Country Study Report: Philippines* (Berlin: Transparency International, 2006), 32.
- ⁴⁰ Nelson N. Moratalla, 'Graft and corruption: the Philippine experience', in *Resource Materials Series*, No. 56 (Tokyo: UNAFEI, 2000), 503–504.
- ⁴¹ *National Integrity Systems Country Study Report: Philippines* (Berlin: Transparency International, 2006), 9.
- ⁴² *National Integrity Systems Country Study Report: China* (Berlin: Transparency International, 2006), 12.
- ⁴³ Hilton Root, 'Corruption in China: has it become systemic?', *Asian Survey* 36, No. 8 (August 1996): 752.
- ⁴⁴ Zou Keyuan, 'Why China's rampant corruption cannot be checked by laws alone', in Wang Gungwu and Zheng Yongnian, eds., *Damage Control: The Chinese Communist Party in the Jiang Zemin Era* (Singapore: Eastern Universities Press, 2003), 82, Table 3.1.
- ⁴⁵ Hors et al, 'Fighting corruption in China', 127.
- ⁴⁶ *National Integrity Systems Country Study Report: Thailand* (Berlin: Transparency International, 2006), 14.
- ⁴⁷ Bidhya Bowornwathana, 'Thaksin's model of government reform in Thailand: prime ministerialisation through "A country is my company" approach', *Asian Journal of Political Science* 12, No. 1 (June 2004): 148.
- ⁴⁸ Robert Slagter and Harold R. Kerbo, *Modern Thailand* (Boston: McGraw-Hill, 2000), 58–59.
- ⁴⁹ Pasuk Phongpaichit and Chris Baker, *Thaksin: The Business of Politics in Thailand* (Chiang Mai: Silksworm Books, 2004), 5.
- ⁵⁰ Nualnoi Treerat, 'Controlling corruption in Thailand: transforming the problems and paradoxes', in Vinay Bhargava and Emil Bolongaita, eds., *Challenging Corruption in Asia: Case Studies and a Framework for Action* (Washington, D.C.: World Bank, 2004), 185.
- ⁵¹ On 10 December 2004 the *Bangkok Post* identified three examples of 'policy corruption' viz.: the grant of a 270-billion baht port concession to a private company, a 'tax exemption for a satellite operator partially owned by the Shinawatra family's Shin Corp' and the grant of a 600-million baht loan to a supplier from Shin Corp.
- ⁵² 'Thailand's top anti-graft body found guilty of abuse of power', *The Irrawaddy Online Edition*, 27 May 2005, <http://www.org/aviewer.asp?a=4667&print=yes&c=e>.
- ⁵³ Quah, *Curbing Corruption in Asia*, 163–169.
- ⁵⁴ Jon S. T. Quah, 'Best practices for curbing corruption in Asia', *The Governance Brief*, Issue 11 (2004), 2. See <http://www.adb.org/Documents/Periodicals/GB/GovernanceBrief11.pdf>
- ⁵⁵ Quah, *Curbing Corruption in Asia*, 168.
- ⁵⁶ Young Jong Kim, *Bureaucratic Corruption: The Case of Korea*, 4th ed. (Seoul: Chomyung Press, 1994), 215.
- ⁵⁷ *National Integrity Systems Country Study Report: Korea* (Berlin: Transparency International, 2006), 14.
- ⁵⁸ *Ibid.*, 10, 15.
- ⁵⁹ *Ibid.*, 10.
- ⁶⁰ *National Integrity Systems Country Report: Japan* (Berlin: Transparency International, 2006), 12–13.
- ⁶¹ *Ibid.*, 25.
- ⁶² Rothacher, 'Political Corruption in Japan', 106.
- ⁶³ 'OECD says Japan needs to be proactive in foreign bribery cases', <http://www.oecd.org/documentprint/>.
- ⁶⁴ In his analysis of the cures for corruption, Ian Senior wrote:
The recipe for cleansing a state begins thus: 'First find a completely uncorrupt politician and make him president or prime minister, whichever is the position of executive authority. Then let him appoint a cabinet of other ministers who are also untainted by corruption. Next pass laws that give freedom to the press, provide heavy penalties for proven corruption, give protection to whistle-blowers, and dismiss on the spot any minister, law-maker or functionary found to be corrupt'. It is as simple as that ... in theory!
In practice, it is otherwise. The very people who are the greatest beneficiaries of corruption have the greatest power and use the corrupt nature of government to maintain that power.
- Ian Senior, *Corruption—the World's Big C: Cases, Causes, Consequences, Cures* (London: The Institute of Economic Affairs, 2006), 187, emphasis added.
- ⁶⁵ Sahr J. Kpundeh, 'Political will in fighting corruption', in *Corruption and Integrity Improvement Initiatives in Developing Countries* (New York: United Nations Development Programme, 1998), 92.
- ⁶⁶ *Ibid.* For a more comprehensive analysis, see Sahr Kpundeh and Phyllis Dininio, 'Political will', in Rick Stapenhurst, et al., eds., *The Role of Parliament in Curbing Corruption* (Washington, D.C.: The World Bank, 2006), 41–48.
- ⁶⁷ Quah, *Curbing Corruption in Asia*, 181.
- ⁶⁸ For details of the performance of other single anti-corruption agencies, see John Heilbrunn, 'Anti-corruption commissions', in Stapenhurst, et al., eds., *The Role of Parliament*, 135–148; *Best Practices in Combating Corruption* (Vienna: Office of the Co-ordinator for Economic and Environmental Activities, 2005), Chapter 14, 'Anti-corruption commissions', 165–176; *Institutional Arrangements to Combat Corruption: A Comparative Study* (Bangkok: United Nations Development Programme Regional Centre, 2005), 5–10 and the 14 country briefs in Part 2.
- ⁶⁹ Civil society has been defined in various ways by scholars. However, the most useful definition for the purpose of this report is that provided by Rajesh Tandon, who has defined civil society as 'a collection of individual and collective initiatives for the "common public good"'. Rajesh Tandon, 'The civil society-governance

interface: an Indian perspective', in Rajesh Tandon and Ranjita Mohanty, eds., *Does Civil Society Matter? Governance in Contemporary India* (New Delhi: Sage Publications, 2003), 64.

⁷⁰ Michael Johnston and Sahr J. Kpundeh, 'Building social action coalitions for reform', in Michael Johnston, ed., *Civic Society and Corruption: Mobilizing for Reform* (Lanham: University Press of America, 2005), 162–163.

⁷¹ *National Integrity Systems Country Study Report: Korea* (Berlin: Transparency International, 2006), 51–52.

⁷² Sunhyuk Kim, 'South Korea: confrontational legacy and democratic contributions', in Muthiah Alagappa, ed., *Civil Society and Political Change in Asia: Expanding and Constructing Democratic Space* (Stanford: Stanford University Press, 2004), 160. For another assessment, see Hyuk-Rae Kim, 'Unraveling civil society in South Korea: old discourses and new visions', in David C. Schak and Wayne Hudson, eds., *Civil Society in Asia* (Aldershot: Ashgate Publishing Company, 2003), 192–208.

⁷³ *K-PACT 2005 Annual Report* (Seoul: The Council for the Korean Pact on Anti-Corruption and Transparency, 2006), 6.

⁷⁴ Johnston and Kpundeh, 'Building social action coalitions', 151.

⁷⁵ *National Integrity Systems Country Study Report: Korea* (Berlin: Transparency International, 2006), 53.

⁷⁶ *National Integrity Systems Country Study Report: Philippines* (Berlin: Transparency International, 2006), 31.

⁷⁷ Ledivina V. Cariño, ed., *Between the State and the Market: The Nonprofit Sector and Civil Society in the Philippines* (Quezon City: University of the Philippines, National College of Public Administration and Governance, Centre for Leadership, Citizenship and Democracy, 2002), 71, cited in *ibid.*

⁷⁸ See 'The Philippines: Integrity Scorecard', <http://www.globalintegrity.org/2004/scores.aspx?cc=ph&ct=scores>.

⁷⁹ Juree Vichit-Vadakan, 'Thai civil society: exploring a diverse and complex landscape', in Schak and Hudson, eds., *Civil Society in Asia*, 93.

⁸⁰ Pope, *Confronting Corruption*, 135.

⁸¹ See Bertram I. Spector, ed., *Fighting Corruption in Developing Countries: Strategies and Analysis* (Bloomfield: Kumarian Press, 2005).

⁸² Stephen Schwenke, 'Sectoral synthesis', in Spector, ed., *Fighting Corruption in Developing Countries*, 167.

⁸³ Jon S.T. Quah, 'Curbing Corruption: The Elusive Search for a Cure', *Public Administration Review* 66, No. 6 (November/December 2006): 940.

⁸⁴ J. Edgardo Campos and Vinay Bhargava, 'Introduction: tackling a social pandemic', in J. Edgardo Campos and Sanjay Pradhan, eds., *The Many Faces of Corruption: Tracking Vulnerabilities at the Sector Level* (Washington, D.C.: The World Bank, forthcoming, 2007), 9. I am grateful to Dr J. Edgardo Campos, Governance Adviser for Bangladesh at the World Bank, for sending me this chapter before its publication.