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Driven by a host of domestic and international factors, the challenge of improving the quality of governance and combating corruption has risen to the forefront of the development debate. This close linkage of the “good governance” and “anticorruption” agendas is understandable and probably unavoidable. In many ways, it is also unfortunate. Governance is about much more than combating corruption. It is about making sure that human and financial resources are used efficiently towards the attainment of valued social ends. It is about ensuring that services are delivered effectively to all citizens. It is about creating an enabling environment for private sector led growth.

Yet within MENA and beyond, it is often corruption that garners the headlines and causes ears to prick up. Governance reforms can be dry and technocratic, as financial management experts debate whether there is adequate scope and comprehensiveness in the budget or systems engineers ponder whether all of the steps in a permit application process are really necessary. In contrast, “corruption” conjures up images of suitcases of cash illicitly changing hands and guilty officials shielding their faces from the camera as they are hauled off to jail. Not being immune to such excitement ourselves, this newsletter addresses the problem of corruption in MENA and highlights measures that a number of countries are taking to address it.

Of course, the problem of corruption is far more than a matter of public relations, or even ethics. A growing body of empirical evidence indicates that, rather than “greasing the wheels,” corruption in fact exerts a heavy cost upon development. (See Figure 1 in the newsletter for a few examples.) Corruption compromises the delivery of critical government services in areas such as health and education. It channels resources away from government coffers and increases the cost of public goods and services. It reduces the flow of private investment and diverts managerial attention towards coping with regulators and away from more productive pursuits. Corruption exerts a particularly pernicious impact upon the poor, who are often forced to pay larger sums in relation to their income for services that they should receive for free. When sub-standard housing and infrastructure collapses because corrupt officials ignore or fail to enforce building code violations, the metric for calculating corruption’s cost can shift from millions of dollars to thousands of lives.

Globally, the anticorruption movement began to gain momentum in the mid-1990s. Yet it has historically been rather slow to develop in MENA. Over the past two years, this has changed markedly. From the Atlantic to the Red Sea and Persian Gulf, a number of MENA countries have recently taken bold steps to enhance integrity, combat corruption, and improve the quality of governance. A few of their stories are highlighted



below. These efforts are not perfect, and experts and the general public alike can debate their efficacy and likely impact. But they clearly signal renewed commitment to tackle a very ancient problem.

We are also privileged to include an interview with Muhiyeddeen Touq in this issue, who has served as both Minister of Administrative Reform and more recently as Minister for Prime Minister Affairs in Jordan. He was also a major force behind the creation of the United Nations Convention against Corruption (UNCAC) in 2003, which stands along with the 1997 OECD Anti-bribery Convention as one of the landmark pieces of international legislation in the field. He has been a tireless advocate for this cause and played a major role in helping to advance the anticorruption agenda throughout the MENA region. His insights will no doubt be of value to academics and practitioners alike. We would particularly encourage our readers to go beyond the summary provided in this newsletter and read the full interview. It can be found on the Bank's MENA Governance website at: www.worldbank.org/mena/governance

During the next four weeks, we will be moderating an online discussion on the challenge of combating corruption in MENA. Please join us in expressing your views. To access the discussion forum, visit: <http://menagovforum.worldbank.org>

CORRUPTION IN THE MENA REGION: A DECLINING TREND OR MORE OF THE SAME?

BY ROBERT BESCHEL

At first glance, MENA countries would not appear to be particularly well-positioned to combat corruption. Although the story is more varied and nuanced than this brief description will allow, the region is characterized by relatively weak formal systems of checks and balances. In country after country, a strong executive predominates over the judicial and legislative branches. There is a relative lack of accountability institutions that are truly independent, such as supreme audit agencies, the *cours des comptes*, ombudsmen or anticorruption agencies. A

Cost of Corruption

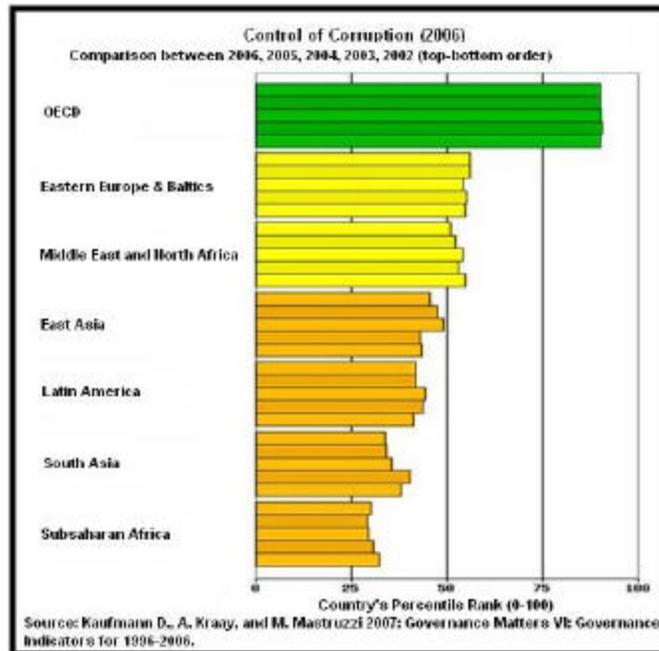
- ❖ Over the last 20 years, one East Asian country is estimated to have lost \$48 billion due to corruption, surpassing its entire foreign debt of \$40.6 billion.
- ❖ In one South Asian country, recent government reports indicate that \$50 million daily is misappropriated due to mismanagement and corruption.
- ❖ Corruption adversely affects export potential. In one study of differences in corruption levels between China and India, authors concluded that if Calcutta could attain Shanghai's level of transparency, the share of firms...exporting would nearly double from current 24 % to 47 %, comparable to coastal Chinese cities."
- ❖ Studies of corruption in government procurement in several Asian countries reveal that they have paid from 20 % to 100% more for goods and services.
- ❖ Estimates indicate that African countries lose nearly 25 % of their combined income or \$148 billion each year to corruption.
- ❖ In Eastern Europe, bribery is akin to a regressive tax. Smaller firms reportedly pay 5 % percent of their annual revenue in bribes compared with 3 % of medium-sized enterprises.
- ❖ In Africa, smaller firms up pay up to 8 % of total revenue in bribes.
- ❖ Corruption threatens government legitimacy. Surveys in Latin America showed that countries with greater levels of corruption also have the lowest reported level of trust and weaker tax compliance.
- ❖ In one North American city, businesses were able to cut \$330 million for an annual waste disposal bill of \$1.5 billion by ending the domination of regulatory bodies by organized crime.
- ❖ In one European city, anti-corruption initiatives have reduced the cost of infrastructure outlays by 35-40%, allowing the city to increase spending on maintenance, schools and social services.

strong service culture within the public sector is generally lacking. With a few exceptions, civil society is relatively weak and under-developed. In some countries, the press operates with relative autonomy; in others less so. There is a general dearth of transparency, particularly with regard to revenues derived from hydrocarbons, along with occasional commingling of personal and state funds among the ruling elites.

Yet if global indices are to be believed, in comparison with other parts of the world, the MENA region does not fare badly on indicators of corruption. As the attached graph indicates, according to the Kaufmann, Kraay and Mastruzzi indicators, as a whole the region lags behind only the OECD and countries of Eastern Europe in terms of controlling corruption. Such indices are not without their conceptual and methodological problems. But an interesting and perhaps even surprising lesson is that things are not as bad as could be expected. Undoubtedly many in the region take seriously the Koran’s injunction: "And do not eat up one another's property unjustly, nor give bribery to the rulers that you may knowingly eat up a part of the property of others sinfully."

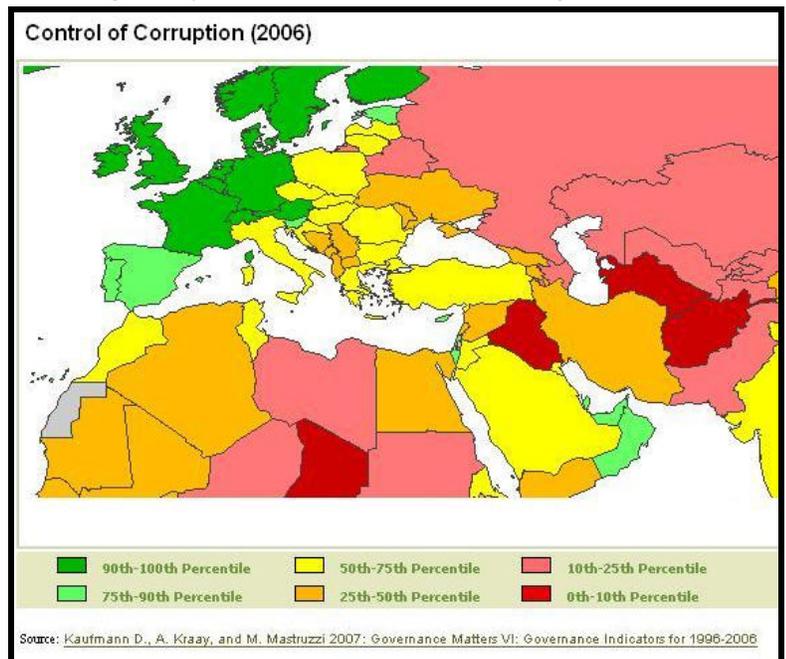
Alas, lest one become too sanguine, any assessment of the region’s ability to effectively address corruption requires much more rigorous scrutiny and analysis. Corruption is hardly uniform throughout MENA, and regional indices indicate a great deal of variation between countries. Take the TI index for 2007, which is reproduced on page 14 of this newsletter.

MENA countries can be loosely grouped into three categories. At the top are countries such as Jordan and the Gulf sheikdoms, which in relative terms are doing fairly well on this agenda. They rank in the 30s and the 40s on the TI index, roughly comparable



with countries such as Italy, Malaysia, Hungary and South Korea. A second tier of countries is in the middle—somewhere in the 70s to the 90s range—including Morocco, Lebanon and Algeria. They are comparable with China, India and Brazil. A final set of countries falls towards the bottom and are perceived to struggle significantly with these issues, including Yemen, Syria, and Iran. Iraq comes in at 178th position, just above Myanmar and Somalia.

While useful in providing a general overview, such rankings can at times obfuscate more than they clarify. The term “corruption” is but a short-hand reference to a large number of administrative dysfunctions and pathologies. Some may cut across the public sector, or at least large sections of it; others are concentrated in certain agencies and departments. Corruption is not equally dispersed throughout the public sector, but tends to be found in ministries with a strong revenue, expenditure or regulatory function. It is seldom a major issue for



the department of meteorology, for example, but may very well be a concern for customs, public works or the police.

Further unbundling is needed to clarify the specific problems and challenges confronting various governments and the individual agencies and departments within them. Do the fundamental challenges involve extortion in tax collection? The deliberate misrepresentation of standards in bid documents? Collusion in pharmaceutical procurement? Favoritism in recruitment and promotion? The payment of “speed money” for permits and licenses? Pressuring companies to take on a well-connected silent partner to facilitate private investment? The Arabic language itself reflects this diversity and has devised a number of terms to address various problems, ranging from *bakshish* (small facilitation payments) to *wasta* (connections) to *fassad* (corruption or “rot”). Interestingly, many of these terms can also have neutral and less pejorative connotations.

There are reasons to suspect that perceptual indices such as *TI's Corruption Perception Index* are weighted towards petty corruption and may not adequately reflect broader problems of “state capture” or the use of state machinery to direct economic rents to favored parties—a problem many sophisticated observers have argued may be particularly acute in some MENA countries. During the Bank’s recent discussions surrounding the implementation of our governance and anticorruption strategy, many within the region also expressed concerns about “bright lines” and the belief that the rule of law often is not fully implemented against those with strong political connections. Others lamented the pervasive role of *wasta* in attaining access to public goods and services or in securing a job within the public sector.

The past eighteen months have witnessed a major expansion in efforts to combat corruption in many countries of the region. There are numerous reasons for this expansion, but one of the most important has been the ratification of the UNCAC Treaty. During the period from December 2003 through December 2005, virtually all countries of the region became signatories to the UNCAC Treaty, and 10 countries have subsequently ratified it.

Signing and Ratification of the UNCAC Treaty - MENA			
	Signed		Ratified
Algeria	09-Dec-03		24-Aug-04
Bahrain	08-Feb-05		
Djibouti	17-Jun-04		20-Apr-05
Egypt	09-Dec-03		25-Feb-05
Iran	09-Dec-03		
Jordan	09-Dec-03		24-Feb-05
Kuwait	09-Dec-03		16-Feb-07
Libya	23-Dec-03		07-Jun-05
Morocco	09-Dec-03		09-May-07
Qatar	01-Dec-05		30-Jan-07
Saudi Arabia	09-Jan-04		
Syria	09-Dec-03		
Tunisia	30-Mar-04		
UAE	10-Aug-05		22-Feb-06
Yemen	11-Dec-03		07-Nov-05

As the interview with Muhiyeddeen Touq indicates, efforts to combat corruption often seek to move forward along multiple dimensions. Taking the lead from Hong Kong’s highly successful Independent Commission Against Corruption (ICAC), many governments have sought advance the anticorruption agenda along three major dimensions: prevention, prosecution, and public awareness raising. The UNCAC adds additional elements to this mix—including asset recovery, international cooperation and technical assistance—and obligates its signatories to take a number of important steps to enhance integrity and combat corruption. Taken together, they represent a rich agenda that will take years to fully implement.

The prevention dimension is vast and much of it is the agenda of sound public management. It includes creating robust accountability mechanisms, such as internal and external audit systems; making procurement practices more open and transparent; strengthening meritocracy in civil service recruitment and promotion; streamlining and reengineering business processes within the public sector to reduce opportunities for corruption; and the like. Reforms in this area can help combat corruption, but they often have other important benefits, such as improving the efficiency and quality of service delivery. A number of MENA countries have made impressive progress in this

To Create or Not Create – The Dilemma of Independent Anticorruption Agencies

During the past decade, a number of countries have sought to establish an independent anticorruption commission, along the lines of Hong Kong's ICAC or Singapore's Corrupt Practices Investigation Bureau (CPIB), widely believed to be among the most effective agencies of their kind. This experience has been mixed. Occasionally, such agencies have been set up as essentially window dressing and, not surprisingly, have failed to deliver against the expectations surrounding them. But even sincere efforts have occasionally come up wanting. Critics have identified a number of problems that typically surround the creation of such agencies. By themselves, they are seldom a panacea when the broader governance environment and public sector are weak. Problems of staffing and ensuring that they have adequate financial resources can loom large. Another important concern is their ability to coordinate effectively with the many different entities in government that must be involved in a serious anticorruption effort. These include the police, the prosecutors, the financial intelligence units, customs, tax, and the courts.

On the other hand, while few would argue that the establishment of such agencies will automatically ensure their independence or effectiveness, there are numerous examples where the lack of independence has crippled or compromised an effective investigative function. In environments where the anticorruption function is fragmented among a large number of small, under-resourced agencies with vague and overlapping mandates, some consolidation can be helpful. In small states, a single agency may be the most simple and cost effective approach. It can also make a useful contribution in situations where it is difficult for other entities such as the police to investigate examples of internal corruption.

At the end of the day, there is no one right answer. Any decision will need to be carefully crafted to fit within a given country's legal and institutional framework, and thorough consideration will need to be given to the specific functions that should be performed by such an agency vis-à-vis other units of government.

regard. To cite an example from our last newsletter, Egypt's General Authority on Investment and Free Zones (GAFI) was able to reduce the number of procedures facing a potential investor from 19 to 3, reducing the average time to register a company from 34 days to 3 days.

The prosecution agenda involves a number of measures to strengthen the legal and institutional framework for combating corruption. It can involve the creation of a dedicated anticorruption agency, although experts are divided about the effectiveness of such a measure. It can involve passing legislation on topics such as income and asset declaration; conflict of interest; bribery, illicit enrichment, embezzlement and the misappropriation of funds; or money laundering. It can involve strengthening the investigative function within government; improving disciplinary procedures and codes of conduct within the civil service; improving the linkages between the investigation and prosecution functions; and even creating new courts to address corruption related issues.

A number of Arab countries have recently taken steps forward recently along this dimension. Morocco has passed legislation addressing both income and asset disclosure, as has Yemen. New institutions specifically dedicated to combating corruption have been established in Morocco, Jordan, Iraq and Yemen, and one is currently under consideration in Kuwait. Algeria has also recently passed comprehensive new legislation on anticorruption. This newsletter covers the efforts of two countries—Morocco and Yemen—to improve their anticorruption efforts through recent legislative and institutional changes.

It is in the final dimension, public awareness, where the most work remains in MENA. Governments throughout the region typically do not fair well in terms of transparency and openness, although this is beginning to change. Jordan has recently passed Freedom of Information legislation, and Egypt is currently considering such legislation. Other countries, such as Lebanon and Palestine, have active civil societies and a growing number of NGOs interested in the good governance agenda.

In many of the examples cited above, the reform agenda is incomplete and occasionally imperfect. In the eyes of some, such changes constitute little more than window dressing. Yet it would be wrong to dismiss them out of hand, in part because legislative and institutional change is never easy—particularly when there are those who are profiting, occasionally handsomely, from a dysfunctional status quo. Such criticism also misses the dynamic trajectory of institutional change, which is far more often stumbling and incremental than relentless and sweeping. The UNCAC treaty has helped to give shape and form to a far-reaching reform agenda; important domestic constituencies are pressing hard for change; and many MENA countries are rapidly making up lost ground. We are likely to see the good governance and anticorruption agendas to continue to grow and expand throughout the Middle East and North Africa over the next decade.

DR. MUHIYEDDEEN TOUQ INTERVIEW

BY RAMI G. KHOURI

Fighting corruption requires governance reforms alongside criminal clampdown



Dr. Muhiyeddeen Touq: *Former ambassador to several European countries, Dr. Muhiyeddeen Touq currently serves as Minister of State for Prime Ministry*

Affairs. He holds a BA degree from the University of Jordan and obtained an MA and PhD from US universities. Dr. Touq has taught and occupied academic and administrative posts at the University of Wisconsin, the University of Jordan and the United Arab Emirates University. He also served as Minister of administrative reform and managed the UNRWA/UNESCO education program.

AMMAN: A Jordanian minister who is one of the key figures behind the adoption of the United Nations Convention against Corruption (UNCAC) believes the convention has sparked a global

movement whose success will require progress on two simultaneous fronts: establishing independent corruption-fighting bodies while also implementing broad public sector reforms.

Former Jordanian Minister of State for Prime Ministry Affairs Dr Muhiyeddeen Touq said in an interview with *MENA Governance News and Notes* in Amman in October that he hoped three specific things would emerge from regional action plans now being drawn up by MENA and others to translate the Convention into action: establishing independent anti-corruption bodies with comprehensive and coherent policies, achievement benchmarks, and follow-up mechanisms; identifying areas where speedy results can be achieved in order to bolster public confidence in the fight against corruption; and, bringing civil society and media groups into the battle against petty and major corruption alike.

Dr. Touq was acting chairman of the Vienna-based Ad-Hoc Committee for the Negotiation of UNCAC. He became vice chairman of its sub-committee on preventative actions, he said, because his initial experience as Jordan's minister for administrative development in 1995 quickly clarified for him the link between public sector reform and fighting corruption.

Based on his decade of experience in Jordan's often inconsistent public sector reform efforts, he feels that a successful national anti-corruption strategy must be immune from frequent government and policy changes. This can be achieved by forging a national coalition of public, private and civil society forces that agrees on an anti-corruption strategy, and then implements it over time regardless of changes in governments or ministers.

"This is why economic and education reform have succeeded in Jordan and other Arab countries," he suggested, "and we should learn the lessons of this for fighting corruption."

A comprehensive, across-the-board strategy with technical assistance from foreign partners is also crucial for success.

"The Convention is comprehensive because you have to work on all fronts if you wish to reduce or

eliminate corruption, which is a trans-boundary phenomenon that sees money routinely laundered across borders,” he said.

“The Convention therefore talks about five broad areas that need to be tackled simultaneously: prevention, criminalization, asset recovery, international cooperation, and technical assistance.”

Most Arab countries have room to improve their ranking in global corruption assessments, such as World Bank reports or Transparency International’s annual report. Dr. Touq suggests this partly reflects the paucity of democratic systems in the MENA region. Fighting corruption, promoting democracy, and undertaking public sector reforms ideally should go hand-in-hand, he believes, because the good governance/low corruption link is abundantly clear.

He explained: “Democratic systems with well developed checks-and-balances help create situations where resorting to corruption becomes more and more difficult. Conversely, fighting corruption in the MENA region and other developing areas requires public sector reforms leading to a government that functions transparently, efficiently and effectively, where public officials are chosen by merit, and are adequately trained and compensated, with good health insurance and pension plans.”

Asked where Arab governments should start tackling corruption, he named two specific areas. The first is reducing petty corruption that largely stems from low public sector salaries, by raising public sector pay and simplifying government procedures, including through e-government. The second is going after “big corruption” by improving the investigative capabilities of law enforcement agencies, so that they can gather the evidence needed to indict and convict corrupt officials and private citizens.

“If corruption cases are not brought to trial and guilty people convicted,” he said, “society faces two dangers: corrupt people persist in their crimes because they know they can avoid punishment, and the public loses confidence in the government.”

Dr. Touq is also a member of the recently named FStAR group (the Friends of Stolen Asset Recovery), which aims to advise the pertinent international organizations on how to implement UNCAC articles related to asset recovery as well as on the best ways to recover money stolen by corrupt public officials. As it prepares for its initial meeting, Dr. Touq suggests that it should stress several preventative measures. These could include: strengthening international cooperation to constrain laundering of stolen assets internationally, and, providing technical and other assistance to improve Third World countries’ capability to investigate, deter and indict corrupt individuals who send their stolen assets abroad.

MOROCCO: PRESSING FOR PROGRESS ON ANTICORRUPTION

BY EDOUARD AL-DAHDAH & FLORENCE BRILLAUD

The debate on corruption has featured prominently in the Moroccan public sphere for more than a decade now. The kingdom’s relatively free press and its vibrant civil society, the latter perhaps best embodied by one of the oldest and most dynamic chapters of Transparency International (founded in 1996), have no doubt helped raise the profile of the anticorruption agenda. The kingdom falls in the middle of most governance indicators for both the Maghreb and the MENA region as a whole, and domestic polls reveal a fair amount of concern among the citizenry about the extent to which corruption is perceived to be a problem.

Morocco Governance by the Numbers

Morocco remains hampered by modest ratings on global governance indicators, which have not witnessed significant improvement over the past few years. In Transparency International’s *Corruption Perception Index*, Morocco’s rating was 4.7 in 2000. It stood at 3.2 (79th position) in 2006. For 2007, Morocco was ranked at 3.5, or 72nd position. According to the *Global Corruption Barometer 2006*, 60 percent of respondents stated that they had to pay a bribe in the past twelve months. Around 62 percent consider the government’s action in the fight against corruption to be ineffective or nonexistent and only 20 percent find it effective.

Over the last two to three years, the government has taken a number of important measures to step up its engagement to fight corruption. The ratification of the United Nations Convention against Corruption (UNCAC) on May 9, 2007 is a testimony to the government's responsiveness to the global wave of advocacy and awareness-raising in this realm. The treaty is both a declaration of intent and a commitment to making progress on a wide array of issues.

On the domestic front, Morocco has equipped itself with a broad array of legislative instruments, many of which remain at the draft stage. Whether this law-making effort will translate into concrete results is an open question. Critics see these laws as a form of window-dressing to fend off local and international criticism, while supporters see them as key steps in the right direction.

In March 2007, parliament passed a law on money laundering and financial crime that prohibits the use of the financial system for criminal purposes, as well as addressing the transfer of funds stemming from illicit sources. The law punishes offenders with prison sentences and large fines. A new financial investigation unit answering to the Office of the Prime Minister has been established with a mandate to receive, analyze and disseminate information on suspicious transactions, and collect data on money laundering operations.

A government decree on public procurement was enacted on February 5, 2007. The decree increases the time allowed for the submission of large bids, requires online publication of all call for bids notices and bidding process results, and to some extent, establishes the preeminence of quality over price for consultant service contracts. However, some crucial points remain to be addressed, such as the establishment of an efficient and independent mechanism for alternative dispute resolution.

In November 2006, the Government adopted a draft decree establishing the Central Body for the Prevention of Corruption (*Instance Centrale de Prevention de la Corruption*), as well as a draft law requiring certain categories of civil servants to

disclose their incomes and assets. While both pieces of legislation represent important steps forward in Morocco's struggle against corruption, they remain to be officially voted into law.

The legislation establishing a central body creates a unit within the Prime Minister's Office tasked with playing an important coordination function. Its mission would include collecting and disseminating information relating to corruption; helping to coordinate policies along several dimensions at both the central and sub-national levels; educating and sensitizing the public to corruption related issues; and serving as the focal point for monitoring progress in implementing the United Nations Convention Against Corruption (UNCAC). It would not play a role in the investigation and prosecution of corruption, which would reside with the traditional authorities—presumably first and foremost with the Ministries of Interior and Justice.

Experts and members of civil society have noted that the Moroccan legislation raises a number of important questions. If the primary function of the "Central Body" is that of coordination, then the complex governance structure envisioned under the decree—which includes a plenary assembly, executive commission and general secretariat—may prove to be too detached and elaborate. This function needs to be embedded directly under the prime minister and/or cabinet and reflect their central authority for the line departments to take it seriously.

A second issue surrounds the independence of such an agency. As noted above, the decree envisions an elaborate governance structure, which is presumably intended to help protect the central anticorruption body against political interference and manipulation. Yet the entire edifice upon which it is established—a ministerial decree—provides relatively little legal protection against the central body's mandate and governing practices being modified or even abolished if the prime minister finds them inconvenient. It is also uncertain how much influence the plenary assembly and executive commission will have upon the overall functioning of the body. The secretary general will be appointed by the prime minister and tasked with assisting the

president of the central body, creating a dual reporting relationship that could be awkward. The prime minister approves the organization of work procedures and budgets. The issue of who is responsible for overseeing staffing is not made explicit in the underlying regulations, although Article 11 notes that the president can appeal to external experts and service providers.

The draft law on income and asset declaration could consider extending the scope to assets owned separately by wives and children. A more important change would involve making the disclosures public, in the case of senior officials, to allow for more public fact checking. To avoid problems of conflict of interest, it is important that supervisors be made aware of the income and asset disclosure statements for their senior staff, particularly those handling important and/or sensitive portfolios.

Although imperfect, such legislation marks an important effort on the part of the government to address a set of issues that are important for the country's overall development trajectory. In light of the government's commitment to reform, as well as Morocco's lively press and relatively open dialogue between government and civil society, the anticorruption agenda will undoubtedly continue to evolve.

YEMEN MOVES AGGRESSIVELY TO TACKLE CORRUPTION

BY ARUN ARYA

Yemen does not fare particularly well in global indices of corruption. In Transparency International's 2007 Corruption Perceptions Index, the country ranked 131st overall out of 179 countries in the world and 14th out of 18 in the MENA region. However, in the course of last two years, Yemen has made significant progress in addressing this important problem and some of the root issues that contribute to it. The country has strengthened its control over corruption, regulatory quality, and the rule of law. It has taken important steps in terms of passing legislation likely to affect the problem of corruption, including the National Anti-Corruption Act 2006, Financial Disclosure Act 2007, the

National Procurement Act 2007, and joining the EITI. Other relevant measures include the strengthening of Yemen's external and internal audit functions and enhancing capacity in civil service administration. The implementation of this legislation is underway, and the progress so far is encouraging.

The roots of these anti-corruption initiatives go back to Yemen's signature of the UN Convention against Corruption (UNCAC) on December 11, 2003. As one of the first legally binding international anti-corruption instruments, the UNCAC treaty provides a unique opportunity to mount a global response to a global problem. It deals with the core themes of prevention, prosecution and international cooperation as well as the recovery of illicit assets.

One of the landmark recent developments in Yemen is the creation of an 11-member Supreme Authority to Combat Corruption (SNACC). As per the National Anti Corruption Law of 2006, the SNACC has its primary role to combat corruption along three major dimensions. The first involves preventive measures to minimize chance of corruption. The second is investigation of reported cases of corruption; and the third is education and raising awareness among the citizenry about their rights and obligations under the new legal framework.

The SNACC has its own corporate and legal framework, along with financial and administrative autonomy. It is responsible for developing and approving its own anti-corruption policies, plans and programs and preparing its regulations. The authority performs its functions independently and no agency can intervene in its affairs—in fact such interventions are considered a punishable crime. The authority has a separate budget, to which the standard budgeting rules and procedures are applied. The authority's chairman enjoys the same power as that granted to the Ministers of Finance and Civil Service and Insurance in terms of using funds allocated for its budget and managing its activities and personnel. The authority will soon have a general secretary to be appointed by the chairman who will be responsible for running day-to-day work. The authority will select its administrative and technical staff through a transparent selection process, in accordance with criteria set by its organic

legislation. The chairman will have authority similar to that of the prime minister on his personnel and staff.

While the process of locating office space, preparing by-laws and recruiting staff has barely begun, the SNACC has already started functioning at full swing. On reading a report in the media that the Ministry of Power has signed a MOU with a U.S. based company for constructing five nuclear power plants valued at roughly \$15 billion, the SNACC took "*suo-moto*" cognizance of the deal and conducted a preliminary investigation. Based on its findings, the SNACC wrote to the Power Minister to furnish all documents related with this deal. It asked the Prime Minister to stop all government commitments regarding this deal. The Prime Minister placed this issue before Cabinet, which decided to cancel the contract in October 2007. However, the SNACC has decided to carry on with its investigation to fix responsibility within the government for signing this allegedly dubious contract.

This investigation has helped to solidify SNACC's reputation as an institution for fighting corruption in the eyes of common man. It has also sent a strong signal to others in the government to treat this institution with caution and respect. One indication of this is the fact that almost all Ministers have filed their Financial Disclosure Statements with the SNACC in compliance of the mandatory provisions of the newly enacted Financial Disclosure Act 2007, under which all proceeds accruing to a person due to abuse of a public position or attribute shall be considered an illicit gain.

According to the Financial Disclosure Act, the SNACC has the right to analyze financial disclosure statements and send cases for prosecution if there is violation of this law. Any addition to a person's finance or property, which is subject to this law, or proceeds yielded from public finance due to illegal abuse of public position or attribute, shall be considered illegal wealth. It is also pertinent to note that any person who provides either incorrect, false or forged information against others concerning illicit wealth could be fined or imprisoned for a period not exceeding three years.

Looking forward, care needs to be taken to not overburden the government's capacity to implement the Financial Disclosure Act. It is important that implementation be phased in over a couple of years, particularly in view of large numbers of administrative, financial and procurement staff. Also, the law's efforts to deal with "hidden assets" will need to be strengthened. Experience in other countries suggests that the practice of hiding assets by titling them in other's names is minimized by a provision focusing upon the one who derives use and benefit from the asset.

Reform is starting to occur in Yemen's procurement process also. In recent history, procurement was often done without open and competitive bidding, and with little transparency or accountability. As a result of the enactment of National Procurement Law 2007, along with preparation of standard bidding documents and a national procurement manual, procurement should become more transparent and the opportunities for the capture or diversion of payments would be limited. Additionally, reform efforts have begun towards the establishment a new High Tender Board (HTB) for major procurements. If implemented appropriately, such a reform could deny income to major beneficiaries of corruption while creating new sources of revenue for the state by inspiring confidence in new potential investors.

Influence peddling for public jobs is a major source of corruption, and the Ministry of Civil Service has taken some positive steps to curb this practice. Notable initiatives include returning people to their legitimate grade based on their qualifications, centralizing hiring and implementing biometric systems to reduce double-dippers and ghost-workers. The progress of the biometrics system is about 69 percent complete, and about 32,000 ghost-workers and double-dippers have been already identified. There is a potential to identify about 60,000 once the biometrics system is fully implemented.

The government has also recently taken a decision to join the Extractive Industries Transparency Initiative (EITI) for improved transparency of oil reserves revenues. In Yemen, the hydrocarbon sector accounts for about 70 percent of fiscal revenues; 90 percent of merchandise exports; and a third of its GDP. With good governance, the exploitation of

these resources can generate large revenues to foster growth and reduce poverty. The EITI aims to strengthen governance by improving transparency and accountability in the extractive sector. The EITI sets a global standard for oil companies to publish what they pay and for the government to disclose what they receive. Benefits for implementing countries include an improved investment climate by providing a clear signal to investors and the international financial institutions that the government is committed to greater transparency. EITI also assists in strengthening accountability and good governance, as well as promoting greater economic and political stability. This, in turn, can contribute to the prevention of conflict based around the oil, mining and gas sectors.

The Bank, in alignment with other donors working on this agenda, has agreed to provide technical assistance to SNACC for conducting a baseline survey on the incidence of corruption, a review of the existing legal and regulatory framework, developing a national strategy and action plan to combat corruption, development of an investigation mechanism, and conducting training to build capacity of SNACC. This is an important window of opportunity to help both the government and country as a whole to move forward on this important agenda.

CORRUPTION TERMINOLOGY IN THE ARABIC LANGUAGE

BY CHARLES D.
ADWAN

As for most concepts, the Arabic language is rich in terms and phrases related to corruption and its various forms. Although the uses of different terms may vary depending on contexts and geographical specificities, the basic terms referring to corruption or bribe are understood across the Arab countries. In some

countries, words with different meanings are used as code words to represent bribes that are mostly small in amount. The following is a selection of the most commonly used terms for corruption, in addition to some code words used in some countries.

❖ **Fassad** الفساد is the most literal translation of the word corruption. It is also the most commonly used term to refer to the concept of corruption as used in the discipline of good governance. Just as in the English use of the term, the Arabic use has a much broader connotation than political or administrative corruption; most broadly it means moral corruption or practicing anything that is forbidden by God or religion. The associated verb, *fassouda* فسد, is quite commonly used to refer to any process of deterioration, disintegration or rotting.

❖ **Rashwah** رشوة is the literal meaning of bribe. It can be used for petty or grand bribes. Whenever penal codes in Arab countries refer to corruption, it is under this form bribery. A more colloquial translation of the term “bribe” and a synonym of *rashwah* is the term *barteel* برتيل, which is more commonly used in slang. In Maghreb countries such as Morocco, *rashwah* رشوة is used to refer to corruption in order to avoid confusion with the broader connotations of the term *fassad* الفساد. Proponents of this nuance

have been increasingly concerned with the use of the anti-corruption slogan by fundamentalist movements to denote the need for stricter implementation of religious teachings. The implications of such use would limit personal privacies by restricting alcohol drinking, gender-mixing and other social patterns considered as corrupting vices by some interpretations of religion.

❖ **Wasta** وستا is a form of nepotism associated with family and tribe



Source: Egyptian Ministry of State for Administrative Development. Publication Issue 8, Feb/March, 2007

members and quite common in MENA. In its simplest form, it means using a common connection in order to receive undue benefits. While it is used to cut through lines in government agencies, or speed up an administrative process, its most common use is for entry into the job market, namely in the public administration. Although the origins of *wasta* (استا) are more positive than its current use, it has become such an endemic problem that many youths cite it as a main reason they consider immigration. Both the term and the use of *wasta* (استا) have evolved from the mediation practiced by tribe leaders to resolve conflicts within and among tribes. Mediation, *wassata* (واسا), which continues to be practiced by elders in tribes and clans, mutated (in spelling and use) at the time of transition from the loose system of tribes to the more institutionalized systems of nation states. In order to secure the allegiance of tribes, state-founders would give their leaders stakes in the government and the administration to distribute to tribe members. Tribal leaders became mediators between the state and their members, which later became their constituents as they transformed to modern politicians.

- ❖ *Bakshish* (بخشيش) is a Turkish term that survived the times of the Ottoman Empire, in the lands of its former influence. In its benign form, the term means tip or small financial reward given to waiters or parking attendants. When applied to the administration or the public bureaucracy, it means kickback or small bribe that a civil servant expects in return for performing their duties in a speedier way, in a timely way or at all.
- ❖ *Mahsoubiah* (مأسوبة) is the general translation for nepotism or cronyism. It refers to a system where powerful politicians or individuals use their positions to further the interests of people who count on them; in return, politicians can “count on” the beneficiaries. The stem of the word is *mahsoub* (مأسوب), which means counted, accounted for or considered on someone’s account.
- ❖ *Mouhabat* (مؤاباة) translates into favoritism. The term uses the root of the word love, *hobb* (هوى), which is the same as the verb to love, to prefer or to favor. As the meaning indicates, it refers to the act of favoring someone in treatment, recruitment or promotion based on reasons other than merit.
- ❖ *Hadr* (هدر) means waste. At face value, the term is used to refer to waste of public resources; however, it is also commonly used as euphemism for corruption. When public officials want to speak of corruption without being critical or offensive to their colleagues who may be practicing it, they refer to waste rather than corruption to avoid a defensive reaction. Unlike corruption, which implies an intentional act, waste remains vague and largely unintentional.
- ❖ *Kahwa* (قهوة) literally means coffee. It is used in Morocco as a code word to say a small *bakshish* (بخشيش) or tip in return for a “favor”. It is mostly used when the civil servant is asking for the bribe. The implicit meaning is “I want a reward so small it can only buy you a cup of coffee”.
- ❖ *Koussa* (كوسة) literally means zucchini. It is a code word in Egypt to refer to corruption or bribery. It may have originated from the tendency to avoid making political accusations openly and be liable to the retaliation of authorities.
- ❖ *Helwayneh* (هلوى) is a little gift or reward given to children on holidays. It literally means small sweets or candies. It is commonly used in Lebanon and Syria as a code word for *bakshish* (بخشيش) or tip. The use of this term makes the bribe sound less demeaning and harmful than its other synonyms. Although it is used by civil servants requesting a bribe, it is most commonly used as a promise by the citizen if their business was handled “smoothly”; one example is: “I’m saving you a *helwayneh* (reward) if you finish this transaction before the others.”

CHECKLIST OF KEY ACTIONS REQUIRED OF A GOVERNMENT ADHERING TO THE UNITED NATIONS CONVENTION AGAINST CORRUPTION

BY RICK MESSICK

- ✓ Establish a merit system for the civil service
- ✓ Promulgate a code of conduct for all public officials and endeavor to require officials to disclose outside activities, employment, investments, assets, and gifts that may give rise to conflicts of interest
- ✓ Create a public procurement system based on transparency, competition, and objective selection criteria with legal recourse for violations
- ✓ Enhance transparency in the organization, functioning and decision-making processes of the public administration by such measures as freedom of information legislation
- ✓ Institute a comprehensive regulatory scheme to prevent money laundering and consider creating financial intelligence unit to receive, analyze, and disseminate reports of suspicious transactions
- ✓ Outlaw the offering or soliciting of a bribe by a public official, influence peddling, the abuse of a public position, and illicit enrichment
- ✓ Ensure the concealment of these acts, the obstruction of corruption investigations, and attempts to commit corrupt acts are criminal offenses
- ✓ Provide a long statute of limitations for bribery and other corrupt acts and provide for its suspension when an offender has evaded prosecution
- ✓ Make sure the penalties for corrupt acts reflect the gravity of the offense, that immunities for public officials are not overbroad, and that if there is discretion to prosecute it is exercised with due regard for the need to deter corruption
- ✓ Establish procedures to freeze, seize, and confiscate the proceeds of corrupt acts and permit those injured by corrupt acts to initiate an action for damages
- ✓ Remove any obstacles posed by bank secrecy laws to investigating corruption
- ✓ Take adequate measures to protect those who witness or report corrupt acts
- ✓ Establish measures that encourage participants in corrupt acts to disclose their actions; consider providing such individuals with immunity or reduced sentences in return
- ✓ Cooperate with other governments on anticorruption investigations and prosecutions through providing information requested by another government and complying with extradition requests, or in the case of its own nationals either extraditing or prosecuting them
- ✓ Ensure that the proceeds of corrupt acts committed in other states and located in its territory can be promptly returned

**Transparency International
2007 Corruption Perceptions Index for MENA Countries**

World Rank	Regional rank	Country	2007 CPI Score	2006 CPI Score	Confidence range	Surveys Used
32	1	Qatar	6.00	6.00	5.4 - 6.4	4
34	2	United Arab Emirates	5.70	6.20	4.8 – 6.5	5
46	3	Bahrain	5.00	5.70	4.2 – 5.7	5
53	4	Oman	4.70	5.40	3.9 – 5.3	4
		Jordan	4.70	5.30	3.8 – 5.6	7
60	6	Kuwait	4.30	4.80	3.3 – 5.1	5
61	7	Tunisia	4.20	4.60	3.4 – 4.8	6
72	8	Morocco	3.50	3.20	3.0 – 4.2	7
79	9	Saudi Arabia	3.40	3.30	2.7 – 3.9	4
99	10	Lebanon	3.00	3.60	2.2 – 3.6	4
		Algeria	3.00	3.10	2.7 – 3.2	6
105	12	Djibouti	2.90	-	2.2 – 3.4	3
		Egypt	2.90	3.30	2.6 – 3.3	7
131	14	Yemen	2.50	2.60	2.1 – 3.0	5
		Libya	2.50	2.70	2.1 – 2.6	4
		Iran	2.50	2.70	2.0 - 3.0	4
138	17	Syria	2.40	2.90	1.7 – 2.9	4
178	18	Iraq	1.50	1.90	1.3 – 1.7	4
-	-	Average Score	3.80	3.96	-	-

Transparency International has been launching its yearly Corruption Perceptions Index (CPI) since 1995. Despite some methodological limitations and the fact that it is based upon perceptions, not actual evidence of corruption, the CPI remains one of the most widely used indices on corruption. In 2007 the CPI ranked 180 countries based on scores derived from data collected from surveys conducted by several sources, including the World Bank's CPIA and the World Economic Forum's Global Competitiveness Report. Because countries are frequently added or removed from the Index due to availability of data, it is not appropriate methodologically to compare country rankings from one year to the next (i.e. Jordan slipped from 40th in 2006 to 53rd in 2007 in overall world rankings), although such comparisons are common in the popular press.

The CPI score, which provides a numerical ranking on a scale of 1 to 10, is a more accurate way to compare countries, while taking into consideration that the number and kind of sources used may affect this score as well. For 2007, most MENA countries showed declines in their CPI scores on the index. Out of the 18 ranked MENA countries, the Index recorded declines of more than 0.3 on the scores of 10 countries, 4 out of which showed declines of more than 0.6 (out of 10). These changes in scores fall within the margin of error, which reduces their statistical significance. The MENA average regressed by about 0.2 points. The distribution remained largely unchanged, with countries being divided into roughly three thirds: the upper, medium and the low performers.

For further information, please visit: <http://www.transparency.org>

UPCOMING EVENTS AND ACTIVITIES

- **January 21-23, 2008: GfD Regional Conference on Supporting the Implementation of the “United Nations Convention against Corruption” (UNCAC) in Arab Countries:** Dead Sea, Jordan. In cooperation with the Ministry of Justice and the Anti-Corruption Commission in Jordan. lina.ghoussoub@undp.org and www.undp.org
- **January 28-February 1, 2008: 2nd Session of the Conference of the States Parties to the United Nations Convention against Corruption:** Bali International Convention Center, Nusa Dua, Indonesia. www.csp2indonesia.org
- **February 3rd, 2008: Strategy Meeting with Corporate Governance Steering Committee of Bahrain:** Manama, Bahrain, Facilitated by the Center for International Private Enterprise (CIPE) and the Commercial Law Development Program (CLDP) Hosted by the Ministry of Industry and Commerce. mkortbawi@cipe.org and www.cipe.org
- **February 3-5, 2008: Fourth Global Congress on Combating Counterfeiting and Piracy:** Mina A'Salam Hotel, Madinat Jumeirah, Dubai, UAE. Organized by the WCO and Dubai Customs, convened by Interpol, the World Intellectual Property Organization (WIPO), the International Chamber of Commerce (ICC) through its BASCAP Initiative, the International Trademark Association (INTA) and the International Security Management Association (ISMA). jerome.auchere@iccwbo.org and www.ccapcongress.net
- **February 6th, 2008: Conference on “Building a Corporate Governance Framework for Yemen” with key stakeholders from the public and private sector:** Sana'a, Yemen. Organized by the Yemen Businessmen Club (YBC) and CIPE in cooperation with the Hawkamah Institute and the Global Corporate Governance Forum. mkortbawi@cipe.org and www.cipe.org

NOTEWORTHY LINKS

- World Bank MENA Governance Website
<http://www.worldbank.org/mena-governance>
- World Bank General Governance Website:
<http://www.worldbank.org/governance>
- Arab Region Parliamentarians Against Corruption: www.arpacnetwork.org
- The Arab Anticorruption Organization:
www.arabanticorruption.org
- The Coalition for Accountability and Integrity - AMAN: www.aman-palestine.org
- Transparency International:
www.transparency.org
- UNDP-POGAR: Programme on Governance in the Arab Region: www.undp-pogar.org

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FOR FURTHER READING

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<<http://www.unodc.org/unodc/en/treaties/CAC/index.html>>

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