**Report**

On the results of Chisinau workshop on corruption, September 28-30, 2015

**Methodology**

Guiding Questions for Each Country Case Study:

* How structured or vertically integrated is the corruption?
* How horizontally integrated (e.g. including government/private sector/criminal elements on
* an equal basis)?
* Is the corruption centralized, with one main network, or is it characterized by competing
* corrupt networks?
* What elements of state function have been repurposed by kleptocratic networks to achieve their aims of maximizing revenues? Of obtaining submission from the population?
* What revenue streams are the corruption networks capturing?
* What are the most important enablers of the corruption (e.g. money-laundering havens,..)
* What are the key vulnerabilities of the corrupt networks?
* What is the role civil society plays and how successfully?

**Key takeaways:**

Moldova:

* Cooperation with the govt was successful in 2009-2014, since then has declined as the govt is getting increasingly corrupt.
* Old tricks are coming back, especially the use of GONGOs to emulate consultation with and getting endorsed by civil society.
* Investigative journalism is a success, but doesn’t lead to real changes. It is largely NGOs to blame who have failed to capitalise on investigative stories and mass protests these stories generate.
* EU/Russia divide undermines the anti-corruption drive. The ruling parties controlled by oligarchs have hijacked the pro-EU agenda.
* Closest allies of civil society: young judges, progressive prosecutors;

Georgia:

* The nature of corruption is changing, moving away from cash extraction towards lobbying for policies that to open favourable conditions for profiting.
* Low level corruption is eradicated, but political divide prompts the ruling party to biased tax and budget distribution policies.

Azerbaijan:

* Aliyevs fully control the system. It is a highly centralized and paternalist system: the bribes are being delivered upwards, but then returned back to the people in the form of bonuses in envelops, paid on the top of formal salaries.
* The fall of oil prices undermines this paternalist system and, thereby, the legitimacy of the ruling regime. This potentially creates new opportunities for the civil society.
* The absence of relatively independent oligarchs leave the civil society without funding. As a result, the opposition is underfunded.

Kyrgyzstan:

* Corrupt government tends to resort to ties with criminal networks (especially under Bakiev); the drug trafficking networks are still very strong and influential.
* The civil society has disillusioned with regime change as a tool for social change. Some activists make stake on forcing the existing politicians to deliver.
* Some activists successfully work on local/grass root level and mobilize popular support, especially among the youth.

**Matrix of cross-national comparison**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Indicators** | **Moldova** | **Georgia** | **Azerbaijan** | **Kyrgyzstan** |
| Corruption network nature | * + 2 networks: one larger and one smaller (banking and smuggling) | * + One network, associated with the ruling party and its sponsor | * + One network - highly centralized | One network, but with some roots in the regions; competition among regional networks |
| Vertical integration | * + 2 oligarchic groups: one in control the government.   + A clear example of state capture. | * + Money are extracted and extorted not for personal gains, but as a fundraising for ruling parties and the state budget (mostly in Saakashvili times).   + Now, corruption is related to policy, legislation, and enforcement. | * + Quite vertically integrated   + However, there is some competition between two groups to get closer to the president rather than challenging the presidency;   + The bribes delivered upwards, but then return back in the form of bonuses, which provides loyalty & stability (now is falling apart) |  |
| Horizontal integration |  | * + Networks more decentralized in terms of control. Local power networks hijacking public procurement networks. Almost a democratization of corruption after Saakashvili |  | * + Drug trafficking; private sector (contesting for mineral resources); criminal networks (being used by the gvt to extort money); bribery in schools and hospitals) |
| Low level, street corruption | * + Low level, street corruption has been reduced |  | * + quite a bit of low level corruption in terms of police, schools, hospitals, etc.;   + There have been some progress in terms of meritocracy ( hiring civil servants) |  |
| Corrupt revenue streams | * + Two different revenue streams: smuggling and banking,   + Bank fraud; money laundering   + Railway; telecom; tobacco; water   + Private monopolies on meat; insurance; media; hospitality   + Arms smuggling | * + Moving away from cash corruption towards policy promotion/lobbying (interest politics);   + direct budgetary support, taxes and customs-however, all of these are transparent   + Ivanishvili as a main revenue stream, directly funding the Georgian Dream govt. | * + Completely resource based | * + Lands;   + Export of agricultural products: Certifications as a bottleneck – depend on equipment for testing samples – supposed to be provided by state, but instead private consultant firms charge a lot. |
| State functions affected | * + Judiciary (cartel)   + Anti-corruption bureaus- National Anticorruption Center (NAC)   + Prosecutor   + Judges   + Tax Authority   + Central Bank | * + Prosecutor’s office (runs judiciary), for example forced plea bargaining by blackmail. Prosecutor essentially brokering the deal.   + Banking supervision   + Police is used for political purposes. Still struggling to reform this aspect. Police were reformed on the street/low level and this was used as a model in Ukraine and Moldova   + Tax collection is used politically (more during Saakashvili) | * + Education (teachers stuff ballots)   + Customs/taxes   + Police   + Judiciary   + Ministry of National Security- surveillance   + Army not in politics, but has a huge budget which makes it a potential revenue stream | * + Finance ministry   + Authorizations/building permits   + Judiciary and prosecution   + Ministry of interior   + Ministry of state security   + Public procurement and tenders   + Water management |
| External enablers | * + US and EU budget support: $50 million USD budget support and $50 million in loans   + MCC: Millennium Challenge $ (when Moldova received this)   + EBRD/World Bank/IMF- loans, most of these go towards infrastructure   + Russia organized crime networks   + Gas supply   + Transnistria- not necessarily a revenue stream, but customs exploits this as a facilitator for other revenue streams   + Switzerland and the UK are the main recipients of Moldovan network profits | * + Assets in Google, Dell, Intl stock market-- $ was successfully laundered long time ago – less of a concern now   + Russia, particularly with regard to the Church   + Church is itself corrupt institution that has influence over the state | * + External source of money are little, all money generated domestically;   + Clientele in the EP, PACE, lobbyists in the US;   + Image project- Eurogames, Eurovision   + Russia, Israel, and Turkey-arms trading   + EBRD- gas pipeline   + International oil companies- interested in maintaining stability – also they exploit this idea of that if they tighten the screws, Azerbaijan will move closer to China? A threat of a race to the bottom   + The wealth is all primarily abroad in Singapore, Switzerland, Dubai, UK, Czech Republic, Panama—in banks and real estate | * + Eurasian Economic Union- gives Russian aid and also a valve for unemployment;   + China has influence in the construction sector;   + Foreign financial centers (UK, Moscow, Belarus, Ireland and Dubai);   + Int-l donors & development agencies – lack of accountability |
| Recent institutional development | * + 12 major anti-corruption laws and 3-4 anti-corruption agencies   + Parliament has passed legislation that creates conditions for corruption   + Draft Law on Prosecution initiated by the Ministry of Justice, but with the input from civil society. Civil society has representation on the working group that informed the law. However, in order for this draft law on prosecution to be effective, there must also be the passing of related legislation (which is currently more unlikely to be passed than the draft law) | * + Anti-corruption Council more inclusive than during Saakashvili   + State administrative capacity has greatly increased and therefore, with increased stability of public administration, you can help root out corruption more easily |  |  |
| Vulnerabilities; leverage points | * + EU integration   + Protection of EU funds and the need for foreign funding (IMF and World Bank)   + UNCAC   + Reform of prosecution (if introduced) - civil society can now appeal to more favorable prosecutors with evidence.   + Improved police force   + Competition among networks   + Lack of monopoly on the use of force | Ivanishvili:   * + Reputation factor - does not want an aggressive political party that would remove his wealth   + Moldova example: wants people to like him (an informal power broker)   + Would not be opposed to a democratic govt as long as he could keep his wealth   + Parliamentary elections are a vulnerability - large # of unaffiliated voters | * + Oil prices go down; Currency Devaluation   + Desire for western institutions (Eurogames and Eurovision)   + Fear of radicalism/extremism   + Western pressure on human rights record | * + Political competition between parties: each party is interested in presenting new initiatives;   + Professional NGOs that provide expert review of draft laws;   + Still relative freedom of media (although shrinking)   + Councils at the ministries that include NGO reps   + International donors(if restrict conditionality)   + Youth is active on grass-root level |
| Disadvantages | * + Cartel of the judiciary   + The climate of impunity;   + Lack of enforcement | * + Political divide: political expediency prevails over good governance | * + No oligarchs are independent from government control hence why the opposition has zero funding and there is no opposition media. |  |
| Civil society achievements, role & status | From **2009-2014**, civil society was quite involved in consulting the government on a package of reforms. Activities during this time included:   * + 2011 Strategy for Judicial Reform in which civil society provided consultation to the government through a working group   + A package of laws on integrity   + The National Anti-Corruption Center (NAC) was also created during this time (however it has now backslid in terms of its autonomy as it is now under the control of the Prime Minister.)   + The National Integrity Commission (NIC) was also established as a result of civil society advocacy.   + Asset declaration/conflict of interest (Again, this was an achievement of civil society intervention, however, its gains have been stalled as there is pending legislation to reform the NIC, but a lack of political will to pass reforms).   **After 2014**, the ability of civil society to reform/influence the government changed after the elections as they ran into entrenched interests.  Other:  the Civic Initiative for Integrity of Public Service is a success: NGO initiative from 2009; conduct monitoring, advocacy, investigative journalism; composition. Members:   * + Center for Investigative Journalism- does investigative journalism;   + Association for Participatory Democracy- [www.anticorruption.md](http://www.anticorruption.md) – working on making a mobile app where individuals can report incidences of corruption in their daily lives (currently only available as a website portal (Also monitors politicians’ salaries and assets before and after taking office);   + Association of Independent Press- moldovacurate.md (provides monitoring, conflict of interest, mini investigative journalism pieces);   + Center for Analysis and Prevention of Corruption- involved in direct advocacy and analysis, provides training for judges and prosecution, also able to win several conflict of interest cases in the Moldovan courts.   Another successful intervention from civil society has been with regard to Investigative Journalism:   * + Monitoring elections, assets of politicians, campaign finance   + People noted that there is actual behavior change with regard to candidates based on investigative journalism pieces   + However, there is still a problem with authorities moving cases forward after corruption has been exposed by journalists. The cases often stall. |  |  | * + Some NGOs have been successful in mobilizing of masses on jamaats (local communities) level   + Worked in the councils at the ministries that include NGO reps |
| Civil society failures, weaknesses | Failed initiatives:   * + the NGO Coalition on Anti-Corruption is ineffective   + National Participatory Council: Civil Society Consultative Body; Prime minister had recommended its creation but again, after 2014 there has been a lack of political will to keep it alive and it is a dead institution;   GONGOs are back:  The use of GONGOs to emulate the civil society support is a new development.  In May, civil society opposed amendments recommended by judges that would have been detrimental to the system. However, judges indicated that they did in fact consult civil society in the drafting of amendments; Rather than consult true civil society organizations, judges had the blessing of GONGOs and true civil society organizations were not able to move forward with appeals. Mass Mobilization is weakest part of the organized CS. Not capitalizing on the results of recent polls that suggest 83% of Moldovans disagree with what is going on in the country.  Other problems:   * + There are some local level initiatives particularly around decentralizing public procurement. However, overall there is very low civic involvement and local grassroots efforts. This is one area where more could be done.   + Lack of follow-up to breaking stories by investigative journalism; NGOs should play a role, they need to strategically communicate their projects to the broader public to get their buy-in in anti-corruption efforts.   + Need for strategic litigation: The culture does not exist yet; there are some cases from the ECHR but the govt just pays a fee |  |  |  |
| Strategic allies | * + autonomous prosecutors (potentially)   + young judges |  |  |  |