

Best Practices for Curbing Corruption in Asia

By Jon S.T. Quah¹

Corruption is a serious problem in many Asian economies today. According to Transparency International's 2003 Corruption Perceptions Index (CPI), only 5 of the 16 Asian economies included in the survey of 133 economies scored above 5 out of a 10-point scale, with 10 being the least corrupt. Table 1 below shows that except for Singapore (ranked 5th); Hong Kong, China (14th); Japan (21st); Taipei, China (30th); and Malaysia (37th), the other 11 Asian economies had scores ranging from 4.3 for the Republic of Korea (50th) to 1.3 for Bangladesh (last).

Table 1: 2003 Corruption Perceptions Index for 16 Asian Economies

	Rank	Score
Singapore	5	9.4
Hong Kong, China	14	8.0
Japan	21	7.0
Taipei, China	30	5.7
Malaysia	37	5.2
Republic of Korea	50	4.3
People's Republic of China	66	3.4
Sri Lanka	66	3.4
Thailand	70	3.3
India	83	2.8
Pakistan	92	2.5
Philippines	92	2.5
Viet Nam	100	2.4
Indonesia	122	1.9
Myanmar	129	1.6
Bangladesh	133	1.3

Source: <http://www.transparency.org/cpi/2003/cpi2003.en.html>

However, some Asian economies like Singapore; Hong Kong, China; and Republic of Korea have adopted six best practices, which could be adopted by other economies concerned with minimizing corruption.

1. Do not rely on the police to curb corruption

Singapore was a British colony for nearly 140 years until June 1959, when it attained self-government. During the colonial period, the British relied on the Anti-Corruption Branch (ACB) of the Criminal Investigation Department (CID) of the Singapore Police Force (SPF) to curb corruption. This was a serious mistake for three reasons. First, the ACB was a small unit of 17 men who were given a difficult task to perform: the eradication of corruption in the Singapore Civil Service (SCS). Second, as CID's top priority was to deal with serious

crimes like homicide, the task of fighting corruption received lower priority and the ACB had to compete with other branches for limited resources.

The third and most important reason for the ACB's ineffectiveness was the prevalence of police corruption in colonial Singapore. In October 1951, a consignment of 1,800 pounds of opium worth S\$400,000 was stolen by a gang of robbers, which included three police detectives. A special team appointed by the British colonial Government to investigate the robbery found that corruption was widespread especially among those policemen involved in protection rackets.

This opium hijacking scandal made the British colonial Government realize the importance of creating an independent anticorruption agency that would be separate from the police. Accordingly, it replaced the ACB with the Corrupt Practices Investigation Bureau (CPIB) in October 1952.

The same story can be told in Hong Kong, which was under British rule from 1841 to 30 June 1997. As in the case of Singapore, the ACB of the CID of the Royal Hong Kong Police Force (RHKPF) was also responsible for curbing corruption from 1948 until 1971, when the ACB was upgraded to the Anti-Corruption Office (ACO), which was also ineffective in dealing with the rampant police corruption. The escape of a corruption suspect, Chief Superintendent Peter F. Godber, on 8 June 1973, to the United Kingdom angered the public and undermined the ACO's credibility. Consequently, the Governor was compelled by public criticism to accept the Commission of Inquiry's recommendation to establish an independent agency, separate from the RHKPF, to fight corruption. The Independent Commission Against Corruption (ICAC) was thus formed on 15 February 1974.

As Singapore and Hong Kong, China are perceived to be the least corrupt economies in Asia, their success in combating corruption can be attributed to their rejection of the British colonial method of relying on the police to curb corruption and their reliance instead on independent anticorruption

agencies like the CPIB and ICAC. Thus, Singapore has taken 15 years (1937–1952) and Hong Kong has taken 26 years (1948–1974) to learn this important lesson.

In short, the first best practice is never to let the police handle the task of controlling corruption. This would be like giving candy to a child, expecting that it would not be eaten. Instead, a separate agency dedicated solely to the task of fighting corruption should be established to deal effectively with corruption in all government departments, including the police.

2. Implement comprehensive anticorruption legislation

To combat corruption effectively in a country,² having comprehensive anticorruption legislation is an important prerequisite. Apart from defining explicitly the meaning and different forms of corruption, the legislation should specify clearly the powers of the director and officials of the anticorruption agency responsible for implementation. For example, sections 15, 17, and 18 of the Prevention of Corruption Act (POCA) of 1960 in Singapore specified the powers of the CPIB's director and officers.

Furthermore, the anticorruption legislation should be reviewed periodically to remove loopholes or deal with unanticipated problems by introducing amendments or, if necessary, new legislation. In 1966, Singapore's POCA was amended to ensure that Singaporeans working for their Government in embassies and other government agencies abroad—as Singapore citizens—would be prosecuted for corrupt offenses committed outside Singapore and would be dealt with as if such offenses had occurred in Singapore (Section 35). Another example is the Republic of Korea's Anti-Corruption Act of July 2001, which includes an innovative chapter on the protection for whistle-blowers (Chapter 3, articles 25–39).

3. Provide the anticorruption agency with adequate staff and funding

Since fighting corruption is expensive in terms of skilled manpower, equipment, and financial resources, the incumbent government must demonstrate its political will and support by providing the required personnel and budget needs of the anticorruption agency. For example, the ICAC in Hong Kong had a total staff of 1,286 members in 2001 and a budget of HK\$686.7 million (US\$88 million). Similarly, Singapore's CPIB had a total staff of 80 members and a budget of S\$10.7 million (US\$6.3 million) in 2001. Hong Kong's per capita expenditure of US\$12.57 for fighting corruption is much higher than Singapore's US\$1.54 per capita expenditure because the ICAC's three-pronged strategy of investigation,

education, and prevention has required more manpower and funds than the CPIB's emphasis on investigation.

The anticorruption agency must exercise care in recruiting honest and competent staff as misconduct by any staff member will undermine its credibility and legitimacy. In the Philippines, for example, the Presidential Commission on Good Government (PCGG) was created in 1986 to recover the money allegedly stolen by the family of the late President Ferdinand Marcos and his cronies. The public, however, was generally critical of the PCGG; and in June 1988, five PCGG agents were accused of graft and 13 more were under investigation.

4. Cut red tape to minimize opportunities for corruption

Corrupt civil servants love red tape as it creates opportunities for them to solicit or accept bribes from some members of the business sector to facilitate the processing of their applications for licenses or to “jump the queue.” The Republic of Korea, where many government regulations have created opportunities for corruption, is one example. To obtain a permit to build a factory, a company must prepare an average of 44.2 documents. These complex procedures of requiring many documents resulted in delays, which increased the costs in time and money for the clients or business firms. Thus, it is not surprising for the latter to be tempted to bribe the civil servants to expedite the processing of their requests.

In 1998, the Regulatory Reform Committee (RRC) was established to make the Republic of Korea more business friendly by eliminating unnecessary or irrational economic and social regulations that hindered business activities. Table 2 below shows that, after its first year of operations, the RRC abolished 5,226 or 48% of 11,115 administrative regulations.

5. Reduce opportunities for corruption in “wet” public agencies

In Indonesia, civil servants distinguish between “wet” and “dry” public agencies, depending on their budget and access to the public. “Wet” agencies have more opportunities for corruption as civil servants in these agencies have larger budgets and access to the fee-paying public while those in “dry” agencies are denied such access. In many Asian countries, the police, internal revenue department, customs department, and public works department are considered “wet” agencies because of their access to the public and the ample opportunities for corruption.

Vulnerable or “wet” government agencies must review their procedures periodically to reduce opportunities for corruption. Unnecessary red tape should be reduced and cumbersome administrative procedures streamlined.

Table 2: Regulations Eliminated by the Regulatory Reform Committee in 1998

Field	No. of regulations	Regulations eliminated	Percentage eliminated
Economic ministries	6,433	3,293	51.1
Social ministries	3,967	1,788	45.1
Administrative ministries	715	245	34.3
Total	11,115	5,326	47.9

Source: Office of the Prime Minister. 1998. *Progress and Prospect of Regulation Reform*. Seoul.

Regional Cooperation: OECD-ADB Anti-Corruption Initiative

Regional cooperation is essential in curbing corruption as countries can learn from each other's experience and practices. The Organisation for Economic Co-operation and Development (OECD)-Asian Development Bank (ADB) Anti-Corruption Initiative is helping promote regional cooperation in the fight against corruption in the Asia and Pacific region.

The ADB-OECD Anti-Corruption Initiative for Asia-Pacific supports participating countries in building up the appropriate legislation and efficient institutions for a sustained fight against corruption. By bringing together major stakeholders and by pooling efforts from several countries, the Initiative promotes regional ownership; international cooperation; and involvement of business, trade unions, and nongovernment organizations.

History

The ADB-OECD Anti-Corruption Initiative for Asia-Pacific was launched at ADB headquarters in Manila in October 1999 to raise awareness of the seriousness of the corruption problem and identify anticorruption strategies. A follow-up meeting in Seoul a year later resulted in the development of the Anti-Corruption Action Plan for Asia and the Pacific, which was endorsed by 17 governments in Asia and the Pacific at the Tokyo conference in December 2001.

The Action Plan provides a comprehensive set of actions that governments will take to develop effective and transparent systems for public service, strengthen antibribery actions, promote integrity in business operations, and support public involvement.

To date, 21 governments^a have endorsed the Action Plan and have started implementing priority areas of reform to fight corruption.

Objectives

The Initiative is aimed at fostering both regional and country-specific policy reforms. This strategy is tailored to policy priorities identified by endorsing countries, and provides the means by which governments, international organizations, and other partners of the Initiative can review progress achieved. A key activity of the Initiative is a bi-annual conference bringing together representatives of governments, business, trade unions, media, and civil society from Asia-Pacific countries, ADB, OECD,

and other agencies. A steering group meeting is held twice a year to assess progress made in implementing the Action Plan, to facilitate policy dialogue and exchange experience among endorsing governments on successes and problems, and to promote dialogue with representatives of the international community and business sector to mobilize donor support.

The Initiative's key accomplishments for the past 2 years are contained in *Anti-Corruption Policies in Asia and the Pacific*, a publication which outlines the strategies, framework of action, and progress reports of endorsing governments in their fight against corruption, as set up in the Action Plan.

Capacity Building

The Initiative will continue to work with countries in realizing their commitments to reduce corruption. Future tasks will include assistance in endorsing governments in implementing their priority areas of reform under the Action Plan, identifying and organizing capacity building training programs, and encouraging more governments to join the Initiative.

To address capacity constraints and difficulties to combat corruption, the Initiative plans to undertake specifically designed training programs on topics selected by the steering group. Training courses being planned include forensic accounting, mutual legal assistance, public opinion surveys, and public procurement. The Initiative will address the needs of endorsing governments which intend to ratify the UN Convention on Corruption by adapting the provisions to their laws and institutions. A medium-term strategy and work plan for 2004-2006 will be discussed during the forthcoming steering group meeting to be held in July at ADB's headquarters, Manila.

The Secretariat maintains a web site on the Initiative <http://www.oecd.org/daf/ASIAcom>.

^a As of 30 January 2004, the following governments have endorsed the Action Plan: Australia; Bangladesh; Cambodia; Cook Islands; Fiji Islands; Hong Kong; China; India; Indonesia; Japan; Kazakhstan; Kyrgyz Republic; Malaysia; Mongolia; Nepal; Pakistan; Papua New Guinea; Philippines; Republic of Korea; Samoa; Singapore; and Vanuatu.

The box was contributed by Jak Jabes, ADB's focal point for the ADB-OECD Anti-Corruption Initiative for Asia and the Pacific.

6. Punish the guilty to make corruption a high-risk, low-reward activity

Corruption thrives in countries where the public perceives corruption to be a low-risk, high-reward activity, i.e., corrupt officials are unlikely to be caught or punished if they are caught. Conversely, corruption can be minimized when it is perceived as a high-risk, low-reward activity—when corrupt officials are caught and severely punished.

For the public to perceive corruption as a high-risk, low-reward activity, the incumbent government must publicize through the mass media the corrupt practices of civil servants and politicians, and also inform the people of their corresponding punishment, according to the law, if they are found guilty. Those found guilty must be punished, regardless

of their status or position. If the so-called “big fish” (rich and famous) receive protection and escape prosecution for their corrupt offenses, the credibility and efficacy of the country's anticorruption strategy will be undermined.

In a comparative analysis of successful prosecution of corrupt offenders in Hong Kong and the Philippines in 1997, Robert Beschel, Jr. (1999, p. 8) found that a person committing a corrupt offense in Hong Kong was 35 times more likely to be detected and punished than his counterpart in the Philippines. The more effective detection and punishment of corrupt individuals in Hong Kong is an important factor why corruption is a less serious problem in Hong Kong than in the Philippines. In his memoirs, Senior Minister Lee Kuan Yew (2000, p. 342) of Singapore attributed the lack of punishment against Marcos, his family, and cronies for their corrupt activities to the “soft, forgiving culture” of the Philippines.

Preconditions for implementing best practices

To implement the six best practices discussed above, the countries concerned must fulfill two important preconditions—political will and a favorable policy environment.

First, do the political leaders in the country have the political will to curb corruption? Political will refers to the commitment of political leaders to eradicate corruption and exists when these three conditions are met: (i) comprehensive anticorruption legislation exists; (ii) the independent anticorruption agency is provided with sufficient personnel and resources; and (iii) the anticorruption laws are fairly enforced by the independent anticorruption agency.

A comparative study of anticorruption strategies in Hong Kong, China; India; Republic of Korea; Mongolia; Philippines; and Singapore (Quah, 2003, p. 181) concluded, “Political will is the most important prerequisite as a comprehensive anticorruption strategy will fail if it is not supported by the political leadership in a country.” Indeed, without political will, the above six best practices cannot be implemented.

In addition to political will, the second requirement is a favorable policy context for implementing the six best

practices. Does the policy context in the country favor or hinder the control of corruption? Is the policy context conducive or hostile for implementing anticorruption reforms? The examples of Hong Kong and Singapore show that, apart from political will, they have succeeded in curbing corruption because of their favorable policy contexts: they have small populations; stable governments; high standards of living; efficient civil service systems; and well-developed infrastructure. On the other hand, countries like Indonesia and the Philippines, which are archipelagos with populations of 212.1 million and 75.7 million, respectively, will encounter more difficulty in implementing these six best practices in curbing corruption because of their unfavorable policy contexts.

In summary, minimizing corruption in a country is not a simple task that can be completed overnight. It is also not an impossible dream if the political will exists to implement the required anticorruption reforms, as shown by the effective anticorruption strategies adopted by Hong Kong, China; and Singapore. Political leaders must also be able to implement the best practices in curbing corruption by minimizing the constraints imposed by the policy context.

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² The term “country,” as used in the context of ADB, refers to a member of ADB and does not imply any view on the part of ADB as to the member’s sovereignty or independent status.

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