



# The Global Corruption Risk Map

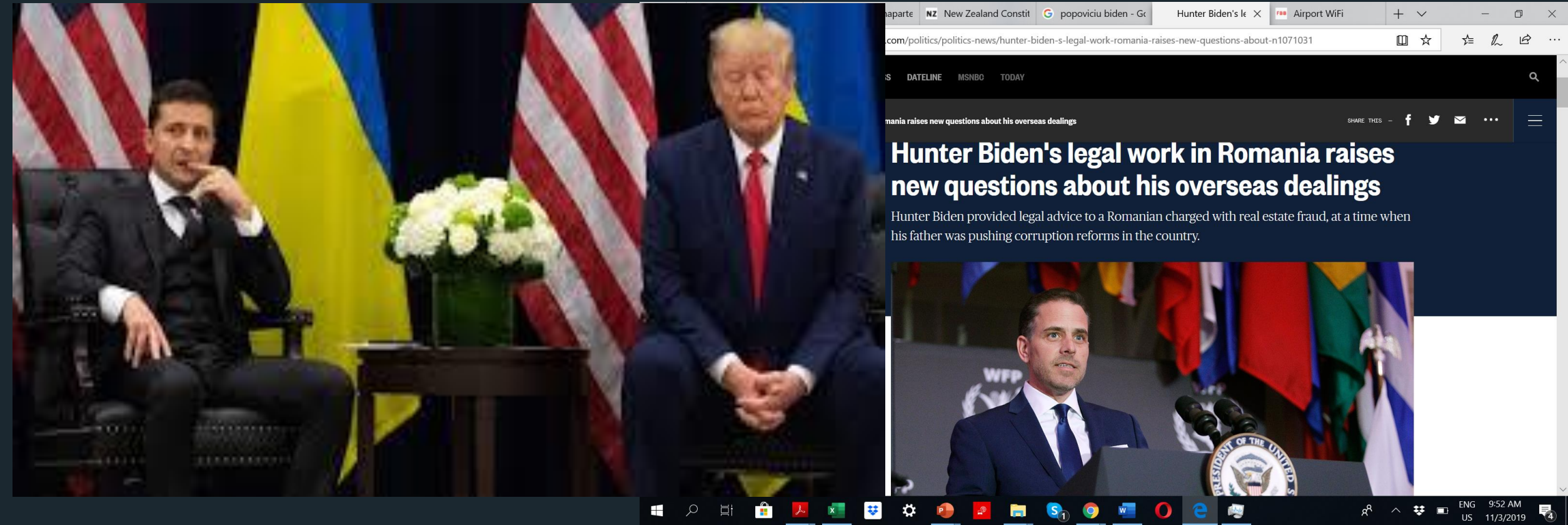
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[www.againstcorruption.eu](http://www.againstcorruption.eu)



# Problems in paradise...or why with globalization integrity is no longer a problem of the developing world alone



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com/politics/politics-news/hunter-biden-s-legal-work-romania-raises-new-questions-about-n1071031

DATELINE MSNBO TODAY

manian raises new questions about his overseas dealings

## Hunter Biden's legal work in Romania raises new questions about his overseas dealings

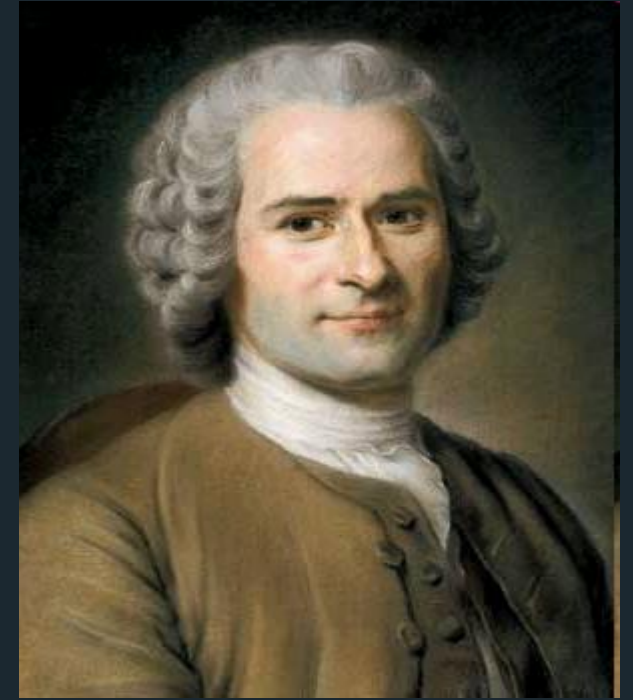
Hunter Biden provided legal advice to a Romanian charged with real estate fraud, at a time when his father was pushing corruption reforms in the country.

WFP PRESIDENT OF THE UNITED STATES

ENG 9:52 AM 11/3/2019

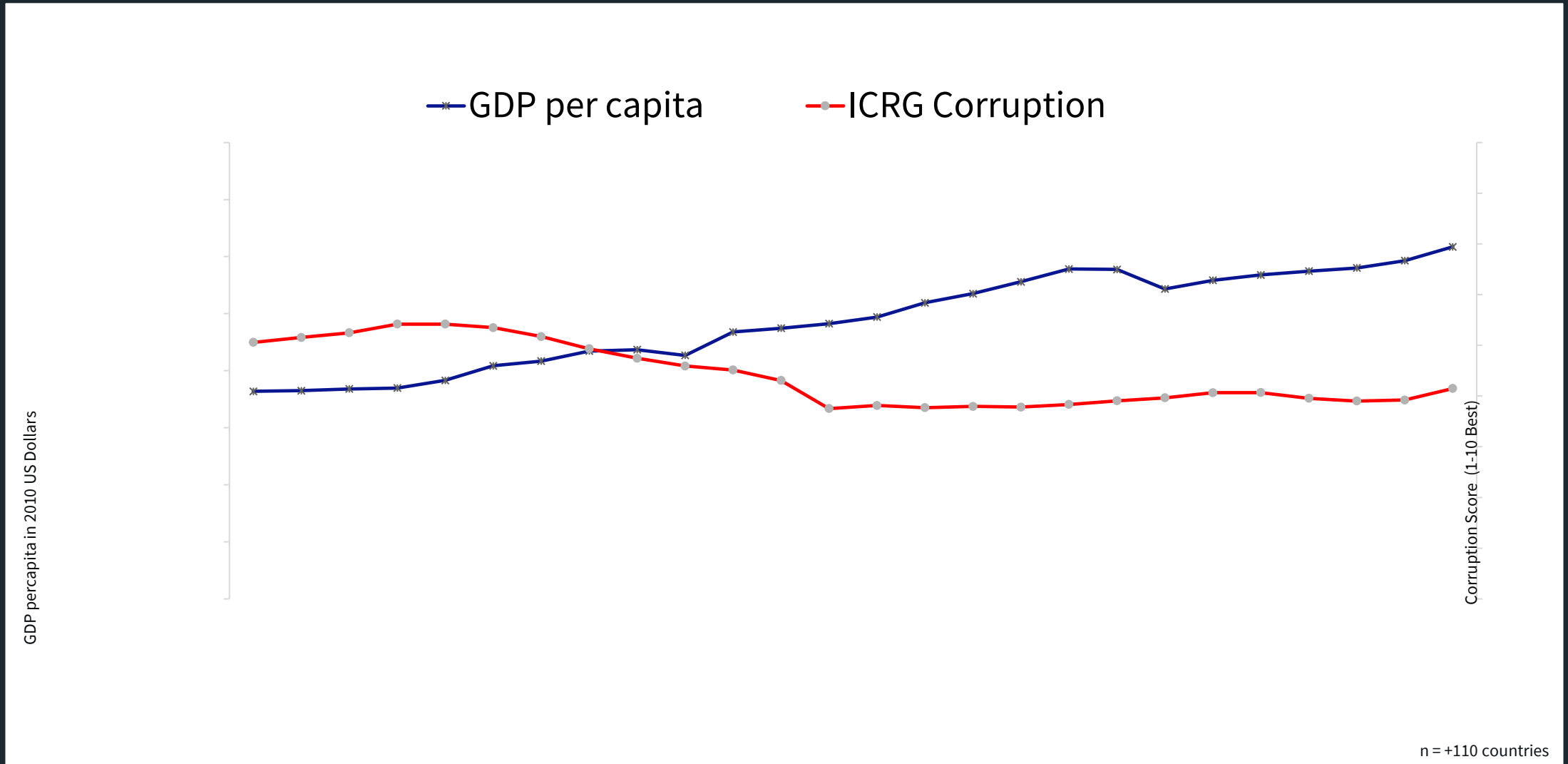
# Globalization should have brought

- **Peace and prosperity** = trade was supposed to end wars and enable comparative advantage
- **Meritocratic capitalism** = market success based on merit (innovation, productivity) and not connections with authority
- **Equality catch up** = between countries, within countries, rise of middle class
- **Good governance catch up** = competitive free trade supposed to level the field

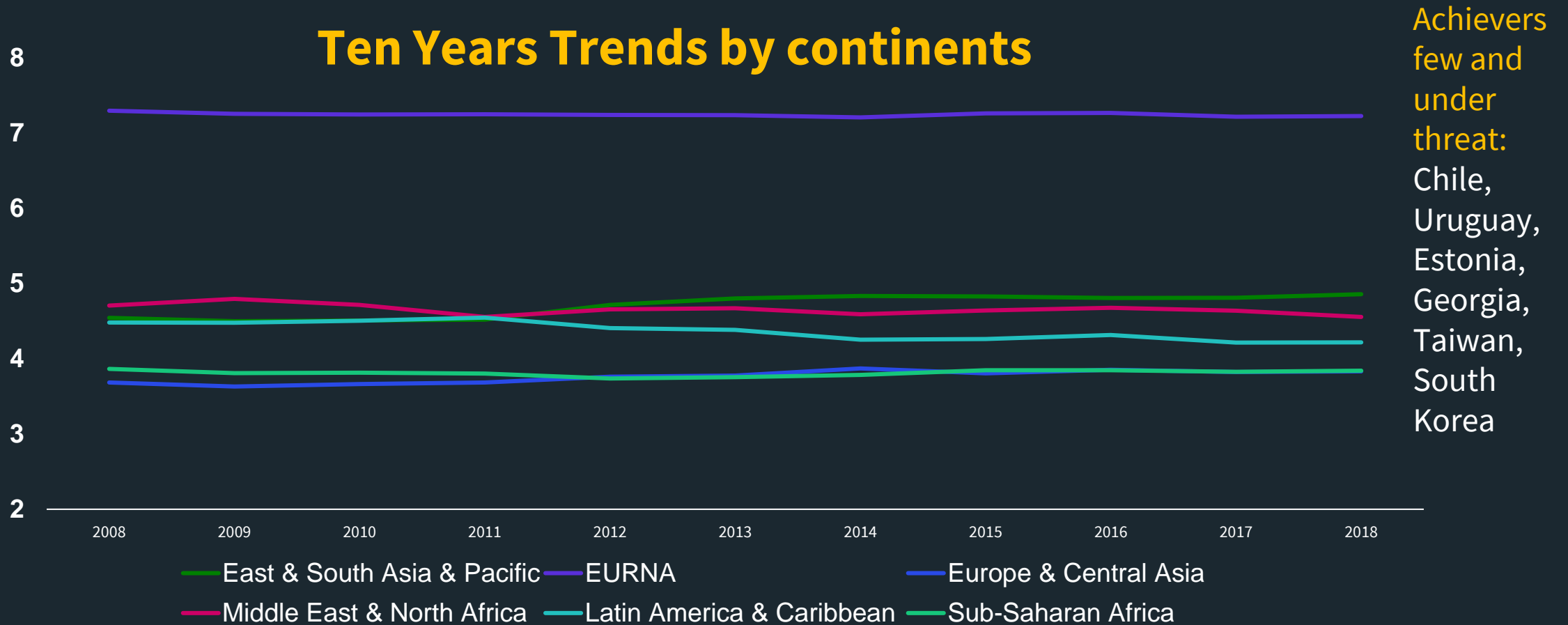


CLAUDE HENRI DE ROUVROY,  
COMTE DE SAINT-SIMON

# Prosperity improved (China and India), but no catch up on good governance in 30 years



# No catch up on good governance Control of Corruption World Governance Indicator World Bank Ten Years Trends by continents



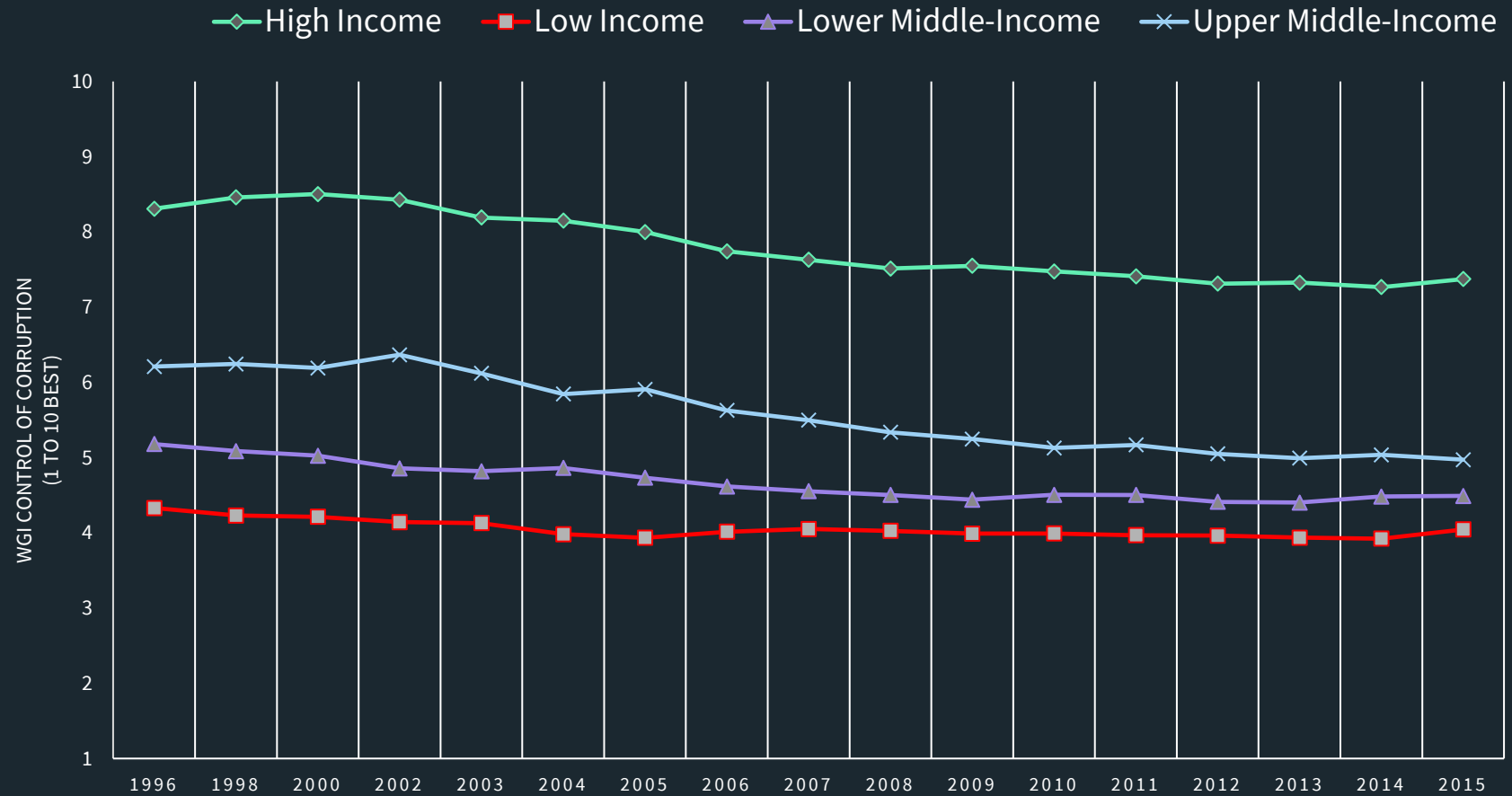
Source: World Bank World Governance Indicators (2008-2018)

Scale: Transformed to a 0 – 10 scale, with 10 implying the highest control of corruption.

# However: no catch up on good governance

## Control of Corruption World Governance Indicator World Bank

### Ten Years Trends by income group

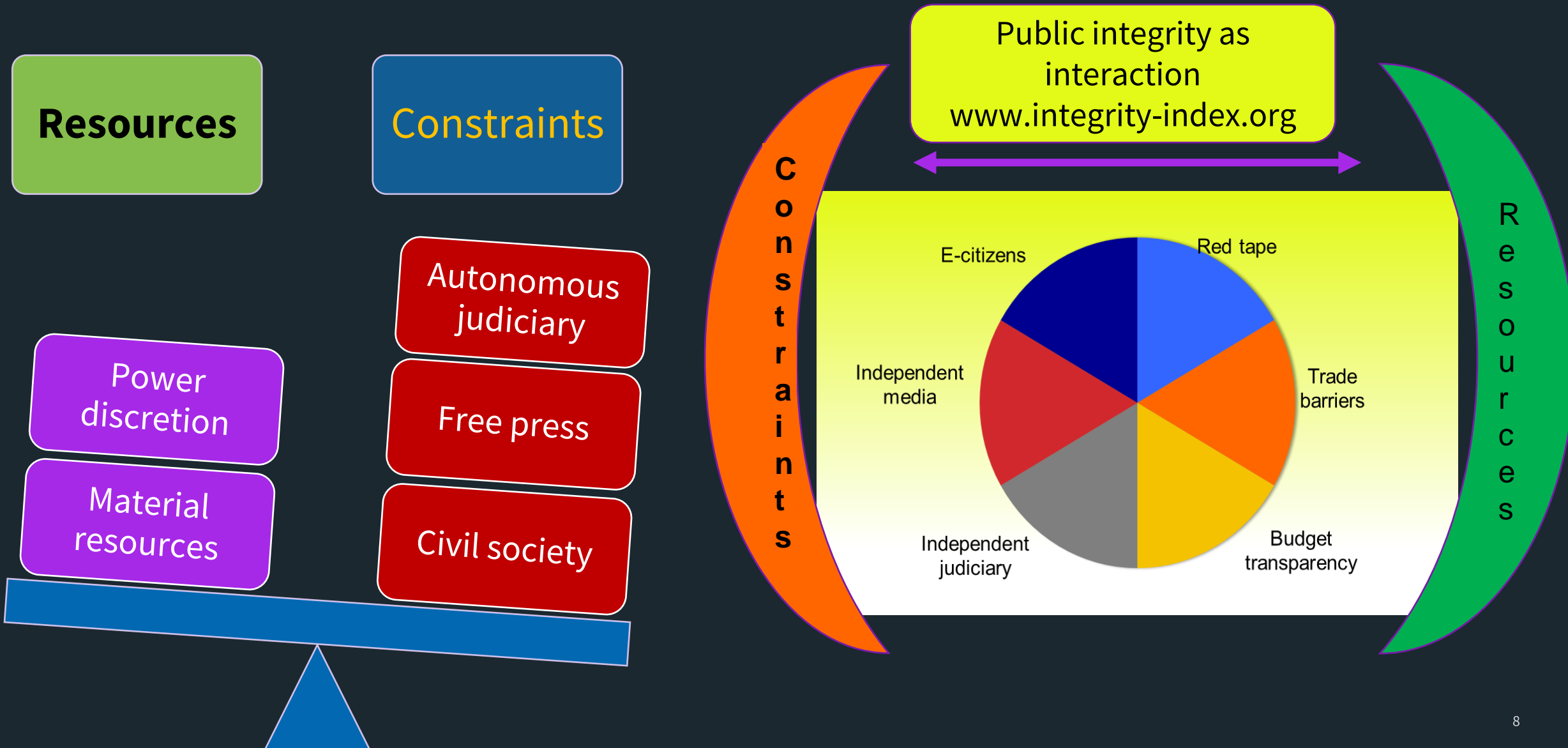


Data source: World Governance Indicators & World Bank

# The anticorruption impasse...

- Fifteen years of anticorruption and little to show in terms of significant country or regional progress
- Awareness highest than ever, but also an industry driven by its own self-perpetuation needs: spends and employs more
- We stimulated demand - public highly critical and skeptical that govt driven AC leads anywhere (Global Corruption Barometer) – expectation that we cannot meet
- An international normative and legal framework now exists but the more rules we promote the greater the ‘implementation gap’
- In fact, politics have been bad – decline of press freedom

# Control of corruption is the optimal balance between opportunities and constraints



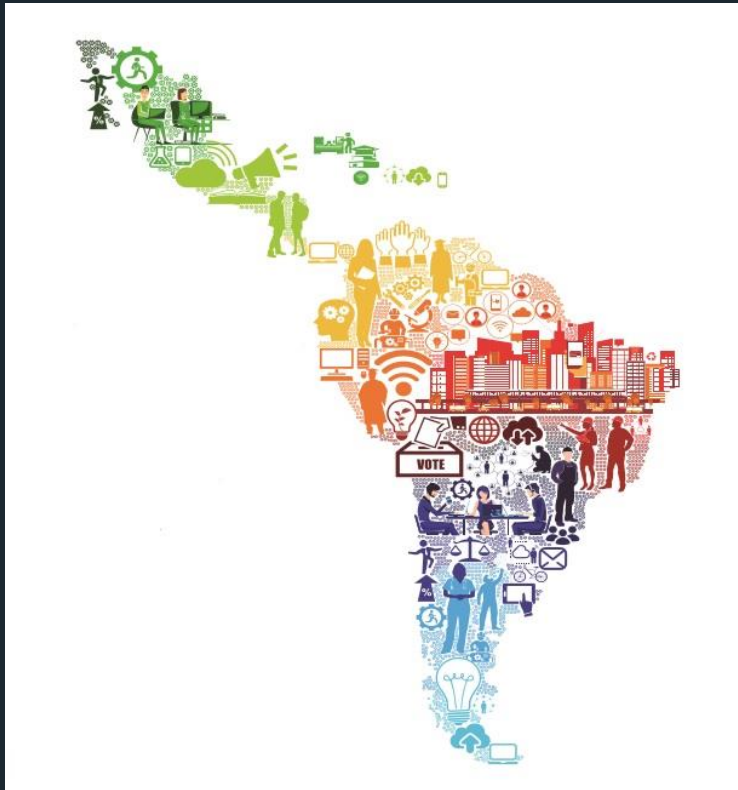


## What seems to be disbalanced in the Mexican case?

Compare with the others in the same income group, region or the whole world! [www.integrity-index.org](http://www.integrity-index.org)

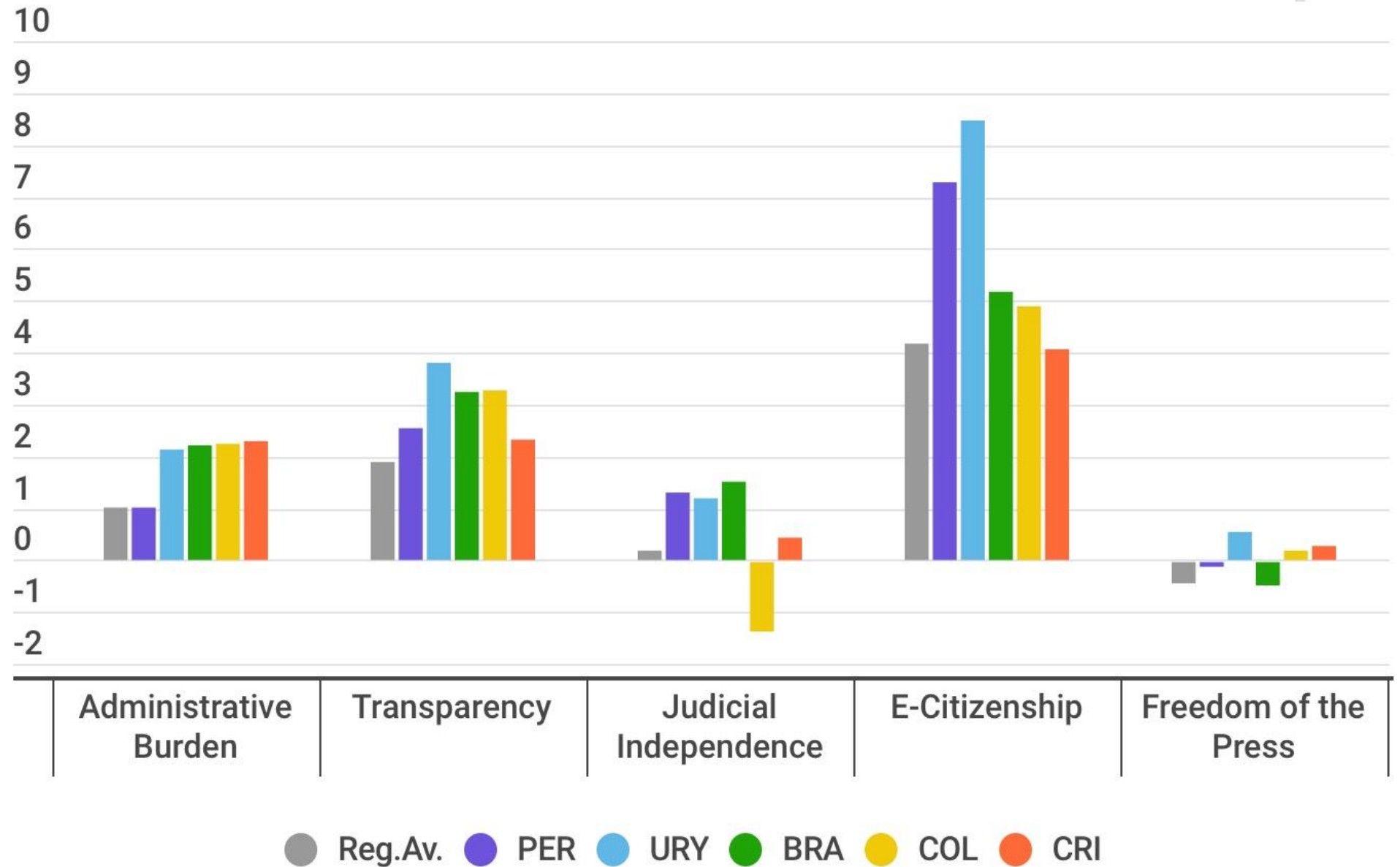
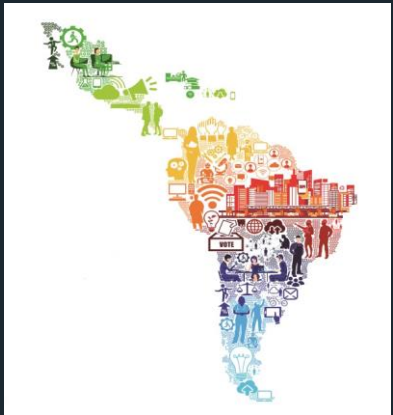
Components	Component Score	World Rank	Regional Rank	Income Group Rank
Judicial Independence	4.06	83/117	8/18	18/29
Administrative Burden	8.77	47/117	4/18	8/29
Trade Openness	8.76	58/117	2/18	15/29
Budget Transparency	9.14	14/117	2/18	4/29
E-Citizenship	6.05	46/117	7/18	7/29
Freedom of the Press	3.85	86/117	15/18	18/29

# LAC Regional performance

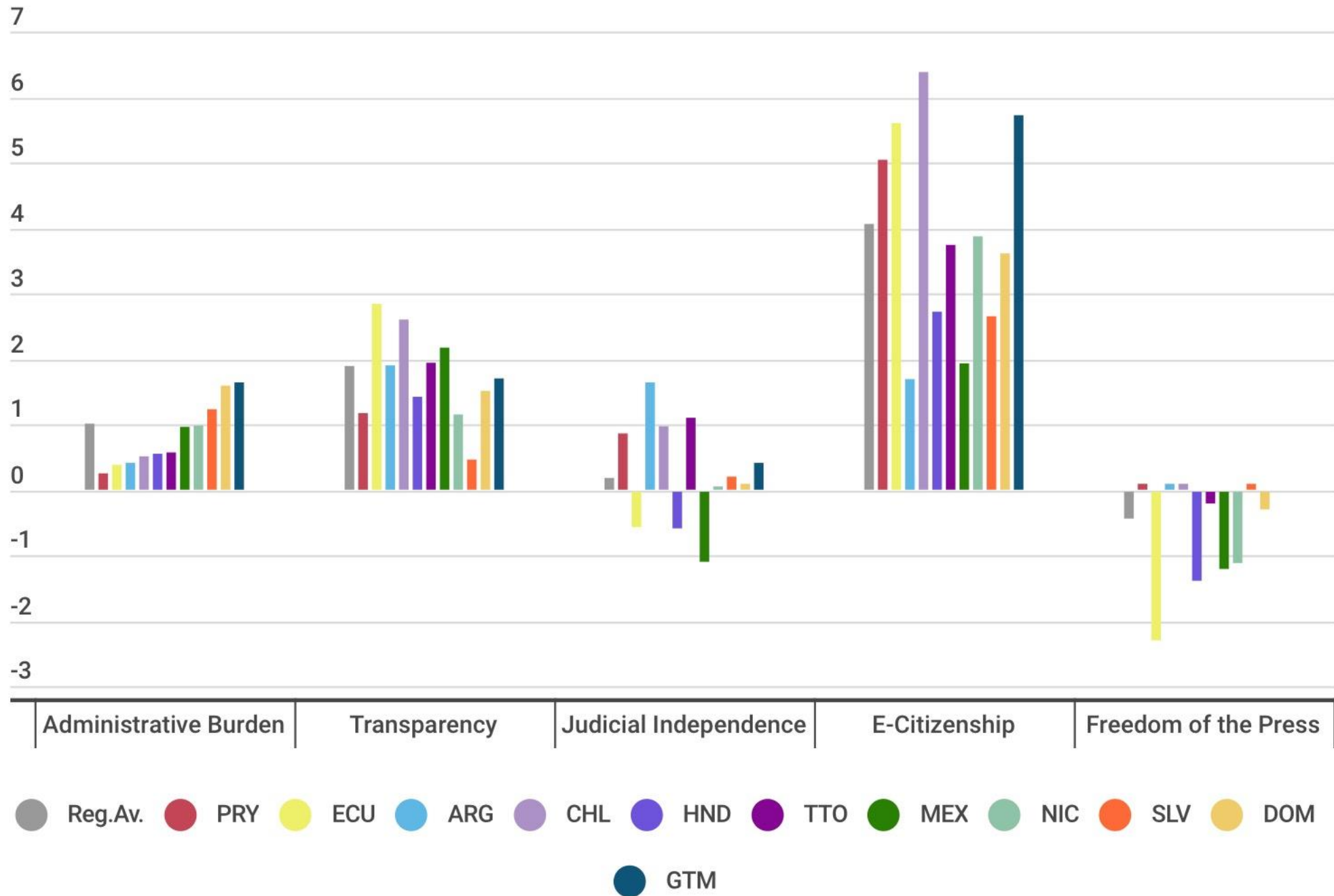
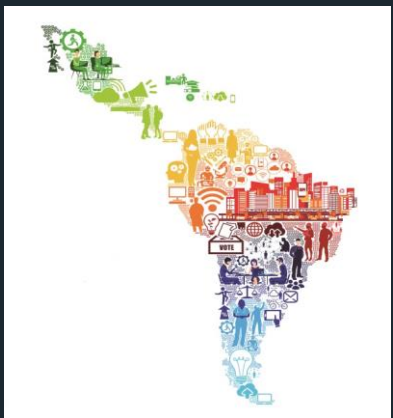


Indicator	Mean	Std deviation
Control of corruption change 1998-2018 N=18	-0.28	0.53
Judicial independence WEF 2008-2018 N=18	0.17	1.04
Freedom of the Press FH 2008-2018 N=18	-0.41	0.74
Administrative Burden WB 2008-2018 N=18	1.01	0.88
# of Trade Agreements*Years 2008-2018 N=18	95.77	63.80
Transparency 2008-2018 N=18	1.88	1.12
Digital participation 2008-2018 N=18	4.17	2.09
Political Stability 2008-2018 N= 18	0.33	0.66
Education (HDI) 2008-2018 N=18	0.53	0.18

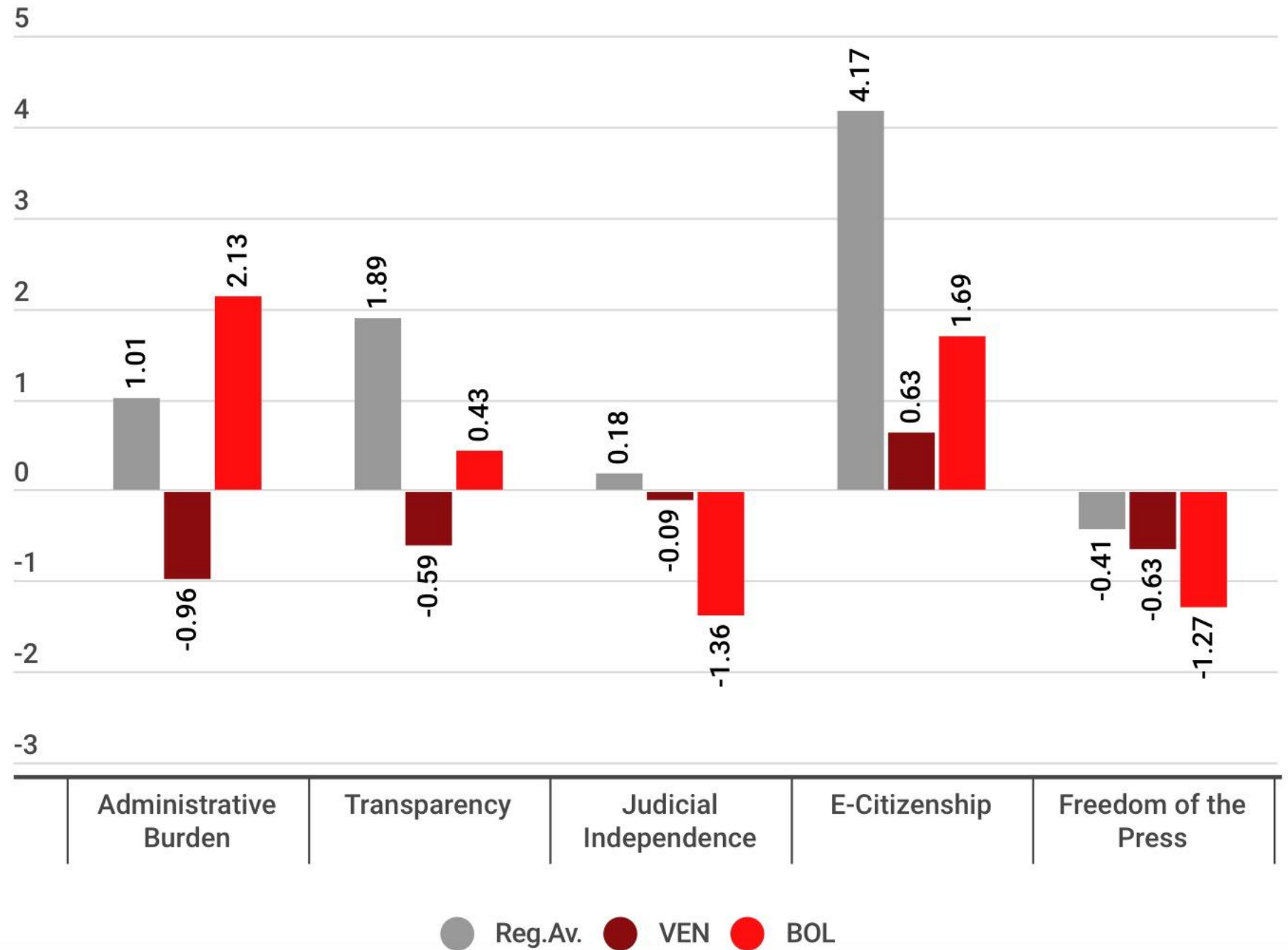
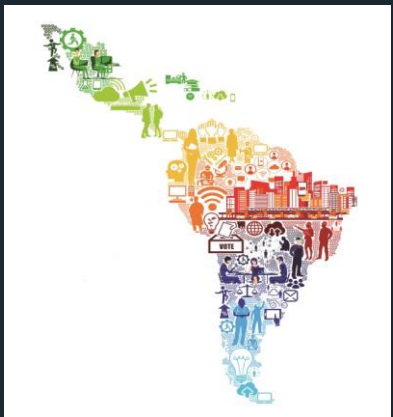
# The leaders



# The laggards



# The backsliders



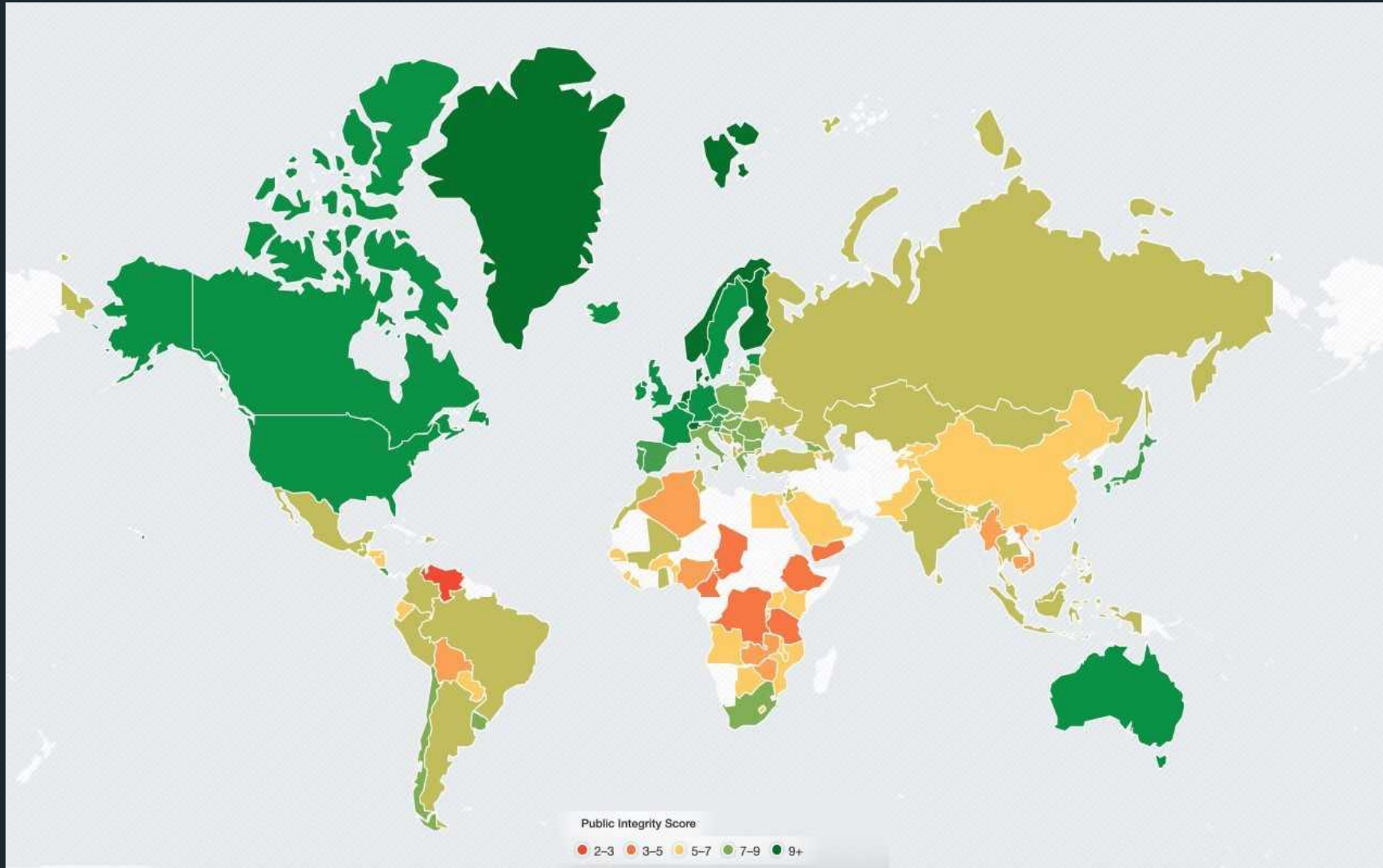
# And where do we go from here? Forecast methodology [www.againstcorruption.eu](http://www.againstcorruption.eu)

**Ten years trends in IPI components (resources versus constraints)**

**Recent political contingencies (elections, revolution, political violence)**

**Present demand for good governance (e-citizens)**

# Where we are - [www.integrity-index.org](http://www.integrity-index.org)



Selected Asian countries on positive trends

Pandemics showed that recent achievers in good governance perform even better than the old; Taiwan, South Korea, Uruguay, Estonia...

Good responses based on high gvt trust – a valid social contract (Fukuyama)

# Go to a country on [www.againstcorruption.eu](http://www.againstcorruption.eu) and click country, then country profile

Apps Mail - Pippidi@hert... owa.hertie-school.o... www.g4media.ro Ada Milea - Apolod... A a | ABC – Learn th... ERCAS – European... Osteoporosis drugs...

EUROPEAN RESEARCH CENTRE FOR ANTI-CORRUPTION AND STATE-BUILDING

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Ukraine ↔ Public Integrity Index: 6.54

Ukraine has progressed at a slower speed than Russia in the past decade, especially on e-government and administrative simplicity, the critical Estonianlike reforms needed to exit the post-communist maze. Recent efforts have seen some redress on public procurement and specific sectors, like health or education, but not on judiciary, where the debate was stuck on creating special islands of excellence instead of an overall reform plan. Estonian style. Popular demand is still limited by the insufficient penetration of Internet and the low e-participation. Quality of governance varies importantly across different geographical regions. The way ahead for Ukraine is in continuing to cut rents, as it had started to do in energy, eliminate legal privileges enshrined in its economy, and manage its transparency in procurement with public management tools (sanctions, management contracts, flexible shares according to performance) in order to prevent corruption. It is important that popular demand for good governance gets an increased political representation.

→ [See Ukraine](#) on Index of Public Integrity

Selected trends from the Public Integrity Index

Trends in Judicial Independence, Administrative Burden, Freedom of the Press over the past 13 years

Year	Judicial Independence	Administrative Burden	Freedom of the Press
2007	3.2	9.2	5.5
2008	3.2	8.2	5.5
2009	2.8	9.2	5.5
2010	2.5	4.2	5.5
2011	2.5	4.5	5.5
2012	3.2	4.2	5.5
2013	2.8	9.2	5.5
2014	2.5	1.8	4.5
2015	2.8	8.2	5.5
2016	2.8	9.2	5.5
2017	2.8	4.5	5.5
2018	3.5	9.2	5.5
2019	3.8	1.8	5.5

Download full Dataset

Improve this Forecast

Add a comment

Send us more substantial relevant information to [feedback@againstcorruption.org](mailto:feedback@againstcorruption.org)

Publications on Ukraine

- **Trends** (19 upward, 10 downward, 95 stagnant)

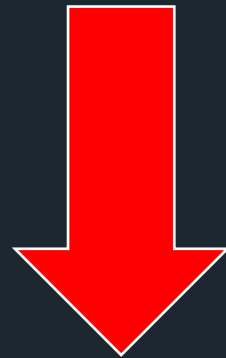
- **Legend** (explanation of trend + basic advice.

(Full data underneath chart



# How Globalization Influences the Balance – Unintended Consequences

## GLOBALIZATION



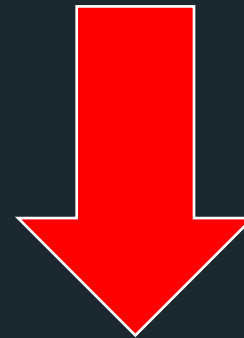
New opportunities:  
investment abroad,  
foreign aid, tax  
optimization, freedom  
of capital



New constraints: non-  
binding UN  
conventions, OECD AB  
convention (no  
sanctions), FCPA,  
money laundering acts



## EUROPEANIZATION



New opportunities:  
EU funds, increase of govt  
discretion for co-funding  
of EU funds, increase of  
red tape and decrease of  
regulatory quality



New constraints: Aid  
suspension (rarely used),  
sanctions (almost never  
used under Cotonou), OLA  
(negligible impact),  
common market  
litigations (very rare)



# Top FCPA settlements – 9 Western, from countries doing great in charts

1. Airbus SE (Netherlands/France): \$2.09 billion in 2020.
2. Petróleo Brasileiro S.A. – Petrobras (Brazil): \$1.78 billion in 2018.
3. Telefonaktiebolaget LM Ericsson (Sweden): \$1.06 billion in 2019.
4. Telia Company AB (Sweden): \$1.01 billion in 2017.
5. MTS (Russia): \$850 million in 2019.
6. Siemens (Germany): \$800 million in 2008.
7. VimpelCom (Netherlands): \$795 million in 2016.
8. Alstom (France): \$772 million in 2014.
9. Société Générale S.A. (France): \$585 million in 2018.
10. KBR / Halliburton (United States): \$579 million in 2009.

# What to do? Vicious into virtuous circles- fix the balance

## Reduce opportunities for corruption

1. Reduce administrative burden by legal simplification and administrative reorganization (one stop service halls)
2. Fiscal transparency and open contracting
3. Open to competition (remove legal rents, in trade and everywhere possible)
4. Reduce informality (digital registers for land, business, personal/tax IDs)

## Increase constraints

1. Support for independence of the judiciary (tenure, random assignment of cases, sufficient resources and so on)
2. Support free and clean media (for instance, foreign investors in the media!)
3. Support civil society to have a voice (consumer surveys per public service, social accountability development plans, community audits)

## The Quest for Good Governance

*How Societies Develop Control of Corruption*

Alina Mungiu-Pippidi

# References to evidence

- [Crime, Law and Social Change](#) Volume 68, Issue 4, November 2017 Special Issue, “Evidence-based public integrity policies”  
<https://link.springer.com/journal/10611/68/4/page/1>

Swedish Govt EBA paper

[Evidence Based Anticorruption. The Roadmap](#)

- <http://eba.se/en/seven-steps-to-evidence-based-anti-corruption-a-roadmap/#sthash.k02rtjXS.dpbs>

The [Index for Public Integrity](#) is out for 109 countries at [www.integrity-index.org](http://www.integrity-index.org)

- Read its methodology here <http://rdcu.be/uwfm>

