

PRESS RELEASE

United Nations Development Programme



Corruption in Asia-Pacific Hits Poor the Hardest

Stronger Political Commitment Needed to Combat Corruption and Save Poor from Related Economic and Environmental Destruction, says UNDP Report

Bangkok, 12th June 2008 - As Thailand prepares to ratify the United Nations Convention against Corruption, a major United Nations Development Programme (UNDP) report released today examines the human development dimensions of corruption in the Asia-Pacific region. Cleaning up the police, health, education and environment sectors should be a top political priority in the Asia-Pacific region, in order to loosen the stranglehold of corruption on the lives of the poor, according to the report.

Tackling Corruption, Transforming Lives, vividly illustrates how the region's pervasive 'petty' corruption smothers opportunities for the most vulnerable people, limiting their access to education and compromising basic health services. It also provides innovative ways in which communities and governments are striving to fight corruption in Asia.

The report further stresses that while anti-corruption efforts too often focus on exposing the 'big fish', it is 'small fry' corruption – from the salaries of fictitious 'ghost teachers' funnelled into the pockets of corrupt officials, to doctors demanding cash payments from poor, pregnant women to deliver their babies, which causes more day-to-day suffering and could severely hamper the Region's goal of achieving the Millennium Development Goals (MDGs) – the eight internationally-agreed targets aimed at halving poverty by 2015.

"Hauling the rich and powerful before the courts may grab the headlines, but the poor will benefit more from efforts to eliminate the corruption that plagues their everyday lives," says Anuradha Rajivan, head of the UNDP Regional Human Development Report Unit. "Petty corruption is a misnomer. Dollar amounts may be relatively small but the demands are incessant, the number of people affected is enormous and the share of poor people's income diverted to corruption is high," she said.

The Report stresses that combating corruption makes more political sense now than ever before, especially in sectors like water and electricity, health and education, as it "not only confers credibility to the government, it also greatly promotes everyday citizen satisfaction". With that in mind, the Report proposes a menu of options for political leaders in the Region to consider.

Justice for sale

In Asia-Pacific, politicians are seen as the most corrupt group in government followed by the police, with the judiciary running a close third. Nearly one in five people claim to have paid a bribe to police during the previous year in the Asia-Pacific region. Only a quarter of crimes are ever reported in Asia, according to *Tackling Corruption, Transforming Lives*. In various Asia-Pacific countries, when victims were asked why they did not report a crime, between one third and three quarters cited lack of trust in the police as a reason. Justice too has a price, and two-thirds of the Asian population considers the courts to be corrupt, note the authors.

Greed vs. need in social services

Putting greed over need in corrupt health care systems diverts funds from immunization programmes, and adds to the millions of children who die in the region each year as a result of diarrhoea and disease caused by unclean water and poor sanitation. “Some cross-national studies have indeed suggested that in countries where levels of corruption are higher, some health inputs such as immunization are lower,” says the Report.

In education, the Report shows that higher levels of corruption are correlated with fewer children attending schools and higher dropout and illiteracy rates, blocking key routes out of poverty. An extreme type of education corruption is found in ‘ghost teachers’ who may be on a payroll but never set foot in a classroom. Even ‘ghost schools’ exist.

Meanwhile, extending water, sanitation and electricity coverage is expensive, requiring large-scale investments in infrastructure – yet up to 40 percent of this is being dissipated through bid rigging and other corruption, the Report said. The poor have no choice but to pay ‘speed money’ just to get a utility connection. One survey in Bangladesh found that 60 percent of urban households either paid money or exerted influence to get water connections.

Natural resources up for grabs

The vast tropical forests, extensive mineral deposits and fertile agricultural lands of many Asian-Pacific countries should serve as a firm basis for economic and human development, says *Tackling Corruption, Transforming Lives*, but too often their potential is drained away through corruption. The sheer volume of profit to be made through shady or illegal handling of natural resources means that corruption in this field often amounts to ‘state capture,’ where private companies pay public officials to shape laws, policies and regulations to their advantage.

Illegal logging, like other corrupt natural resources management practices, is particularly damaging for the poorest communities, explains the Report. For example, small farmers and indigenous people are driven into poverty as a result of illegal land expropriations, and the exhaustion of natural resources and local communities are left to suffer the health effects of toxic waste from mining illegally dumped into nearby rivers.

Thailand to ratify United Nations Convention against Corruption

Thailand is due to ratify the United Nations Convention against Corruption (UNCAC) later this year. UNCAC entered into force in 2005 and is the first global legal instrument designed to achieve far-reaching reforms to combat corruption. It allows both developed and developing countries to act together to discourage corrupt individuals and corporations who seek to exploit differences in national laws and procedures. The Report points to the need for more political commitment to ensure that anti-corruption agreements, such as the UNCAC, are implemented to their fullest.

Despite the value of UNCAC, it is still far from achieving universal acceptance. Within the group of eight industrialized nations, all are signatories to UNCAC. However, only five have ratified the Convention, meaning those that have only signed the Convention are not bound by it. In the Asia-Pacific region, out of 35 developing countries, 19 have signed and 10 have ratified or acceded as of December 2007.

“Corruption undermines democratic institutions, retards economic development and can contribute to government instability” says Gwi-Yeop Son, UN Resident Coordinator and UNDP Resident Representative in Thailand. “The ratification of the UNCAC in Thailand will be a very positive step. However it will be crucial to ensure full implementation of the Convention through the introduction of proper training and awareness raising activities for all sectors of the population, and of course close monitoring of progress at all levels, including at the local level. The United Nations stands ready to fully support this process”.

Call to an Agenda for Action

The Report argues that no single answer to the problem of corruption exists, but that a number of options are common across most countries in the region:

- Raising salaries for doctors, teachers and other civil servants so they do not have to rely on bribes to make a living; making civil service posts more merit-based; and strengthening oversight mechanisms by local governments (bureaucracy reform)
- Encouraging business codes of conduct that fit international standards
- Enacting and implementing the right to information laws
- Using information technology and e-governance to make administration more transparent
- Supporting citizen action to combat corruption by mandating that local governments publish basic information on contracts to facilitate citizen auditing

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