Preventing corruption at local and regional level in South Mediterranean countries

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Executive Summary

This study identifies the main current vulnerabilities of local and regional authorities (LRAs) in Southern Mediterranean countries regarding public procurement and public services, and provides a systematic assessment of priority avenues of intervention. In a context of a moderately low institutional capacity, and of a yet incipient process of decentralisation, corruption can severely impede the delivering good quality public goods and services at subnational level.

Key findings suggest that the main concern with regards to corruption at subnational level in the region is that of favouritism in public procurement procedures; various public contracts and concessions are granted to politically connected contractors. The only country where this does not seem to be a major concern is Jordan. The second main concern is nepotism in public appointments. Both forms of corruption create distrust amongst citizens, and decrease the quality of public goods and services provided. Across countries, we found that experts' assessment place political will to counter corruption to be much higher at central than local government level, as is the institutional capacity to do so. However, two countries deviate from this trend, in both Tunisia and Turkey there seems to be significant bottom-up pressures to countering corruption. In Tunisia, the main drivers seem to be the branches of civil society groups that are active at community level, while in Turkey local and regional authorities seem to be more involved in anticorruption actions than the central government.

Recommendations formulated in this report build upon expert suggestions, as well as our own mapping of good practices at LRA level. Increasing the capacity of local and regional authorities in this region will involve a simultaneous process of (1) strengthening their ties to local communities—by increasing both their functioning attributions (i.e. obligation to distribute goods and services), as well as their financial base (i.e. ability to distribute goods and services), while (2) constructing checks and balances to promote ethical behaviour.

On the first issue, decentralisation is important in this region because it can address the issue of large-scale distrust in the government. With local level empowerment, citizens can become involved in the deliberative processes, while public officials can be held accountable for the end results and benefits of their actions. Steps have been taken in this direction in Jordan, or Egypt through recent legislative reforms, but it is yet to be seen how they will take shape in real institutional transfer of powers. On the second issue, there is a variety of measures designed to promote ethical behaviour at LRA level, both preventive—increasing transparency, digitalising suitable public services (e.g. permits, licences, paying taxes) so as to reduce discretionary access, and corrective—addressing complaints, protecting whistle blowers, sanctioning improprieties in selection of offers and granting of contracts and concessions.

Introduction: Methodology and Scope of Investigation

Conceptual Framework

Corruption is a broad term that has started to represent so many different informal linkages entertained by public officials that it becomes very hard to identify potential solutions without disentangling its different facets.

One of the most widespread definitions is that corruption means the abuse of public office for private gain. However, the form and purpose of this "abuse" is important in defining competent counter-measures. Furthermore, the present study evaluates the underpinning mechanisms that support different forms of corruption. Recent studies reveal the conceptual distinctions between: **clientelism**—taken to mean the exchange of goods and services for electoral support[1], and **patronage** or **nepotism**—taken to mean preferential appointments in public institutions[2] and/or preferential contract allocation to friends and family beneficiaries. Overall, the distortive phenome that substitute informal linkages to formal ones lead to **state capture**—taken to mean discretionary control over public resources (e.g. public funds, goods, jobs, or administrative decisions)[3].

Beyond understanding the different mechanisms involved in corrupt behavior, it is also important to understand the different impact of the varieties of corruption. Firstly, **clientelism** is correlated to electoral goals, as public goods and services are exchanged for political support. This, in turn, consolidates the position of the incumbents, distorting the political competition. It increases both the need and opportunity for other practices such as **nepotism** or **favoritism in public procurement** in order to further consolidate the patrons' discretionary control over institutional resources. Finally, the **lack of transparency** or **whistle blowers protection** are all additional facilitators of misconduct as they diminish monitoring capacity of any third party.

We incorporated all these different varieties of corruption that can be frequently found in local and regional governments in the expert survey we deployed on selected case study countries.

Beyond the occurrence of corruption, analysts and policy-makers must always be weary of isolating the phenomena from the issue of institutional capacity. As such, to the best of our ability, we tried to assess not only the incidence of corruption at local level in the Euro-Mediterranean countries, but also the drivers and impediments to institutional capacity at local and regional level. Generally,

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[1] Volintiru, C. (2017). A new model of clientelism: political parties, public resources, and private contributors. *European Political Science Review*, 9(1), 115-137.

[2] Volintiru, C. (2015). The exploitative function of party patronage: does it serve the party's interest? *East European Politics*, 31(1), 39-55.

[3] Volintiru, C., Trandafir, G., Toma, B., Nuțu, O și Damian, A. (2018) Report "State-Owned Companies: Preventing Corruption, Clientelism and State Capture" Project, www.statecapture.eu, last accessed on 07.06.2018.

there are two factors, across countries, and across institutional cultures, that tend to link poor or discretionary delivery of public goods and services with corruption. On one hand, there is an inherent tension between public duties and the pursuit of electoral survival. Short-term goals of winning elections are often better suited by clientelistic distribution of resources. At the same time, appointed positions or delegated mandates from the central government have a higher likelihood of engaging in nepotism and opaque administrative conduct, as they are not conditioned by popular support directly. On the other hand, many local and regional level well-trained professionals end up working for the central administration. Whatever cadres political parties have are absorbed by the central government, where positions are more prestigious and the pay is higher. As such, at local and regional level it is often that we have troubles discerning instances of corruption from those driven by incompetence.

Selection of Cases

Out of the total sample of cases in the Euro-Mediterranean region, the ranking of Freedom House in terms of quality of democracy differ greatly[4]. From the region, only Israel and Tunisia are evaluated as free democracies. Albania (68/100), Bosnia and Herzegovina (55/100), Lebanon (43/100), Morocco (39/100), and Jordan (37/100) all receive the label of partly free democracies. In contrast, Algeria, Turkey, Mauritania, Egypt and Palestinian Authority are all considered not to be free democracies. We wanted to have a contrasting sample, both in terms of regional placement, and in terms of administrative specificities in various types of democracies. While a free democracy is generally a propitious environment for transparent and accountable institutions, this is not always the case. In Jordan for example, there are various checks and balances in place aimed at preventing corruption and enhancing accountability, even if its democracy scores are low. As such, we selected two free democracies (Israel and Tunisia), two partly free democracies from Southern Mediterranean (Jordan and Morocco), two partly free democracies from Northern Mediterranean (Albania and Bosnia and Herzegovina[5]), and two countries that are labeled as not being free democracies (Turkey and Egypt). As such, we are able to identify overarching challenges in the wider Euro-Mediterranean area.

Data Collection

We used an expert survey methodology that involved collecting via an online questionnaire information from 11 topical questions and 3 personal details questions. For Morocco, Tunisia and Lebanon we used French in the survey, invitations and other communications. For the rest of the countries in this study

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[4] https://freedomhouse.org/report/freedom-world/freedom-world-2018, last accessed on 07.06.2018.

[5] While we have collected comparative data for both Albania and Bosnia and Hertzegovina, we have only included a single in-depth case study for Albania, as these two countries fall outside the primary regional focus of this report.

we used English. Our respondancy rate may have been partially affected by the fact that, due to the time constraints of the project, we did not translate in national languages the survey. The sample for the expert survey was constructed in the course of this project and relied on existing expert data such as those from University of Pennsylvania's Think Tanks and Civil Societies Program or from the European Bank for Reconstruction and Development (EBRD). In addition to this, we conducted a systematic coverage of relevant experts in each country through online institutional pages and media sources. Finally, we employed extensively the snowballing technique and expert recommendations. Overall, we collected 122 questionnaires out of a total of 442 opened invitations. The sample of targeted experts to which the invitation was disseminated was significantly larger, but we do not count bounced or repeatedly unresponsive email addresses.

We also conducted a series of 11 in-depth interviews with high profile scholars and regional experts from international organizations[6]. The aim of these interviews was to assess the overarching challenges for building institutional capacity at subnational level in the South Mediterranean countries and the EU periphery in general.

We also conducted a systematic assessment of press coverage in each of the main outlets in the selected case studies, and accounted for relevant coverage on social media networks. Other data sources consulted were reports from prestigious international organizations, and survey data from other projects.

For each country, we aimed to assess the main problems that affect LRAs from the point of view of institutional capacity and ethical conduct. With regards to unethical conduct, we distinguished between issues related to public procurement and those related to public service provision. Finally, we evaluated the main measures deployed in preventing and countering corruption—legislative reforms, institutional bodies and other measures streaming from public sector, or civil society initiatives.

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[6] We are extremely grateful for the time, availability and generous exchange of ideas provided by Anwar Shah (World Bank), Cristina Corduneanu-Huci (CEU), Gary Marks (EUI), Andrea Teti (University of Aberdeen), Neil Ketchley (Kings College), Gary Marks (EUI), Maksym Ivanyna (Joint Vienna Institute), Rana Khazbak (LSE) and others who wished to remain anonymous.

Prevalence of Corruption at the Local and Regional Level in Southern Mediterranean Countries: Country Assessments

[Morocco]

Most efforts to fight corruption and promote public ethics in Morocco adopt a top down approach. The clientelistic exchanges are arguably well entrenched in the Moroccan state, to the extent that the literature often uses the pejorative term *Makhzen*[7] as a reflection of a "deep state with hard-to-dismantle roots, gravitating around the Sherifian monarchy and including the bureaucracy, the army, and the executive"[8]. However, the majority of the existing clientelistic networks in Morocco have been consolidated through historical iterations and informal traditions that have also shaped local power dynamics. Experts believe the main problems at local and regional level to be: favoritism in public procurement and clientelistic distribution of public goods.

Nepotism is historically rooted in social relations in Morocco. According to the ArabTrans Survey, the vast majority of the population believes *"wasta"*[9] to be either endemic (51.5%) or frequent (27.8%)[10]. Popular disenchantment with corruption is widespread in Morocco, as protesting against corruption was the main reason for participating in the Uprisings[11] (57.1%), followed by economic grievances (40.3%) and lack of basic services (25.9%), according to a recent survey[12].

Roughly, 1 in 2 citizens has paid at least once a bribe to obtain documents or permits from public authorities in Morocco[13]. The main challenge in accessing these public services without bribes or connections is the lack of information and the complexity of bureaucratic procedures that are very hard to navigate without the guidance of a public official.

Private sector corruption is one of the many facets of informal exchanges in Morocco. As a recent study showed private companies can be pressure vehicles for good governance in sectors that are not prone to close business-state relationsand, as such, have a high rent potential for firms working with the state

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[7] It means "warehouse" but refers to the institution composed of the king and its close entourage.

[8] Corduneanu-Huci, C. (2018). Taming corruption: rent potential, collective action, and taxability in Morocco. *Business and Politics*, 18(3), 297-335.

[9] Here taken to mean: getting a job through political patronage and/or personal connections. In other MENA contexts, *wasta* can refer to any preferential favor granting.

[10] WP6 D6.7: *Country Report Morocco* (2016); Survey results on political and social change in Morocco, [online] http://www.arabtrans.eu/publications-and-reports-/reports/

[11] Protests organised by the 20 February Movement in Morocco in between February 2011 and late spring of 2012, which are ascribed to the general movement of the Arab Spring.

[12] Idem fn. 9.

[13] Fatafta, M., Rampant Corruption in Arab States, February 21, 2018, Transparency International [online] https://www.transparency.org/news/feature/rampant_corruption_in_arab_states, last accessed on 07.06.2018.

(e.g. construction and real estate development)[14]. The channeling of public resources through public procurement to private actors is one of the paramount means of ensuring the clientelistic resources required by a local patron[15].

For instance, patronage plays a key role in the context of licenses to mine coastal sands. Due to the problematic nature of these exploitations and their impact on the environment, the approval for exploitation was often given informally without due process and implementation of the relevant legislation[16]. This case shows not only how important *wasta* is in obtaining permits and licenses in Morocco, but also how useful it is to protect some from the enforcement of the rules and regulation.

Public procurement is by all accounts based on *wasta* and bribes, as 2 in 3 companies declared in the World Bank Enterprise Survey that they were expected to give gifts to secure a government contract.

Public procurement issues rise up in the case of city lightening (e.g. Rabat), parking spaces, landscaping and other public works. Little or no follow-up is normally done to public works delivery and the quality of the services provided is usually much lower than is to be expected.

Some of the issues highlighted by experts with regards to LRAs are: obtaining permits, obtaining access to public utilities, obtaining commercial licenses, cadaster certifications, and technical assessment of automobiles. Exports also report the same problem across countries in this region: favoritism in housing regulation and enforcement. Various stages of this problem in Moroccan *bidonvilles*, such as issuing a building permit, giving public lodging, or evacuating and demolition are all actions that are exerted or not based on corrupt exchanges between public officials and the citizens involved.

According to experts there is a series of large families that control land concessions in different Moroccan regions and localities (e.g. Rabat, Casablanca).

Experts judged LRAs in Morocco to have a moderate capacity to perform their administrative tasks in a satisfactory manner. Political will to counter corruption is judged to be high at all administrative levels, and especially so at national level across recent years. In terms of institutional capacity to counter corruption we also find a relatively high capacity at central level, and a moderate one at regional and local level.

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[14] Corduneanu-Huci, C. (2018). Taming corruption: rent potential, collective action, and taxability in Morocco. *Business and Politics*, 18(3), 297-335.
[15] Gherghina, S., & Volintiru, C. (2017). A new model of clientelism: political parties, public resources, and private contributors. *European Political Science Review*, 9(1), 115-137.
[16] Based on in-depth interview with Cristina Corduneanu-Huci (CEU), 10.05.2018.

Corruption prevalence in LRAs in Morocco can be correlated with the pervasive lack of resources and low skilled personnel[17].

The relevant anticorruption authority in Morocco is the Central Authority for the Prevention of Corruption (ICPC)[18]. Given the centralised political system of Morocco, the powers of the ICPC stream directly from the political will of the monarch, and are deployed sooner in a delegated manner than an independent institutional body per se.

Court of Auditors has proven to be a very active agent in recent efforts to counter corruption in Morocco, and while its convictions targeted central officials[19], there could be positive spill-over effects in administrative conduct at subnational level.

Moroccan Government has recently announced its engagement in the revision of a number of laws and decrees to increase transparency at all levels[20], The specific design and implementation of these measures is not clear yet. However, the creation of a dedicated Commission last year[21] (i.e. National Anti-Corruption Commission) can be considered as a positive sign. This Commission is charged to oversee all legislative and institutional anti-corruption efforts aimed at ensuring both prevention and sanctioning. It is comprised of representatives from central and regional authorities, as well civil society representatives.

Another method to counter corruption (especially at central level) is the online portal for enlisting complaints or claims at various relevant authorities (www.maroc.ma), and allows for some degree of participation and easier access to information. According to the UN e-Government survey, Morocco scores high in the set of cases we analyse here, alongside Israel, Tunisia and Turkey[22].

Since 2011, in Morocco there is a Centre for Legal Assistance for Victims or Witnesses of Corruption (*Centres d'Assistance et de Conseil Juridique* (CAJAC)) developed and operated by Transparency Morocco with a grant from the Netherlands.

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[17] BTI Morocco 2018, available here: https://www.bti-project.org/en/reports/country-reports/detail/itc/mar/, last accessed on 27.05.2018.

[18] Instance Centrale de Prévention de la Corruption http://www.icpc.ma/wps/portal

[19] Corruption Crackdown Continues: 18 Officials, 9 Institutions Convicted, March 7, 2018, Morocco World News, http://www.moroccoworldnews.com/2018/03/241944/corruption-crackdown-continues-18-officials-9-institutions-convicted/ , Gendarmerie royale: interpellation de 29 hauts fonctionnaires soupçonnés de corruption et de trafic de drogue January 24, 2018, Huffington Post, https://www.huffpostmaghreb.com/2018/01/24/29-hauts-fonctionnaires-interpelles_n_19071906.html, last accessed on 27.05.2018.

[20] Government Crackdown on Corruption, Officials Prosecuted: El Othmani, February 23, Morocco World News, http://www.moroccoworldnews.com/2018/02/241196/government-crackdown-corruption-officials-prosecuted-el-othmani/, last accessed on 28.05.2018.

[21] http://www.maroc.ma/fr/actualites/le-decret-relatif-la-creation-de-la-commission-nationale-de-lutte-contre-la-corruption , last accessed on 22.05.2018.

[22] https://publicadministration.un.org/egovkb/en-us/Reports/UN-E-Government-Survey-2016, last accessed on 07.06.2018.

[Tunisia]

While the administrative structures have undergone various reforms over the past years, informal exchange networks persist and flourish, mainly due to inertias in the every-day practices of numerous civil servants from the old regime. Local administrations in rural areas are particularly prone to clientelism and nepotism. The political competition that emerged after the Arab Spring increased the utility of some clientelistic transactions such as vote-buying.

Experts pointed to preferential relations between developers of the Sousse Mall—advertised to be the largest commercial center in the country, and local and regional public officials. In Sfax, there were apparently similar wrongdoings between public officials and private contractors involved in various ambitious developments with the occasion of the city becoming the cultural capital of the Arab world in 2016. However, in this latter case, due to more or less well-informed campaign on social media, the projects were suspended[23].

In general, there is no follow-up on public works and as such there is usually a poor quality delivered on public contracts.

Public services in Tunisia are frequently exchanged for what is locally called *bakchich* (i.e. bribe). In addition to this, priority is normally granted to relatives of public officials. Furthermore, public resources are sometimes subordinated to electoral interests, and thus political support to a particular party or candidate may increase the chances of obtaining a public contract or better services. All this makes access highly discriminatory.

Obtaining various official documents from local authorities has an informal price in Tunisia (i.e. "pourboire"), which can be seen as standardized fee. No clear responsibilities in local and regional authorities can be traced with this practice, and very stiff and opaque bureaucratic procedures make these informal payments ultimately necessary.

According to the experts we interviewed, the second biggest problem with public service delivery in Tunisia is the absence of trained personnel (see Table 2). The passing of a recent Law on pardoning corrupt public officials that served during the old regime[24] fuels public disenchantment with regard to the development of a meritocratic system of recruitment and evaluation of central and local public officials.

Much like in the case of Egypt, experts report a frequent practice of public officials to grant construction permits that are not in conformity with urban planning or technical safety legislative provisions; when such discretionary

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[23] Sfax Capitale culturelle du Monde arabe: Un projet prometteur est bloqué, Ayda Labassi, November 23, 2016, HuffPost Tunisie, [online] https://www.huffpostmaghreb.com/2016/11/23/renovation-cathedrale-sfa_n_13148210.html , last accessed on 30.05.2018.
[24] Idem fn. 12.

decisions are not possible and/or courts rule for demolition, the implementation of those decisions is stalled in cases of preferential treatment.

Experts consider Tunisian LRAs to have a moderate capacity to perform their administrative tasks in a satisfactory manner. Political will to counter corruption is relatively high at national level, but low at local and regional levels. As for institutional capacity to counter corruption, experts judge it to be moderate at both central and regional level, but very low at local level. In contrast to public authorities, civil society and local communities are very much more instrumental in countering corruption at local level, leading some of the benchmark practices in the region (e.g. participatory budgeting).

The National Anti-Corruption Agency (INLUCC) has been active in Tunisia with both preventive and corrective measure. It has some noticeable elements of good practice, such as the online complaint system and Green Line for corruption reporting and information. It implements the recently developed National Strategy for Good Governance and Fight Against Corruption that had an adjacent operational plan for 2017-2018, thus making its action significantly more traceable and focused of results. The consolidation of INLUCC and its objectives have been helped by the PNUD[25] support through the projects of Democratic Governance Reinforcement, and has benefitted from exchange of good practices with Korean Agency for International Cooperation (KOIC)[26]. In addition to the central level, PNUD funding for Democratic Governance Reinforcement in Tunisia has been deployed to municipal beneficiaries thus focused specifically on enhancing institutional capacity to counter corruption at local level.

The Right to Information Law was passed in 2016 and a responsible authority was created in 2017— *Instance nationale d'accès à l'information* (INAI). These measures contribute significantly to the promotion of transparency on public decisions and administrative processes, which in turn diminishes corruption and enhances the quality of public services. These too benefitted from technical assistance through the Swiss-funded UNESCO project"Support the implementation of the RTI law in Tunisia".[27]

A series of reforms were implemented in Tunisia at local government level, as part of its National Action Plan elaborated with the Open Government Partnership (OGP). As such, with the collaboration of its citizens Sayada became one of the first cities in Tunisia to open its data after 2011; based on a civil society initiative, the city now publishes its municipal council meeting minutes, key

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[25] United Nations Development Programme

[26] 2ème session du Congrès National de Lutte Contre la Corruption, December 7, 2017, Realities [online] https://www.realites.com.tn/2017/12/2eme-session-congres-national-de-lutte-contre-corruption/, last accessed on 30.05.2018.

[27] Support to the implementation on the Tunisian Right to Information law [online] https://en.unesco.org/partnerships/foe/right-to-information-tunisia https://www.realites.com.tn/2017/12/2eme-session-congres-national-de-lutte-contre-corruption/, last accessed on 30.05.2018.

budget data and statistics on a regular basis on a website co-managed with its partner NGO[28]. Similarly, participatory budgeting initiatives were implemented in La Marsa and Sfax[29].

[Egypt]

Local governments have long been seen by the public as a hub for corruption in Egypt[30]. Many cases of corruption are attributed to both executive offices and representative offices. In the Gharbeya governorate, a director from the housing directorate was arrested on charges of accepting bribes from the head of a newspaper in the governorate to increase the number of advertisements.[31] Despite recent efforts to reform local governments in Egypt, experts still consider abuse of public office and conflict of interests to be the main problems of LRAs.

In 2015, the French company Alstom was sentenced to pay US$772 million in fines for breaking the Foreign Corrupt Practices Act by granting a total of US$75 million in bribes in exchange for US$4 billion contracts in Egypt and other countries. Experts point out that contracts for Cairo line 3 were part of the corrupt practices of this company and representative of how large public procurement contracts in Egyptian municipalities are exchanged for bribes.

A 2016 report by the Central Auditing Organisation (CAO) claimed that in Egypt approx. US$76 billion in had been lost due to corruption in public procurement in just three years, but the former head of CAO Hisham Genein has been subsequently jailed for spreading false news[32]. However, experts pointed out that the corruption cases in public procurement in local governments were true.

Finally, other issues signalled by experts included cartelisation on the part of private contractors, especially in the construction sector, and preferential procurement contracts to companies that offer employment for relatives of public officials.

A significant part of public services in Egypt is managed at local level; including education, health, water and sanitation, roads and transportation, street lighting, and environmental control. However, budgetary allocation remains highly

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[28] Open Government in La Marsa, Sfax and Sayada, February-March 2017, [online] http://www.oecd.org/gov/open-government-in-la-marsa-sfax-and-sayada-020317.pdf, last accessed on 07.06.2018.

[29] idem fn. 27.

[30] Various press outlets and local surveys covered this issue over the past decade: Ahmed M. Abou Hussein, The inevitable struggle: local government in Egypt, Daily News Egypt, October 14, 2012, [online] https://dailynewsegypt.com/2012/10/14/the-inevitable-struggle-local-government-in-egypt/, or Rana Khazbak, Going Local, Egypt Independent, July 30, 2012, [online] http://www.egyptindependent.com/going-local/, last accessed on 26.05.2018.

[31] ACA arrests government officials on corruption charges, May 25, 2018, Egypt Today, [online] https://www.egypttoday.com/Article/2/50856/ACA-arrests-government-officials-on-corruption-charges , last accessed on 27.05.2018.

[32] The Limits of Fighting Corruption in Egypt, Mohamed Abdel Salam, October 13, 2016, SADA, Carnegie Endowment, [online] http://carnegieendowment.org/sada/64852, last accessed on 30.05.2018

centralised. As such, the quality of public service delivery at local level is narrowly tied to the relationship of the local or regional representative to central decision-makers. This situation is even further exacerbated by the dramatic decrease over the past decade of general governmental consumption in Egypt, one the lowest in the world judged as % of GDP[33].

One of the key objects of corruption at local level in Egypt according to experts is the conditional supply of business licences and building permits. The numerous cases of apartment building collapsing (e.g. Alexandria) and leaving many injured or dead are a testimony of the dramatic consequences of faulty procedures if not outright corruption in construction permits.

Corruption in public services extends to certification of land ownership in Egypt. In the governorates of Ismailia and Faiyoum, ACA arrested a director and a number of public officials who were charged with misusing their positions in order to unlawfully certify the ownership of some citizens' plots of land in exchange for personal benefits or due to personal connections (*wasta*)[34].

Experts consider LRAs to have a limited or very limited capacity to perform their administrative tasks in a satisfactory manner. Political will to counter corruption is very low across institutional levels (i.e. national, regional and local). As for institutional capacity to counter corruption, it is considered to be the highest at central level, significantly diminished at regional and local level.

Governance at local level is not only affected by the limitation on prerogatives, but also by the limitations on legitimacy. Currently in Egypt there is no representation system based on popular vote and the checks and balances that could uphold the principal- agent relationship at local level are minimal. Local Councils that were controlled by Hosni Mubarak's party were dissolved in 2011 being considered nests of clientelism. Ever since, their reform and reestablishment remains pending. Since early 2012 the Ministry of Local Development in Egypt is announcing the imminent development of a new law for local administration. This new law is needed both for the configuration of executive attributions at local level, as well as for the rehabilitation of Local Councils. The budgetary allocations for municipalities for 2018 seem to indicate that this new legislation will be finally developed and implemented shortly, likely before the upcoming elections scheduled to take place at the end of 2018.[35]

Opaque regulation in Egypt is perceived by experts as an intentional foundation for bribe taking. The legislative ambiguities increase the marginal utility of

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[33] Abbott, P. & Teti, T.(2016) The Political Social and Economic Drivers of the Egyptian Uprising, in *WP2 D2.2: Background Reports; Literature Report for political and social change in Morocco, Algeria, Tunisia, Libya, Egypt, Jordan, and Iraq*. [online] http://www.arabtrans.eu/publications-and-reports-/reports/
[34] According to expert opinions; details confirmed in press coverage.
[35] https://www.egypttoday.com/Article/2/49594/Political-parties-prepare-for-local-elections last accessed on 26.05.2018.

corruption for citizens and economic agents as these become constrained by the high information or indirect costs of bureaucratic interaction with the Egyptian state, at both local and national level.

Technical Assistance programs have only limited impact if at all, given that they are not internalize in the everyday practices of LRAs. Without this buy in of existing administrative bodies, any efforts deployed by international donors are futile and leave little behind in terms of palpable results.

The Administrative Control Authority (ACA) now serves as an independent anti-corruption agency that is directly under the Prime Minister's control. Given previous contestation on the grounds of political interferences[36], in an effort to increase its institutional capacity to fight corruption, ACA has recently signed a cooperation agreement with the FBI[37]. It has made some headway in sanctioning corruption at local level over the course of the past years. Still, while there are numerous other bodies charged with fighting corruption (i.e. Transparency and Integrity Committee, Administrative Control Authority, Administrative Prosecution Authority, Illegal Profiting Apparatus) there is little evidence of systematic and independent activity.

A noteworthy initiative in promoting public ethics and good governance at local level in Egypt is the establishment of the Local Administration Reform Unit (LARU). This Central Government department is meant to further increase capacity at local level, by implementing various reform programmes (amongst which one the most anticipated is the reform of local councils) and Local Economic Development (LED). Still, local authorities in Egypt have little experience in adopting such comprehensive strategic planning approach to plan, manage, and develop their local economies, as showed in a case study of the LED initiative in Fayoum[38]. Programmes such as the Participatory Development Programme in Urban Areas (www.egypt-urban.net) aim to consolidate local authorities' capacity to manage more complex processes brought about through decentralisation.

With regards to public procurement contracts, there are some public and private initiatives of digitalisation in pursuit of higher transparency. One such example is the telephone application 'Mashro3y'[39] launched by the Egyptian think tank

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[36] Can the Administrative Control Authority really fight corruption in Egypt?, Mohamed Hamama, September 12, 2015. [online] https://www.madamasr.com/en/2015/09/12/feature/politics/can-the-administrative-control-authority-really-fight-corruption-in-egypt/, last accessed on 26.05.2018.
[37] Administrative Control Authority to cooperate with FBI to fight corruption, January 2, 2018, Daily News Egypt, [online] https://dailynewsegypt.com/2018/01/02/administrative-control-authority-cooperate-fbi-fight-corruption/, last accessed on 26.05.2018.
[38] Abozeid, O. (2017). *Promoting local economic development in Egypt: Challenges and lessons learned from the case of Fayoum governorate*. Thesis submitted to American University in Cairo
[39] http://www.ecpps.org/index.php/en/upcoming-events/1202-in-the-framework-of-"economic-freedom"-program,-the-egyptian-center-for-public-policy-studies,-in-partnership-with-"seed"-strengthening-

Egyptian Center for Public Policy Studies (ECPPS). It aims at providing information about financial and non-financial service providers to individuals wishing to establish an economic activity and already existing entrepreneurs.

A similar initiative is www.etenders.gov.eg website that announces Egyptian Government Tenders and it can validate proposals online.

Another example, coming from the public sector, is the online platform www.egypt.gov.eg meant to serve as a one-stop-ship for e-governance in Egypt. It allows citizens to register the information for electricity consumption (and to calculate one's bill), to extract personal documents such as birth certificate, divorce marriage or death documents, to pay for telecommunication services, or traffic fines. It links to the www.incometax.gov.eg where citizens could pay their taxes online. It also links to various other pages that provide information and support for individuals (e.g. public job opening) or businesses (e.g. registration property process, construction permits).

[Jordan]

Experts consider of prime concern for LRAs in Jordan the abuse of power in public office. We also found that there is a general lack of accountability in LRAs in Jordan. There are general criticisms to the lack of clarity concerning standard operating procedures in the public administration and to an arguably inconsistent application of the rule of law. Citizens are most preoccupied with the overall lack of transparency.

The quality of the human resources in LRAs is considered an important problem by most experts in Jordan. Beyond corruption, the quality of public services in Jordan is affected by insufficient levels of training in the public sector.

Experts consider Jordanian LRAs' have a moderately low capacity to perform their administrative tasks in a satisfactory manner. Political will to counter corruption is judged to be high at both central and regional level. Indeed, senior public figures, such as the President of the Jordanian Senate, declare the strong commitment Jordanian authorities have in countering all forms of corruption in their country[40]. In addition to this, experts believe there is also a relatively high institutional capacity to tackle corruption across all administrative layers.

Jordan Integrity and Anti-Corruption Commission (JIACC) is according to the national legislation an independent body. It has incorporated since 2013 the ombudsman office and its prerogatives to examine popular complaints and

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entrepreneurship-and-enterprise-development-and-the-organization-for-development-of-small,-medium-and-micro-enterprises, last accessed on 26.05.2018.

[40] Senate President Faisal Fayez declares the fight against corruption "top priority" for Jordan, December 10, 2017, Jordan Times, [online] http://www.jordantimes.com/news/local/fayez-says-fight-against-corruption-top-priority-jordan, last accessed on 31.05.2018.

improve access to public information. It is an active representative in UNCAC and other international cooperation forums.

Decentralisation Law passed in 2015[41] and Municipalities Law[42] passed in 2017 aimed at enhancing the executive powers of local governments in Jordan. Still, deprived of funding and without popular support for participation and representation at local level, the legislative provisions are still to give way to positive effects on local governance[43].

According to the National Action Plan for 2016-2018 assumed by Jordan as part of its participation in the Open Government Partnership, several measures to increase transparency and accountability at local level were undertaken, such as the involvement of CSOs in the assessment of the quality of information provided by governmental websites and recommend areas for improvement[44]. A multilateral team was established, comprising representatives of the Ministry of Public Service Development, Ministry of Telecommunication and representatives of RASED (monitoring programme on Accountability, Local Governance and Participation implemented by the Jordanian CSO Al Hayat).

Experts also signaled one of the national reform programmes in education that had positive effects in the municipality of Al Salt. The Ministry of Education in Jordan implemented the School and District Development Programme (SDDP) which involved the development of Local Education Councils (LECs) which aim at bridging the divide between formal (i.e. school managers and representatives) and informal structures of power at local level.[45] Given that tribal authority still plays a big role in Jordanian communities, these mechanisms of involving all parties and making each other accountable for the quality of education at local level.

[Israel]

In Israel, we can only assess the degree of institutional capacity at the local level, as the six regions have little to no prerogatives. In contrast, local authorities, be they municipalities, local or regional councils, have a much more important role

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[41] OECD Open Government Review, Towards a New Partnership with Citizens: Jordan's Decentralisation Reform, [online] https://www.oecd.org/mena/governance/Jordan-Highlights-2017.pdf, last accessed on 28.05.2018.

[42] MPs approve Municipalities Law, Jassar Al Tahat, April 09, 2017, The Jordan Times, [online] http://www.jordantimes.com/news/local/mps-approve-municipalities-law, last accessed on 28.05.2018.

[43] Jordan's Quest for Decentralization, Kirk Sowell, August 27, 2017, Carnegie Endowment, [online] http://carnegieendowment.org/sada/72905, last accessed on 28.05.2018.

[44] Self-Assessment Report Jordan, Midterm Self-Assessment Report National Action Plan 2016-2018 October 2017, https://www.opengovpartnership.org/sites/default/files/Jordan_Mid-Term_Self-Assessment_2016-2018.pdf, last accessed on 07.06.2018.

[45] The Seid Bin Haritha School in Al Salt municipality in Jordan in given as a benchmark example due to the implementation of the SDDP in Brixi, H., Lust, E., & Woolcock, M. (2015). *Trust, voice, and incentives: Learning from local success stories in service delivery in the Middle East and North Africa*. World Bank Publications.

in delivering public services. Nevertheless, these too are highly reliant on the central government due to budgetary constraints; while large municipalities have a higher share of own revenues, the smaller municipalities are much more constrained from a budgetary perspective.

Small local authorities are different and there is much greater risk of nepotism and lack of transparency than in the case of bigger ones.

Experts believe local and regional authorities in Israel to have a relatively high capacity to adequately deliver goods and services to citizens. This is in contrast with the other cases in this sample whose capacity was much lower. Furthermore, experts believe that political will to counter corruption is much higher at regional and local level, than at national level, albeit the latter is much better placed in terms of institutional resources to do so.

Public procurement legislation is perceived to be strong, but experts point to the fact that certain procurement tenders can be designed in a manner which favors a particular winner. Sometimes public contracts are granted to relatives of the elected officials. Local experts also report close connections between developers and decision makers thus interfering in the planning of needs and technical assessments of the building processes. There is also a reported lenient enforcement of violations of environmental legislation. Still, there are also good examples of independent committees being set up for larger contracts at local and regional level, and formally there always have to be at least 3 competing offers, so there is some pressure from competitors on preferred suppliers. Furthermore, at local government levels, mayors and public officials involved in the selection process are personally liable for large fines for any improprieties in the public procurement process.

Experts have reported the state-owned residences are granted preferentially to relatives of decision-makers or to people who pay bribes, and thus skip the usual selection process.

Corrective measures are being implemented in Israel to counter corrupt practices in public procurement and other public concessions, as public officials at local level are being arrested or dismissed for wrong doing[46]. Still, such efforts are coordinated by central authorities, require a lot of effort to trace the guilty parties at local and regional level, and are generally reliant on side investigations to those on corruption (e.g. Israeli Tax Authority investigations for fraud).

Experts gave us examples of both preventive and corrective anticorruption measures. There is a relatively high level of disclosure of public information online, and new regulations (e.g. construction licensing) are generally being

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[46] Senior Officials of Central Israeli City Arrested on Suspicion of Bribery, Aaron Rabinowitz and Josh Breiner, May 07, 2018, Haaretz, [online] https://www.haaretz.com/israel-news/senior-beit-shemesh-officials-arrested-on-suspicion-of-bribery-1.6060900, last accessed on 29.05.2018.

communicated to the interested parties. E-government is well developed in Israel, having the highest score for this set of cases in the UN E-government Survey[47]. Furthermore, some local authorities have open meetings, thus increasing citizens' possibility to be informed on administrative actions.

[Turkey]

According to the experts we interviewed, the main corruption problems at local level in Turkey are: favouritism in public procurement, nepotism and clientelistic distribution of public goods and/or services (see Table 1). These are all connected to a strategy of surviving in office, more than a strategy of rent-seeking; as public resources are channeled through informal, rather than formal linkages, loyal supporters are rewarded and privileged. Indeed, as experts point out, public services at local level are frequently used in Turkey in a clientelistic manner, in exchange for political (e.g. participating at rallies) and electoral support.

Experts point to the fact that private contractors with connections to the central government have gradually formed a cartel in sectors such as construction, transportation and infrastructure, and are frequent beneficiaries to contracts at LRA level too (e.g. bid for the third airport in Istanbul). Through personal connections with the central government such companies can facilitate budgetary transfers to cover their contracts.

Other issues regarding public contracts at LRA level in Turkey is that they appear to be often granted to relatives of local public officials.

In addition to this, the rent-seeking private contractors are also getting long terms loans with low interests from state banks to cover their engagement expenses.

Overpricing public procurement on local urban infrastructure or landscaping is another problem signaled in our study. The overpricing of public works, delivery of poorer quality or fewer products than agreed upon in the contracts have all been reported by the Turkish Court of Accounts (TCA). Similarly, experts consider there is a high level of unpredictability regarding local governments' decisions and actions, as well as frequent regulatory and procedural changes. Another specific problem that was highlighted in our study is the speculation of urban lands based on the proprietary decision of local public officials.

Overall, experts believe local and regional authorities in Turkey have a moderate capacity to adequately deliver goods and services to citizens. The survey we conducted also reflects a much higher political will to counter corruption at regional and local level, than at national level.

One of the means of increasing the capacity of local governments in Turkey is the transfer of knowledge amongst peers. As such, an associative format, such as

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[47] idem fn. 21.

the Union of Municipalities of the Marmara Region (www.marmara.gov.tr) can offer such a platform for exchanges of good practices. Dominated by the city hall of Istanbul, the Union helps in the dissemination of projects in such areas as energy efficiency, in which local government have the investment decision power. Furthermore, they implement various courses for public officials designed to improve their administrative performance through the Local Government Academy (*Yerel Yönetim Akademisi* (YYA), www.yerelyonetimakademisi.com).

Technical assistance projects have also paved the way to the acquisition of new competences at local and regional level. Such an example is the EU co-funded project "Local Investment Planning" that introduced a new way of planning and programming of local investments, focusing on a bottom-up approach[48]. The piloting phase of this project was implemented in Trabzon, Erzurun, and Mardin subregions.

[Albania]

In Albania, popular grievances regarding corruption are widespread. At the beginning of this year, large protests were mobilized on anti-corruption discourse. According to experts, at local level, the main forms of corruption Albania is facing are: favouritism in public procurement, and clientelistic distribution of public goods and/or services (see Table 1).

According to a recent study from Open Procurement Albania, At least 10 percent of tenders and contracts developed by municipalities across the country have problems of clientelism and favoritism[49]. Even if some of these contracts are not linked to corrupt behavior, the improprieties in legal and procedural terms still signal out public procurement at municipal level in Albania. The NGO-driven initiative to monitor public procurements in Albania is www.open.data.al, where a list of all local public procurement procedures can be seen. This is a particularly useful method to increase transparency at local level, as any citizen can check if there are personal connections or undue private interests with regards to the winning contractors.

Because of the widespread perception that the winner of public procurement contracts can only be selected based on personal deals, the competition is reduced, thus creating even less pressure to curb corruption.

A widespread practice of extracting rents from public contracts is to give additional contracts of high value as annexes to an initial public procurement. These not only increase the lump sum allocated to a preferential contractor, but

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[48] http://www.vng-international.nl/blog/new-local-investment-planning-model-developed-in-turkey/, last accessed on 07.06.2018.

[49] 10% of municipal tenders are awarded with clientelism [online] http://lapsi.al/2018/05/29/10-e-tenderave-te-bashkive-jepen-me-klientelizem/, last accessed on 07.06.2018.

also fall outside public scrutiny, as generally no competitive procedure is required for such contracts.

Indeed, the experts we interviewed mentioned that public procurement works are very often conditioned upon personal gains for officials in charge of implementing the bids. This is problematic, as it is often the political agent such as the mayor that get blamed for corruption, even if he or she was not necessarily involved in such proprietary dealings.

On the other hand, experts also signal that sometimes it is the other way around, as it is the political actors that press upon civil servants to execute favorable decisions to political clients in public procurement proceedings. In the end, it is less important who is initiating the patronage relationship with private contractors, as it is the structural weakness of the procurement system in Albanian local authorities. It is the procedural faults that allow for discretionary decisions due to ambiguous legislative provisions, lack of clarity regarding eligibility criteria and overlapping elements in the selection procedures.

In terms of public services, amongst the issue raised by experts were: conditional distribution of public services upon material gain on the part of clerical staff, increasing the value of a bureaucratic favor by long ques and difficult procedures of registration for public services, and delaying the distribution of certain goods (e.g. social housing) up until electoral periods, so that there can be political capitalisation.

The experts' assessment is that Albania's local authorities have a moderate capacity to deliver qualitative public services to citizens. Like in many other countries in the Euro-Mediterranean area, regional authorities do not fulfill specific duties in service delivery, but rather act as representative agents of the central government and have a contribution in regional strategies for development since 2007. This means that local authorities are the main bodies of representation and service delivery at subnational level.

Recent legislative reforms on such issues as conflict of interests, obligation to publish a declaration of assets, or protection of whistle blowers are judged by experts to be relevant examples of good practices in Albania.

Prevalence of Corruption at the Local and Regional Level in Southern Mediterranean Countries: Cross-Country Comparisons

Most prevalent forms of corruption in the Euro-Mediterranean area

The main focus of our comparative assessment in this report are the Southern Mediterranean countries. However, in order to achieve a larger cross-country analysis, we included two other countries from the ARLEM network from the broader Euro-Mediterranean region. This gave us the important and useful perspective on structural challenges across different socio-political contexts.

It is certain that the biggest problem at local and regional authorities level across the Euro-Mediterranean region is that of favoritism in public procurement. In a context in which resources are relatively scarce in subnational administrative units, corruption in public procurement procedures means a further dilution of the potential benefits that can reach the citizens. The only country in our sample of cases that does not seem to have major problems with favoritism in public procurement is Jordan.

Table 1: The perception about the most prevalent forms of corruption in LRAs (%)

EXPERT ASSESSMENT	Morocco	Tunisia	Egypt	Israel	Jordan	Turkey	Albania	BiH
Favouritism in public procurement	78	69	67	86	30	74	52	54
Nepotism in appointing public officials	56	50	33	57	40	58	43	54
Abuse of power in public office	33	31	83	29	52	47	30	62
Decisions contrary to public interest	22	38	25	14	43	21	35	46
Conflicts of interest	44	31	75	71	34	21	9	8
Clientelistic distribution of public goods	78	63	50	29	9	58	52	23

Note: The sum of percentages is greater than 100% because it was a multiple-choice question. Colour Scheme: Yellow < 25 (i.e. not very frequent problem), Orange 25-50 (i.e. relatively frequent problem), Red 50< (i.e. very frequent problem)

The second largest problem across the region is nepotism in appointing public officials. Political patronage is usually deployed for one of two reasons (or both): to reward loyal supporters, or to better control the institutions in which the

appointees are employed[50]. If we look at the issues regarding public procurement and clientelistic distribution of public goods, we can see the need for such intermediaries in office. Still, it is often hard to discern how much nepotism is driven by the reward or by the control motivation. Most likely, in the Euro-Mediterranean region it is a mixture of both.

In certain cases, lack of competence on the part of public officials, or ambiguous rules and procedures are reflected in such problems as nepotism or favoritism in assigning public contracts. However, as can be seen in the case of Morocco, Israel and Turkey, experts do not necessarily believe local and regional public officials are taking decisions that are contrary to public interest. Conflict of interests is an important concern in Egypt and Israel.

Table 2: The perception about the main vulnerabilities of LRAs in PUBLIC PROCUREMENT (%)

PUBLIC PROCUREMENT	Morocco	Tunisia	Egypt	Israel	Jordan	Turkey	Albania	BiH
Ambiguous legislation	27	31	25	29	17	37	22	31
Lack of transparency	64	63	58	71	65	68	57	46
Untrained personnel	45	50	33	43	30	11	39	38
Poor protection for whistle blowers	45	44	58	14	22	32	30	31
Nepotism	27	25	50	71	43	68	43	54

Note: The sum of percentages is greater than 100% because it was a multiple-choice question. Colour Scheme: Yellow < 25 (i.e. not very frequent problem), Orange 25-50 (i.e. relatively frequent problem), Red 50< (i.e. very frequent problem)

Lack of transparency is the main issue connected to public procurement procedures across the region. As seen above, this can be liked with the discretionary management of contracts so as to favor certain enterprises. According to experts, terms of reference (ToR) and bidding procedures are often rigged so as to ensure a favoured company wins. This distorts competition and usually decreases the quality of implementation; poor materials and delays are

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[50] Kopecký, P., Mair, P., & Spirova, M. (Eds.). (2012). *Party patronage and party government in European democracies*. Oxford University Press.

often accepted in order to increase the profit margins of the private contractors, thus increasing the rent margins as well.

Table 4: The perception about the main vulnerabilities of LRAs in the PROVISION OF PUBLIC SERVICES (%)

PUBLIC SERVICES	Morocco	Tunisia	Egypt	Israel	Jordan	Turkey	Albania	BiH
Abuse of administrative resources in electoral campaigns	27	31	25	29	43	58	35	23
Clientelistic distribution of public goods	55	69	58	71	22	47	52	77
Lack of transparency	64	56	75	43	65	37	48	62
Nepotism	55	31	42	71	48	47	43	54

Note: The sum of percentages is greater than 100% because it was a multiple-choice question. Colour Scheme: Yellow < 25 (i.e. not very frequent problem), Orange 25-50 (i.e. relatively frequent problem), Red 50< (i.e. very frequent problem)

Public services are generally plagued by conditional access. The discrimination based on personal connections or graft decreases the trust citizens have in their local and regional authorities' ability to serve them. This in turn erodes the social contract and fuels larger disenchantment with the state and political elites.

Lack of transparency is again the main issue with regards to public service delivery, as it is with regards to public procurement. The situation is slightly better in Israel, Turkey and Albania than in the rest of the countries. While clientelistic distribution of goods and services for electoral gains is largely connected with public service delivery in the region, this does not seem to be an issue for Jordan.

Overall, in the larger Euro-Mediterranean area, we find that the lack of transparency, favouritism and nepotism are the main recurrent issues in different aspects of public functions at local and regional level.

Overarching challenges in the Southern Mediterranean countries

In some of the Southern Mediterranean countries analysed here, there are important overlaps between the challenges to achieving a higher quality of governance and the issues related to the quality of democracy and representation. In the Middle East and North African (MENA) countries where there were

protests during the Arab Spring, there is a clear-cut connection between popular grievances regarding democracy and governance at the same time. Empirical data shows that across MENA "perceptions about standards of living, labour market conditions, corruption and *wasta* are not only strongly associated with dissatisfaction with life prior to the Arab Spring, but also mentioned as one of the main reasons for the Arab Spring uprisings" [51]. According to one of the experts we interviewed, in the region, "in public services you only have two options—either get very poor services or have to pay bribes to access others, and there is no use in complaining as there is no rule of law". Essentially, the main side effect of the democratic and governmental failures in the region is a weak social contract, and citizens do not feel invested in formal structures of authority at local level.

Graft Index is a measure of the proportion of instances firms are expected/requested to pay a gift or informal payment when applying for certain public services[52]. According to this metric, the graft levels are highest in Morocco and Turkey as they fall well above regional averages. In contrast, incidence of graft is not signalled as a major issue in Tunisia, Lebanon, or Jordan. In Israel graft appears to be a non-issue altogether for the private sector, as below 1% of the enterprises are expected to give gifts or bribes to get construction permits, or government contracts[53].

Subnational governance is often about "who rules whom" and "the allocation of authority" thus raising not only the issue of formal rules of power allocation, but also that of capacity to govern[54]. In many of the countries in the Southern Mediterranean area, the institutional capacity at local and regional level is weak (e.g. Egypt, Jordan, Morocco). Furthermore, a culture of civic participation and community involvement is largely absent (not only in electoral measures of turnout, but also in direct engagement with authorities and other public bodies). As such, LRAs ability to govern is very weak at the moment, in any sense of self- or even shared-rule. Nevertheless, LRAs have gradually taken on more and more duties through delegation from the central government which is likely to increase their impact on their local communities on the medium to long term. This

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[51] Arampatzi, E., Burger, M., Ianchovichina, E. , Rohricht, T.& Veenhoven. R. (2015). "Unhappy Development: Dissatisfaction with Life on the Eve of the Arab Spring." World Bank Policy Research Working Paper 7488, World Bank, Washington, DC.. [online] https://personal.eur.nl/veenhoven/Pub2010s/2015x-full.pdf, last accessed on 26.05.2018

[52] Based on Country Data from the Enterprise Survey conducted by the World Bank.

[53] Some of the experts consulted for the Israel case studies have however reported that there occurrences of giving bribes in exchange of licenses for opening a local businesses.

[54] Hooghe, L. & Marks G.(2016). *Community, Scale, and Regional Governance: A Postfunctionalist Theory of Governance: Volume II*. Oxford: Oxford University Press, Chapter 7 Fiver Theses on Regional Governance, p. 157.

enhancement of attributions for LRAs is essential to counterbalance the prevalence of informal networks of power at local level.

In terms of outside solutions for LRA institutional capacity, technical assistance programs have had a very limited impact. This is because they are not properly integrated in the everyday practices of LRAs. There are notable exceptions of utility, such as the PNUD programme in Tunisia that contributed to the development of an Action Plan for the National Anticorruption Strategy, but overall, these efforts remain detached from the goals and functions of local communities. Without a stronger collaboration with existing administrative bodies who need to internalise in their processes the new tools and principles provided by assistance programmes efforts deployed by international donors may leave little behind in terms of palpable results.

Given the various internal and regional challenges that the Southern Mediterranean countries are facing, there are various approaches the EU is engaging vis-à-vis these neighboring countries. Most of these efforts involve financial instruments. For example, the cross-border cooperation (CBC) programme allocated in between 2014 and 2020 a total of more than €200 million[55]. More than €824 million are the estimated funding for the Regional South programme for 2014-2020[56]. Within the next Multiannual Financial Framework (MFF) the allocations are expected to be higher still on certain axes of cross-border cooperation.

Beyond the lump financial engagement, there is a clear formulation of the need to engage with local and regional authorities (LRAs); often the main gain from international donors is knowledge transfer, not just financial assistance. This approach falls in line with the general theory on how increasing capacity at local level can significantly counter corruption and proprietary use of public resources[57]. As transparency is very low, so is public trust. International partners often suggest the development of performance-based accountability in the public administration at local level[58]. This would be an important step forward, as "a majority of MENA citizens routinely experience a cycle of poor performance in their daily lives: political, administrative, and social institutions fail to instill

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[55] €209,057,812 divided equally between ENI funding and ERDF funding, in addition to which there was also a total of €33,354,820 available through the "Sea Crossing Programme" between Italy and Tunisia in the period 2014-2020. For further details see programming document for EU support to ENI Cross-Border Cooperation (2014-2020).

[56] https://www.euneighbours.eu/en/policy, last accessed on 27.04.2018

[57] Ivanyna, M., & Shah, A. (2011). Decentralization and corruption: new cross-country evidence. *Environment and Planning C: Government and Policy*, 29(2), 344-362. Of course, there also is a counter-trend in the literature that argues there is a positive relation between decentralisation and prevalence of corruption (see for example review in Faguet, J. P. (2012). Decentralization and popular democracy: Governance from below in Bolivia. University of Michigan Press. p.166), but it assumes there is an inevitably poorer institutional capacity at local level.

[58] Shah, A. (Ed.). (2007). *Performance accountability and combating corruption*. World Bank Publications.

adequate accountability (…) as citizens experience poor service quality, they increasingly regard the government as corrupt and ineffective"[59].

A second line of dialogue between LRAs in Southern Mediterranean and EU is the economic agenda. Ever since the Barcelona Process, economic development is a central objective for the countries in the region and it is seen as the main area where the EU should play a role, according to ArabTrans surveys; Morocco scores highest in the region in its expectations for positive economic effects of EU programmes[60]. Furthermore, economic development is inherently reliant upon market reforms which are in turn reliant on non-discriminatory governance and bureaucracy. As such, economic development measures can hardly be separated from efforts to improve institutional capacity at local and regional levels. Foreign investment and local entrepreneurship is severely affected by the salient informalism of the Southern Mediterranean countries.

Finally, the fundamental dialogue that should be maintained between the EU and the countries in this region is the design of the balance of power. Local self-rule or self-governance cannot work in the absence of fiscal collection capacity–as LRAs cannot raise money from local investments, they do not have own revenues. In MENA only very small percentage of public expenditures are done at local level. As such, even there would gradually be achieved a higher autonomy, they would still not have the means to do a lot. By shifting decision-making and necessary tools (e.g. financial resources) to the local level, public services will be delivered at a better quality and there will be higher popular support. If things are deficient people will hold local leaders accountable through electoral outcomes, thus avoiding larger tensions and frustrations building up.

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[59] Brixi, et al (2015) see fn 44.
[60] ArabTrans project, WP9 D9.26: The Impact of the European Union in Arab Countries and the impact of the Arab transformations upon the EU, p. 91.

Policy Recommendations for Strengthening the Institutional Capacity of Local and Regional Authorities Southern Mediterranean Countries

Some of the recommendations in this section have been informed by the best practices observed and discussed with regional experts during the data collection process of this study. The rest of the recommendations here have been emerge from a previous similar study in Eastern Partnership (EaP) countries[61] and from further desk research on recent innovative best practices in terms of transparency and corruption prevention worldwide.[62] The goal of this section is not so much to prescribe very specific lines of action as it is to offer an overview of different options available, as well as some principles, standards and tools LRAs may want to explore in the area of corruption prevention.

International benchmarks to be pursued at subnational level

The development of national, regional or local Right to Information (RTI) legislation, may stimulate the emergence of civil society portals. These portals can play a positive role in improving the overall RTI environment, by increasing efficiency and automatisation of RTI requests, improving overall the understanding of RTI and offering a more user-friendly service. These civil society portals tend to be more use plain language, provide additional guidance for end users, encourage citizens to look for existing information, collect the necessary email addresses of public officials, and provide financial and administrative backing in case of appeal processes.[63]

These portals have become key instruments and supported the work and emergence of transparency advocates in countries such as Chile, Germany, New Zealand, and Uruguay. They could help develop a supporting dialogue between NGOs and governments concerning RTI, and therefore contribute to an increased transparency culture and to prevent corruption. In the Philippines for example, the government disclosed spending for roads and schools online, frequently geo-coded to identify exact locations, thus allowing civil society and citizens to give feedback to see if these roads existed; the Commission of Audit integrated social audits, mandating government response, and reportedly saved $300,000 per ghost

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[61] Volintiru et al (2017). Preventing Corruption and Promoting Public Ethics at the Local and Regional Level in Eastern Partnership Countries. Committee of Regions Report, [online] https://cor.europa.eu/en/documentation/studies/Documents/Preventing-Corruption.pdf, last accessed on 16.06.2018.

[62] This part of the study has been conducted with the expert guidance of Dr Fabrizio Scrollini, the Executive Director of Latin American Open Data Initiative (ILDA) and member of the Open Data Network for Development (OD4D).

[63] Bailur, S. & Longley, T. (2014). *Research into mySociety's online Freedom of Information platform, Alaveteli*. mySociety Research. [online] http://research.mysociety.org/publications/mysocietys-online-freedom-of-information-platform, last accessed on 16.06.2018.

road[64]. However, it is important to understand the specific context and how portals would interact with existing institutions, to what extent external funding is necessary to their operations, and adjust expectations as they are not immediate game changers.[65] In Mongolia, citizens were trained to fill out community score cards on 84 different public services, followed by dialogue with government, which then took actions to improve access to water and sanitation in response to citizen feedback, closing the feedback loop.

Open data initiatives also have potential to create positive dialogue between civil society and government on transparency and accountability. Reliable evidence on the impact of government led open data initiatives, in particular in developing countries has been scarce. However, public availability of certain data, according to experts, can empower those civil servants that oppose corruption, without having to turn them directly into whistle blowers. When knowing that information about their actions will be made public or accessible to other civil servants, officials are encouraged to behave better, even without the exercise of accountability mechanisms. Moreover, when designing open data systems as well as their evaluation, it is important to pay attention to its specific locality or sector. [66] Exploring and tailoring an open data policy in a specific governance setting such as public procurement could be fruitful regardless of the level of progress in the global open data agenda in the country.

Open contracting and collaboration across agencies could prove very useful in halting corruption. For instance, in Bogota a collective effort between the city's education secretariat with other government and business enabled a radical reform in the US$170 million provision of school meals. They transitioned from a highly problematic direct contracting system to an open contracting one, improving the service, reducing the ground for corruption and making savings estimated at 10-15%.[67] Even in the case that a full-fledge initiative could be difficult to implement, introducing some of the principles of open contracting[68] and developing data standards[69] and guides on what data on public procurement must be available to the public and how these data must be shared can be a

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[64] https://www.opengovpartnership.org/stories/joining-forces-empower-serve-citizens-tale-of-two-partnerships-gpsa-ogp, last accessed on 07.06.2018.

[65] Fumega, S. & Scrollini, F. (2018). Exploring the role of digital civil society portal in improving Right to Information regimes. U4 Anti-Corruption Resource Centre, 2008 (1). [online] https://www.u4.no/publications/exploring-the-role-of-digital-civil-society-portals-in-improving-right-to-information-regimes/pdf, last accessed on 07.06.2018.

[66] Davies, T., & Perini, F. (2016). Researching the emerging impacts of open data: revisiting the ODDC conceptual framework. *The Journal of Community Informatics*, 12(2).

[67] Open Contracting (2018). The deals behind the meals: How open contracting helped fix Colombia's biggest school meal program' [online]: https://medium.com/open-contracting-stories/the-deals-behind-the-meals-c4592e9466a2, last accessed on 07.06.2018.

[68] See for instance Open Contracting Partnership's Global Principles [online] https://www.open-contracting.org/implement/global-principles/ , last accessed on 07.06.2018.

[69] The Open Contracting Data Standard (OCDS) is considered best practice for open data in this context http://standard.open-contracting.org/latest/en/ , last accessed on 07.06.2018.

positive step in corruption prevention. In parallel these governments may want to work at different level (local, regional and national) to help civil society develop the capacity to monitor open contracts. The Spanish independent organisation Civio (*Fundación Ciudadana Civio*)[70] provides an example of how civil society can contribute to reduce opacity and detect irregularities in public procurement. In Ukraine, reformers from government and civil society joined forces to launch the open contracting platform ProZorro, through which all contracts are disclosed under open data standards, so they are searchable by the public; this has reportedly brought about fiscal savings of over $1 billion in two years, and are currently trying to implement an updated version of the platform (i.e. DoZorro) where citizens can track the implementation of contracts, report problems, and track government response[71].

Advancing in fiscal transparency can also be a way to improve how public resources are utilized at local and regional level. Some of the principles promoted by The Global Initiative for Fiscal Transparency (GIFT)[72] at national level could be implemented by municipalities and regional governments to curb corruption.[73] For instance, LRAs should clearly communicate the objectives they pursue and the outputs they are producing with the resources devoted to them, in an effort to disclose the expected social, economic and environmental outcomes of their policies. Roles and responsibilities for the management of public resources should be clearly allocated in legislation between the national and subnational levels of government. Auditors should have statutory independence from the governments which actions they are scrutinising, as well as the appropriate legal mandate and resources. Their actions should also be subject to the principles of accountability and transparency. Tools such as those developed by the initiative OpenBudgets.eu[74] or The World Bank[75] may facilitate the work of those public administrations and NGOs willing to pursue the fiscal transparency agenda as a means to reduce corruption.

LRAs could test their more ambitious transparency and accountability initiatives first in a particularly problematic sector, such as licensing of extractive industries (e.g. EITI standard), publicly funded construction or garbage collection. Similarly, since public procurement is usually the government activity most

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[70] https://civio.es/en/ , last accessed on 07.06.2018.

[71] idem fn. 59.

[72] GIFT (2018) 'Detailed Explanation of High-Level Principles' http://www.fiscaltransparency.net/expanded-version/ , last accessed on 07.06.2018.

[73] See for instance, the Argentinian experiment GastoPublicoBahiense.org which published from 2010 to 2016 public procurement data from the Bahía Blanca municipality. http://blog.jazzido.com/2010/07/18/un-experimento-sobre-tecnologia-y-transparencia-gubernamental/ , last accessed on 07.06.2018.

[74] http://openbudgets.eu/tools/ , last accessed on 07.06.2018.

[75] http://boost.worldbank.org/tools-resources/topics/promoting-open-budgets/fiscal-transparency , last accessed on 07.06.2018.

vulnerable to corruption,[76] LRAs may want to concentrate their anti-corruption capacity building efforts in it. There are abundant integrity risks in each of the stages of the public procurement cycle, pre-tendering, tendering and post award phases. The anti-corruption strategy for public procurement in these countries should set organisational procedures, integrate anti-corruption measures in workday life, work on raising awareness of officials at all levels in prevention and on its consequences, as well as follow an active process of re-assessment for a continuous improvement.[77]

Benchmarks and lessons learned from the Southern Periphery region

Good practice examples:

- ✓ **The legislative reform** (i.e. Municipalities Law, Decentralisation Law) **coupled with community-centered projects** (e.g. SDDP) can yield gains in the quality of governance and service provision at local level, but as Jordan shows this is a long-term process that is reliant on changes in mentality as much as it is on political will.

- ✓ **The capacity to counter corruption requires both institutional and legislative instruments.** Both the institutional setting (i.e. INLUCC, INAI) and the anticorruption legislation (i.e. National Anticorruption Strategy, RTI Law) have checked boxes for good practices in Tunisia. The strength of its dedicated Anticorruption Agency as opposed to others in the region is that the goals and objectives states in the National Strategy are backed up by a specific action plan for the short term (i.e. 2017-2018) which makes activities as well as results much more easily traceable by third parties.

- ✓ **Transparency and public trust increase simultaneously as access to public information is granted freely to citizens.** Morocco recently adopted a new law regulating access to public information, after joining the Open Government Partnership (OGP). Similarly, as part of the commitments taken within the OGP, Jordan has been implementing a series of reforms aimed at increasing e-governance, public participation and enhancing the quality of public service delivery[78]. As part of its OGP commitments, Tunisia too implemented a series of reforms in local

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[76] OECD (2016) .Preventing Corruption in Public Procurement. OECD Better Policies For Better Lives Report. Available at: http://www.oecd.org/gov/ethics/Corruption-Public-Procurement-Brochure.pdf last accessed on 07.06.2018.

[77] See for instance the Anti-Corruption Strategy of the Austrian Federal Procurement Agency https://www.bbg.gv.at/english/about-the-fpa/. last accessed on 07.06.2018.

[78] https://www.opengovpartnership.org/countries/jordan, last accessed on 07.06.2018.

governance in collaboration with citizens and civil society[79]. A series of governmental online portals in Egypt also further the accessibility of public services, while limiting the opportunities for graft or preferential treatment.

✓ **A way to scale up benchmark examples is by creating the environment for exchanges of good practices.** Professional associations such as the Municipalities Union of Marmara in Turkey allow for this to happen. Dedicated training sessions for public officials from different LRAs are another example from Turkey that can further communication and knowledge transfers (e.g. Local Government Academy (*Yerel Yönetim Akademisi* (YYA). Initiatives that are led by the Central Government can be effective as well, as shown in Egypt by the case of the Participatory Development Programme in Urban Areas (PDP) (http://egypt-urban.net). There are also other relevant bodies that promote the exchange of knowledge at international level, such as the Arab Administrative Development Organization (ARADO) (www.arado.org), or Open Government Partnership (OGP) (www.opengovpartnership.org). International donors such as OECD, EU, UN, or the World Bank are frequently supporting such initiatives.

✓ **Bottom-up initiatives are often more easily adopted and legitimised by local communities.** A good example in Egypt is the one-stop shops for business start-ups: The Egyptian Center for Public Policy Studies seeks to empower entrepreneurs through the telephone application 'Mashro3y' launched by the Egyptian Center in cooperation with the Embassy of the Federal Republic of Germany in Cairo. The main objective of this application is to provide information about financial and non-financial service providers to individuals wishing to establish an economic activity and already existing entrepreneurs. The Center sought to spread this application in the Egyptian governorates through several conferences and seminars, which raised the number of 'Mashro3y' users to 25 thousand users in 27 Egyptian governorates. [80]

Suggestions based on identified country-specific problems:

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[79] https://www.opengovpartnership.org/documents/tunisia-second-national-action-plan-2016-2018, last accessed on 07.06.2018.

[80] Egyptian Center for Public Policy Studies (ECPPS) (2017) Policy Paper Series: Reforming the Business Climate and micro, small and medium sized enterprises in Egypt, [online] http://ecpps.org/attachments/article/1328/Information%20centers%20and%20the%20digital.pdf last accessed on 07.06.2018.

- ✓ Use electronic systems for the selection of beneficiaries of certain public services that are more prone to being exchanged preferentially (suggestion from Egypt, Morocco and Tunisia)

- ✓ Independent control system for Local and Regional authorities or certain key functions they perform in public procurement and service delivery (suggestion from Turkey)

- ✓ Surveillance cameras on administrative offices that engage with the public on a day-to-day basis so as to diminish petty corruption (suggestion from Morocco)

- ✓ Public employees training on ethical conduct and countering measures for corruption (e.g. whistle blowing) (suggestion from Tunisia and Egypt)

- ✓ Participatory budgeting at local level (suggestion from Tunisia and Turkey)

- ✓ Open council and other deliberative meetings at LRA level (suggestion from Israel)

- ✓ Raise awareness amongst citizens and local NGOs about the causes, forms and effects of corruption through dedicated campaigns (suggestion from Israel)

- ✓ Third party (e.g. NGO) monitoring of tenders and public spending at local level (suggestion from Turkey)

Further recommendations:

- ✓ Anti-corruption authorities should be partners to local and regional authorities in ensuring good governance, especially in terms of putting in place preventive measures that can help promote good practices (e.g. transparency, digitalisation), rather than punish unethical behavior. In the sample of cases analyzed here, only Morocco, Egypt, Jordan, and Bosnia and Hertzegovina have stand alone, specialised institutions in preventing corruption (see Annex 2). It is important to have distinctive authorities in charge of prevention, to ensure their independence and impartial conduct, but also to develop new collaborations across governmental levels.

- ✓ Digitalisation strategies in LRAs should focus as much on transparency, and accessibility, as on ensuring participatory interactions with users. This "co-design" or "co-production" of public services and policies[81] would
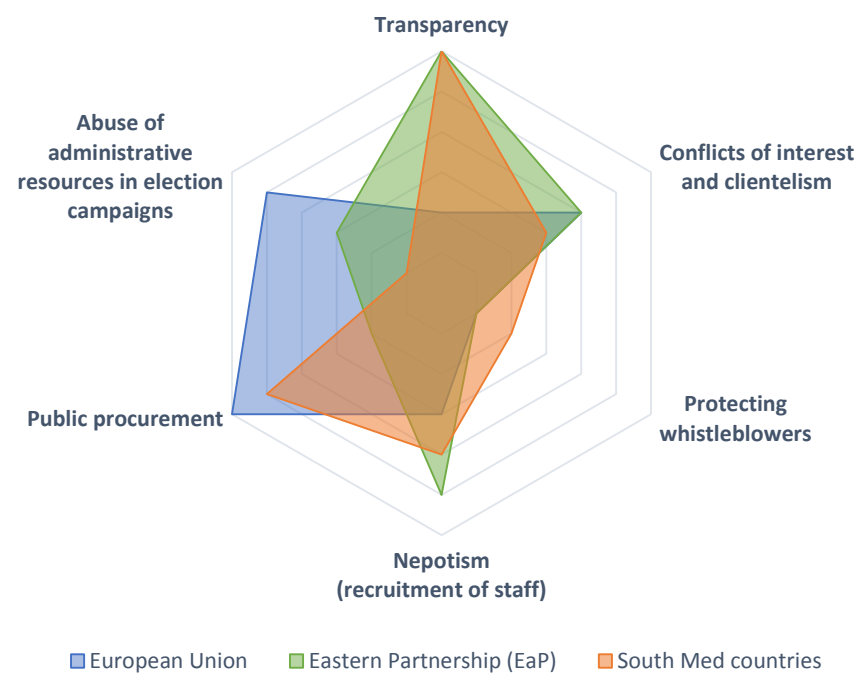
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[81] See OECD recommendations for digitalisation strategies in MENA, 2017 [online] https://www.oecd.org/mena/governance/digital-governance-mena.pdf, last accessed on 07.06.2018.

increase citizens' ownership over community issues, the legitimacy of the state, and consolidate their trust in LRAs.

✓ In order for local authorities to be able to make a meaningful difference, local budgets should be increased, encouraging the development of fiscal collection capacity from investments and development projects, and asserting ownership over the quality of goods and services provided.

Annex 1. Prioritisation Matrix for Corruption Problems in the EU Periphery

Prioritisation Matrix scale (1-6)	South Med countries	European Union	Eastern Partnership (EaP)
Transparency;	1	5	1
Conflicts of interest and clientelism;	4	3	3
Protecting whistleblowers;	5	6	6
Nepotism (recruitment of staff);	3	4	2
Public procurement;	2	1	5
Abuse of administrative resources in election campaigns;	6	2	4

Sources: present expert survey for South Med countries; Volintiru et al (2017) for input on EaP countries; Tromme and Volintiru (2018) for input on EU.

	Main Problems in Public Procurement	Main Problems in Public Service Delivery
Morocco	Lack of transparency	Lack of transparency
	Untrained personnel	Nepotism
	Poor or non-existent protection for whistle blowers	Clientelistic distribution of goods and services
Tunisia	Lack of transparency	Clientelistic distribution of goods and services
	Untrained personnel	Nepotism
	Poor or non-existent protection for whistle blowers	
Egypt	Lack of transparency	Lack of transparency
	Poor or non-existent protection for whistle blowers	Clientelistic distribution of goods and services
	Nepotism	
Israel	Lack of transparency	Clientelistic distribution of goods and services
	Nepotism	Nepotism
Jordan	Lack of transparency	Lack of transparency
	Nepotism	Nepotism
Turkey	Lack of transparency	Abuse of administrative resources in electoral campaigns
	Nepotism	Clientelistic distribution of goods and services
		Nepotism
Albania	Lack of transparency	Clientelistic distribution of goods and services
	Nepotism	Lack of transparency
Bosnia and Herzegovina	Nepotism	Clientelistic distribution of goods and services
	Lack of transparency	Lack of transparency

Source: Based on original expert survey conducted for this study

Annex 2. National anti-corruption bodies

COUNTRY	ASSET RECOVERY FOCAL POINT	CENTRAL AUTHORITY FOR MUTUAL LEGAL ASSISTANCE	PREVENTION AUTHORITY
MOROCCO	n.a.	General Direction for Criminal Affairs- Ministry of Justice	Central Body for the Prevention of Corruption (ICPC)
TUNISIA	General Direction for Criminal Affairs- Ministry of Justice		
EGYPT	International Cooperation Office of the Prosecutor General's Office	Ministry of Justice, Office of the Assistant Minister of Justice for International and Cultural Cooperation	Administrative Control Authority (ACA) Ministry of Foreign Affairs, Anti Corruption
JORDAN	Anti-Corruption Commission	Mutual Legal Assistance Requests Service, Ministry of Justice, International Relations Directorate	Anti-Corruption Commission
ISRAEL	National Forfeiture Unit, Israel Police	Department of International Affairs, Office of the State Attorney, Ministry of Justice	
ALBANIA	n.a.	The General Prosecutor's Office Ministry of Justice	Department of the Internal Audit and Anti-Corruption, Council of Ministers
BOSNIA AND HERTZEGOVINA	Ministry of Justice	n.a.	Agency for the Prevention of Corruption and Coordination of the Fight against Corruption (APIK)

Source: UNODC