

Southeast Asia

Brunei, Cambodia, East Timor, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand, Vietnam

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Overview

There is great diversity in the quality of governance and patterns of corruption in Southeast Asia. Singapore's strong state has kept the level of corruption low but has limited political freedom and access to information. Indonesia has seen political reforms and a burgeoning of civil society, but the weakness of the state has limited the effectiveness of anti-corruption measures. Meanwhile, poor governance and corruption are systemic features of communist-ruled Vietnam and Laos, the transition economy of Cambodia and military-ruled Myanmar.

Continuing economic difficulties were a spur to reform. The urgent need for foreign investment increased the influence of international donors on policy agendas across Southeast Asia. In some cases, external pressure added to the efforts of anti-corruption reformers and allowed progress, seen for example in the passage of anti-money laundering legislation in the Philippines after the country was put on the Financial Action Task Force (FATF) blacklist. In other cases there was local resistance to reform.

In some countries, notably Indonesia, the Philippines and Thailand, the economic downturn motivated market-oriented reforms that may limit the scope for corruption. The same three countries saw arrests of high-profile political figures on corruption charges, though there are doubts as to how far the crackdowns will go. Singapore has gone farthest in introducing e-government, but others, including the Philippines and Thailand, launched important initiatives in the area.

The long-standing interpenetration of public and private sectors in many countries in the region still creates opportunities for corruption and resistance to reform. The ability of governments to push through corporate governance reforms is greatest where political opposition is weak, such as in Malaysia and Singapore.

In many ways, the spread of anti-corruption efforts across the region is due to the economic growth enjoyed by Southeast Asia prior to the 1997 financial crisis. Years of successive growth produced an informed middle class that became natural members of the civil society organisations now pushing for greater transparency and accountability. While the economic gains have been rolled back since 1997, anti-corruption coalitions are more potent. Nevertheless, there continue to be tight

restrictions on NGOs and the media in many countries. Attempts to introduce freedom of information legislation in Indonesia failed and Singapore's government increased regulation of the Internet.

International and regional

International efforts to combat corruption played a key role in setting the political agenda and, to a lesser extent, in the political decisions being made in the region. Among these efforts were the Asian Development Bank/Organisation for Economic Co-operation and Development (ADB-OECD) Anti-Corruption Plan for Asia and the Pacific, the World Bank's various anti-corruption initiatives and the continuing work of the FATF against money laundering.

The ADB-OECD Action Plan, adopted in Tokyo in November 2001, aims to support various regional anti-corruption activities. The plan has three pillars: developing effective and transparent systems of public service; strengthening anti-bribery actions and promoting integrity in business operations; and supporting active public involvement.¹ The ADB and OECD are raising resources to support countries whose anti-corruption programmes are aligned with the plan.

For its part, the World Bank established several country initiatives in governance and anti-corruption. In early 2001 it launched a Global Distance Learning Programme on Combating Corruption in Asia-Pacific.² By leveraging video conference technology, the programme provided players and stakeholders from various countries with opportunities to learn from each other without the need for expensive travel. But it is still an evolving technology, limited by the digital divide in the region.

International organisations also increased their efforts to ensure that their own operations are not tainted by corruption. During its May 2002 annual meeting in Shanghai, the ADB made a strong commitment to greater vigilance. It was responding to criticism that it had been negligent in projects such as the controversial Samut Prakan waste water treatment plant in southern Thailand, which recently attracted corruption allegations.³

The role of the FATF came to the fore during the past year because it placed the Philippines and Indonesia on its blacklist of non-cooperating countries. Seeking to remove its name from this roll, the Philippine congress in September 2001 passed a long-delayed anti-money laundering law. Yet the FATF decided to keep the Philippines on the list because the law 'contains a number of important deficiencies'.⁴ Also responding to international pressure, the Indonesian house of representatives passed anti-money laundering legislation in March 2002.⁵

Other multilateral organisations continued to press for the improvement and implementation of existing policies with an anti-corruption focus. Signatories of the World Trade Organization (WTO) Agreement on Government Procurement agreed to adopt non-discriminatory and transparent procurement processes.⁶ To

date, the only country in Southeast Asia to have signed is Singapore; others have not yet begun to negotiate accession or adopt observer status. The Asia Pacific Economic Cooperation's Non-Binding Principles on Government Procurement, which were adopted in 1999, are weak in fostering open and transparent procurement practices, compared to the legally binding WTO agreement.⁷

Other international private organisations were also active. The Pacific Basin Economic Council, for instance, made efforts to establish a Charter on Standards for Transactions between Business and Government.⁸

The effectiveness of international action depends in part on overcoming opposition in a country. In the third ADB-OECD Meeting on Combating Corruption in the Asia-Pacific, only 17 out of the 33 countries in attendance signed the non-binding action plan. The reasons why most of the ADB member states did not endorse it vary, but their reluctance underscores the uphill challenge of anti-corruption work. In Southeast Asia, only Indonesia, Malaysia, the Philippines and Singapore endorsed the plan. Some representatives at the meeting noted that they could not be aggressive in countering corruption because it would risk the viability of the government. In this regard, it is clear that the ADB and OECD have to work harder with governments and other political actors in Southeast Asia to put anti-corruption issues onto national political agendas in the region.⁹

National

Because of the global economic slowdown during the past year, Southeast Asia experienced a level of economic weakness not seen since the aftermath of the Asian financial crisis in 1997. In several countries, notably Indonesia, the Philippines and Thailand, the economic crunch provided greater impetus for political and economic reforms. To attract foreign investment and inspire domestic confidence, these three countries embraced policies that have reduced state involvement in the economy. This trend may limit opportunities for corruption, though the process of privatisation continues to be fertile ground for allegations of corruption.

In Malaysia, economic difficulties appear to have driven the government to push corporate reforms further. The government initiated major corporate restructuring of state-owned or controlled enterprises run by former business protégés of the ruling coalition.¹⁰ Similarly, Singapore's ministry of finance embarked on governance reforms, establishing three high-level committees to examine the corporate, legal and regulatory framework and disclosure and accounting standards, as well as corporate governance.

In response to economic weakness, international pressure and to buoy their flagging or fragile legitimacy, several governments demonstrated a surprising resolve to pursue 'untouchables'. In March 2002, Indonesian president Megawati Sukarnoputri sanctioned the arrest and trial of the speaker of parliament, Akbar Tanjung, for corruption. The son of former president Suharto, Tommy Suharto,

The poor speak up: corruption stories from Indonesia

Fitri lives in a one-room hut with her husband and two children. Her husband barely earns enough money to meet the family's basic needs. There is no room for extra expenses; if any arise Fitri has to borrow money from the neighbourhood association. But problems never stop coming, and the high cost of corruption only adds to the family's plight.

At the primary school of Fitri's eldest daughter, 21 June 2001 was report card day. Fitri had looked forward to this day but, when she arrived at the school, the teacher informed her that the parent of another student had just passed away and that the other parents should contribute money to support the child. Although the contribution was voluntary, the teacher insisted that the money had to be paid before she would hand out the report cards. The teacher said that other parents had given as much as Rp 20,000 (about US \$2).

Puzzled, Fitri went to the principal's office to ask for an explanation. The principal admitted that no parent had died but refused to exempt her from paying, saying it was the teacher's business. Fitri had no choice but to go back to the teacher. Grudgingly, she handed the teacher Rp 10,000, saying she could not give more since her husband had not yet received his salary. The teacher snatched the money from Fitri's hand, but she still wouldn't hand over the report card. Fitri gave the teacher another Rp 5,000 for 'pencil money'. Only then did the teacher release the report card, but with a smile that frustrated and angered Fitri even more.

This is just one of many stories of corruption documented by 'Corruption and the Poor in Indonesia', a research and action project undertaken by the Partnership for Governance Reform in Indonesia.¹ The partnership is an Indonesian-owned entity that brings together individuals from the public and private sectors and from civil society, all striving to improve governance in

Indonesia. The partnership was initiated by UNDP, the World Bank and the ADB.

Through a nationwide survey and discussions with the poor in three urban communities, the project sets out to amplify the voices of those who are especially hard hit by corruption and whose concerns are rarely heard: the poor. Corruption in Indonesia is pervasive and systemic, ranging from high-level state capture, where policy-making is captured by powerful elites, to everyday administrative corruption. The poor suffer most from the adverse effects of corruption on growth, policy-making and resource allocation, but also from 'petty corruption'. Corruption creates a legal vacuum that gives rise to a rule based on distribution of power where the poor are at the very bottom. The teachers of Fitri's daughter may themselves be the victims of corruption elsewhere in the education system, but governance problems trickle down and the burden is borne above all by the last in line.

Through follow-up initiatives, the partnership seeks to make the voices of the poor heard. At the local level, close cooperation with communities and civil society organisations has led to the creation of more than 40 projects to combat corruption in Makassar and Yogyakarta. At the national level, the publication of *The Poor Speak Up*² has provided the centrepiece of an awareness campaign targeted at public opinion and decision-makers, seeking to draw attention to the burden that corruption imposes on the poor.

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- 2 Ratih Hardjono and Stefanie Teggemann, *The Poor Speak Up: 17 Stories of Corruption* (Jakarta: The Partnership for Governance Reform, 2002). See www.partnership.or.id/publications.asp.

was also found guilty of the murder of a judge who convicted him on corruption charges. Also in March, a Jakarta court found the Central Bank governor, Syahril Sabirin, guilty of corruption, sentencing him to three years in prison.¹¹ Many are sceptical as to how far these actions will go, however. Although he was eventually sentenced to three years in prison, Tanjung continues to be speaker while he appeals against the conviction. And an appeals court reversed the lower court's earlier conviction of Sabirin.

In Thailand, the National Counter-Corruption Commission (NCCC) stunned the government by indicting Prime Minister Thaksin Shinawatra for illegal concealment of assets. In August 2001, however, the constitutional court overturned the NCCC's guilty verdict for undisclosed reasons.¹² While the prime minister's acquittal dismayed many observers, the relatively new NCCC was praised for demonstrating independence in the face of political pressure.

Other national efforts focused on political reforms that, in principle, should enhance popular accountability. In Indonesia, however, it has been argued that democratisation may be a case of old wine in new bottles, because many Suharto-era politicians and civil servants remain in power.¹³ Political reforms have not made much of an impact on corruption because of the infirmities of political parties and legislative assemblies. In March 2002, former president Abdurahman Wahid revealed that at least 10 political parties received illegal government funds for the 1999 parliamentary elections.¹⁴ In the Philippines, electoral reform has seen the rise of new parties under a party-list system that promises more political accountability. The clout of these small parties remains minimal, however, in part because their numbers are deliberately restricted to a minority.¹⁵ Meanwhile, in Cambodia, the 99 per cent victory of the ruling Cambodia People's Party in the first nationwide local elections in February 2002 was marked by political violence, intimidation and vote-buying.¹⁶

In some countries there have been few notable anti-corruption initiatives in spite of increasing concern about corruption. In Vietnam, the Communist Party completed a process of 'criticism and self-criticism', but it is unclear whether this initiative will be translated into meaningful policy. In Laos, there are reports of increasing popular criticism of corruption because of signs of the growing wealth of party officials.¹⁷ In Myanmar the military regime ordered the dismissal of two generals and several ministers in November 2001, but critics argued that they were scapegoats intended to deflect criticism of the regime.¹⁸

Anti-corruption agencies, which have proven successful in Singapore and Hong Kong, faced problems elsewhere. Some anti-corruption agencies are themselves seen as corrupt. In February 2002 the Philippines' ombudsman faced an unprecedented impeachment motion for corruption. Although the motion was not passed, the incident sowed doubts about the agency's credibility and capacity to control corruption.¹⁹ In Hong Kong and Singapore, environments of relatively good governance, anti-corruption agencies succeed because they are able to count on the

relative effectiveness of the police, prosecution agencies and the judiciary. In countries that have fair to poor governance, such as Indonesia or the Philippines, the agencies are weakened by conflicting mandates and insufficient resources, as well as by the fragility of other political and legal institutions.

In March 2002, the Indonesian government advanced a proposal for the creation of an anti-corruption commission.²⁰ Though the proposal is gaining momentum, it is uncertain whether, once created, the commission will be able to avoid the problems of corruption that afflict anti-corruption agencies in other countries. President Megawati's appointment in August 2001 of a new attorney-general was criticised by human rights and anti-corruption organisations; the new attorney-general was seen as an 'insider' and unlikely to mount a robust challenge to corruption either outside or inside the institution.²¹

Another reform initiative in Indonesia that worries some observers is decentralisation. In principle, decentralisation should increase accountability, but previous experience in Indonesia suggested that decentralisation might only decentralise, not deter, corruption unless it is accompanied by strong local democracy or local civil society. In February 2002, the chief prosecutor of Yogyakarta province said that he was summoning all 51 members of the provincial parliament owing to alleged bribery during local elections and during the construction of an exhibition centre.²²

Reform initiatives that have shown strong promise during the past year include various e-government measures to reduce red tape and increase transparency in government operations. Singapore continued to expand its wide-ranging e-government measures. In the Philippines, the bureau of customs improved its on-line system for payments, the processing of documents and release of shipments, which reduced both transaction times and transaction costs. The Philippine department of budget and management also began to post detailed budget documents on the Internet. A similar system was established in Thailand's customs department, a notable feature of which is the elimination of all manual processing of import and export documentation.²³

Private sector

The nature and impact of the private sector in the region are linked to the quality of governance of each country. Singapore's private sector behaves by the book because the incentives and disincentives for doing so are clear and credibly applied. In Malaysia, by contrast, many of the enterprises that have prospered are nominally privately owned but, in many ways, remain 'political businesses' that owe their growth to the preferential treatment they receive from the ruling party, if not outright ownership by political officials.²⁴

In the Philippines and Thailand, the record of the private sector is mixed, albeit recently promising. During the Marcos years, big business literally bought its way into the state. With democratisation and liberalisation since the late 1980s, the

Teaching integrity in Cambodia's schools

In July 2001, police erected blockades in the streets of the Cambodian capital of Phnom Penh. Was there a coup in progress, or an outbreak of civil unrest? No, it was just Cambodia's high school students sitting their final examinations. Cheating became such a problem in previous years that students were simply throwing their exam papers out of the windows for their friends or relatives to complete. The police were there to see that they didn't.

Such practices are hardly surprising. A 1998 survey conducted by the Center for Social Development (CSD) found that young people demonstrated a very poor awareness of the dangerous impact of corruption. In light of these findings, CSD embarked on an educational programme that covers a range of ethical and governance issues, which are to be taught to children and young adults in the nation's public schools.

For the programme to be successful, it was vital to have the cooperation of the Ministry of Education, Youth and Sports. When senior ministry officials offered their commitment, a working group known as the Transparency Task Force (TTF) was established in 1999. Headed by CSD's programme director, the TTF enjoys the support of curriculum developers in the ministry but receives no government funding. All costs, including the payment of ministerial staff attached to the project, are financed by grants from a range of international development agencies.

The TTF focused on developing a range of classroom materials on ethical topics to complement the existing official curricula. The new material is now being integrated into student textbooks that are being developed and will be printed by the ministry. CSD is also publishing a teachers' manual on issues of accountability, transparency, good citizenship and good governance, as well as on manifestations of corruption and its negative effects.

The purpose of these new materials is to awaken a sense of responsibility and ethical values among pupils through a series of problem-solving case studies. In one example, children are asked to consider how to act if they find something that does not belong to them. By engaging in a classroom activity developed by the TTF, they are intended to learn that they should locate the owner and return the item, rather than keep it for themselves.

During the past year, the focus of the programme has shifted from course development to training. Around 3,800 teacher-trainers from 12 Cambodian provinces have already undergone training, and it is now the turn of teachers in the remaining half of the country. Teachers learn how to use the new curricula and how to introduce the course materials into the classroom most effectively. More than 80,000 teachers will eventually be trained to teach ethical issues in Cambodian public schools.

CSD is keen to adapt the materials developed during the programme with a view to introducing similar courses for civil servants and members of the police and armed forces.

The feedback so far has been good and expectations are high. Trainees believe that the new curriculum will have a positive effect on students and teachers, helping them to develop into responsible citizens with well-informed opinions about corruption.

This is a long-term project, but it could help to bring about lasting social change. Maybe the Phnom Penh police will then finally be able to dismantle their barricades at exam time and turn their attention to the city's increasingly challenging traffic problems.

The Center for Social Development

Philippines has witnessed an expansion of the private sector and a considerable shrinking of the state. Thailand's experience is similar, although the major beneficiaries of state corruption during the years of military domination were not only private interests but also military and bureaucratic actors. Since the Asian financial crisis, the private sector has been chastened further into moving towards better corporate governance. After the downfall of Suharto in 1997, Indonesia began to see a growth of its private sector, which is forced to compete for survival in an arena with more players than before.

The private sector in Myanmar and the transition economies of Cambodia, Laos and Vietnam are a pale shadow of their neighbours'. For a long time, the 'private' sector was officially illegal in the communist-run countries. This situation is changing, albeit slowly. In Vietnam, a constitutional amendment was passed in 2001 that puts the private sector on an equal footing with state-owned enterprises.²⁵

Since the Asian financial crisis and the recent Enron scandal, corporate governance has shot up the agendas of governments and business associations. In February 2002, the United States' largest pension fund, the California Public Employees' Retirement System, announced that it was withdrawing all its equity investments in Indonesia, Malaysia, the Philippines and Thailand because of poor liquidity and transparency, as well as poor labour standards and political stability.²⁶ (It reinstated the Philippines in its investment portfolio in May, owing to improving conditions in the country.) At US \$200 million, the fund's exposure in the region was relatively small, but its decision to withdraw had serious signalling effects.

Not surprisingly, business groups are concerned about the impact of corruption on profits. A survey by Social Weather Stations, conducted in the last quarter of 2001, found that Philippine businessmen were willing to pay 2 per cent of corporate net income to fund an anti-corruption programme. They had calculated that if corruption were controlled, their net income would increase by 5 per cent and they would make a saving of 10 per cent on contracts, while government would save 15–20 per cent.²⁷

For countries suffering from weak governance institutions, the challenges that lie ahead for advocates of improved corporate behaviour in the region are formidable.²⁸ In the Philippines, powerful families that have used their substantial resources to penetrate the state and promote their interests have historically dominated the private sector. Reforms over the past decade have broken up monopolies and introduced new players, but the government of President Gloria Macapagal-Arroyo realises the ongoing need for broad coalition-building to consolidate such changes.²⁹

In Indonesia, a private sector dominated for three decades by members and associates of the Suharto family was weakened by the Asian financial crisis. Yet the corporate changes called for by multilateral donors and domestic reformers proceed in fits and starts because the restructuring agency has to contend with business groups calling in their political favours.³⁰ In August 2001 the minister for state-owned enterprises publicly criticised corruption in the process of privatisation and restructuring.³¹

Although the Communist Party in Vietnam dominates politics, its authority does not necessarily translate into effective reforms. The obstacle is not predatory interests in the private sector, because the business community has yet to become a meaningful presence, but vested state interests. Resistance to the reform of state-owned enterprises continues to be strong within the bureaucracy.

Cambodia's private sector is also nascent in a mainly agricultural economy, but surveys suggest that businessmen engage in frequent bribery of public officials.³² Cambodia's weak institutions have helped to call into question the country's capacity to push for good corporate governance.



Sam Sarath, Cambodia

Access to information in Southeast Asia

Just as the countries in Southeast Asia vary in terms of quality of governance, so do they differ seriously in terms of access to information.

The Philippines and Thailand were rated as having the best access to information in the region in a study published in 2001.¹ Information access in the Philippines has improved significantly because of independent media and growing use of the Internet. Several government agencies have put many of their services and budgets on-line and others have used the Internet to control corruption.² Nevertheless, opportunities for access are limited because of the country's low computer penetration rates and the mainly urban concentration of print media.

In terms of legal guarantees, Thailand's information access was assured by the passage of the Official Information Act in 1997, but recent events cast doubts on the government's commitment to transparency and public scrutiny. In March 2002, officials banned an issue of *The Economist*, threatened to expel two journalists and ordered the anti-money laundering office to investigate the finances of Thai journalists.³

Cambodia emerges at third place in the information access rankings for Southeast Asia. Citizens do not often avail themselves of existing rights to information, in part because the government intimidates them. Certain government agencies have also restricted access to information. Critics claim that the national election committee, dominated by the ruling coalition, prevented the media from publicising opposition party platforms during the February 2002 elections.⁴

Since the downfall of former president Suharto in 1997, Indonesia has seen a mushrooming of media organisations. In March 2002, civil society groups tried in vain to convince parliament to pass a freedom of information law. In recent

months, reports have surfaced that the notorious ministry of information is being revived and a law on state secrets is under preparation.

Interestingly, Malaysia and Singapore rank below Indonesia in the access ratings. Despite their relative prosperity, these countries maintain tight state controls and official secrets acts, a legacy from British colonial rule, which restricts information access and disclosure. In August 2001, Singapore's parliament passed a law allowing the government to regulate on-line materials related to politics and elections. Internet access remains highly regulated, with the government using it as a means to ensure political control.⁵ The government has also increased the use of libel actions against critics.

Myanmar and Vietnam came in last in the survey. The Vietnamese media remains under the tight control of the Communist Party. Under the military dictatorship in Myanmar, there is virtually no access to information as a result of security regulations that govern practically every aspect of people's lives.⁶

1 Sheila Coronel, ed., *The Right to Know: Access to Information in Southeast Asia* (Manila: Philippine Center for Investigative Journalism, 2001).

2 Vinia A. Datinguino, 'Netting the Corrupt: Government audit and budget reports are now on the Web', in *i* magazine VI, no. 3 (July–September 2000); on-line at www.pcij.org/imag/Online/netcorrupt.html.

3 *International Herald Tribune* (US), 24 April 2002.

4 *Far Eastern Economic Review* (Hong Kong), 7 February 2002.

5 Garry Rodan, 'The Internet and Political Control in Singapore', in *Political Science Quarterly*, no. 113 (spring 1998).

6 *Far Eastern Economic Review* (Hong Kong), 20 September 2001.

Singapore and Malaysia are in a much stronger position to reform their private sectors. The Singapore government continues to define the terms of economic engagement because of political dominance by the People's Action Party (PAP).³³ No serious political challenge is imminent if the results of the parliamentary elections in 2001 are any indication. PAP won about 75 per cent of the vote, which, under electoral rules, entitled it to 98 per cent of the seats in parliament.³⁴ The Malaysian government is similarly well positioned to push through reforms since the ruling coalition remains firmly in control despite inroads by the opposition.

Civil society

There is considerable variation in the strength of civil society across the region. In Singapore, the state remains dominant and illiberal, and civil society continues to be relatively feeble and marginalised. Nevertheless, over the past year groups such as the Think Centre, the Roundtable and the Socratic Circle have actively pushed for greater political openness, although it is an uphill battle. Civil society groups and opposition parties both claim that state controls on media and self-censorship constrict their ability to be heard.³⁵

A ruling coalition dominates Malaysia, but there is more pluralism than in Singapore. The government has recently employed extreme measures in dealing with opposition and civil society groups, especially after the September 11th attacks. Several individuals, including human rights activists, were detained under the Internal Security Act, which allows for practically indefinite detention without trial.³⁶

Civil society in the Philippines has been growing in influence since the 1980s. But the status of some NGOs has become even stronger since the ouster of former president Joseph Estrada in January 2001, an episode in which civil society groups campaigned successfully against corruption.

The strength of Thai civil society was demonstrated by the pivotal role NGOs played in the crafting and passage of the 1997 'people's constitution', some of whose anti-corruption provisions were recently invoked in a campaign against public corruption. In 2001 civil society groups mobilised to gather the requisite number of signatures to compel the senate to investigate top officials in the health ministry on the grounds that they were allegedly involved in procurement misconduct.³⁷ Following an investigation, the health minister and other high-ranking officials lost their posts.

In Indonesia, civil society has burgeoned since the Suharto regime was brought down in the wake of the Asian financial crisis. Faced with a state overloaded with problems, several NGOs – such as Transparency International Indonesia, TIFA Foundation and Indonesia Corruption Watch – have focused on governance and anti-corruption efforts.

In Vietnam, a fledgling civil society sector is emerging as the state shifts towards market-oriented mechanisms and allows for some political openness. Though the

political space is still very narrow and does not encompass the sensitive area of corruption, several NGOs have become involved in governance issues, such as participatory poverty assessments.³⁸ Anti-corruption efforts in Cambodia have been somewhat strengthened by collaboration between NGOs and multilateral organisations. In August 2001, the NGO Center for Social Development and the ADB organised an international conference on transparency that advocated combating corruption in the region, including Cambodia. The conference was notable for the candid assessments of government corruption that were made in the presence of senior government officials. In Laos and Myanmar, however, there is hardly any room for civil society and the prospects for building a coalition against corruption remain bleak.

In some cases, civil society has encountered problems within its own ranks that diminish its legitimacy and effectiveness. In Indonesia, one of the leaders of an NGO, Hipalapa, was jailed on charges of having embezzled 2 billion rupiah (about US \$220,000) from a farmers' cooperative.³⁹ Concern about the corruptibility of journalists is also growing. Research by the Alliance of Independent Journalists in February 2002 showed that 80 to 90 per cent of journalists accept bribes from interviewees in exchange for favourable coverage.⁴⁰

In the Philippines, a prominent network of NGOs was embroiled in controversy over its involvement in a winning bid in a national government bond offering. The Caucus of Development NGOs (CODE-NGO) had conceptualised, and subsequently participated in, a government bond auction. It won the competitive bidding and reaped about 1.8 billion pesos (around US \$35 million) profit, which it subsequently put into an endowment fund for development projects. Soon after its victory, however, allegations surfaced that alluded to preferential treatment because CODE-NGO's chair is the sister of the secretary of finance.⁴¹ President Arroyo and others defended the bidding process and denied that any wrongdoing took place.⁴²

For all the controversy caused by this episode, a salient point emerged about the Achilles' heel of civil society: sustainability and capacity. How can NGOs become more effective in anti-corruption given their limited resources in the face of a defiant state and a prevaricating private sector? A few NGOs, notably the prolific Philippine Center for Investigative Journalism, whose investigative reports rallied the coalition against former president Estrada and are spurring investigations of other officials, are demonstrating that it can be done.⁴³

1 For more information, see www1.oecd.org/daf/ASIAcom/index.htm.

2 For more information, see www.worldbank.org/gdlneapa/CombatingCorruption.htm, and related links.

3 *Bangkok Post* (Thailand), 7 May 2002.

4 See FATF statement: 'No FATF counter-measures to apply against the Philippines for now', available at www1.oecd.org/fatf/pdf/PR-20011218_en.pdf. At its meeting in February 2002, FATF reaffirmed its December decision. *Philippine Daily Inquirer* (Philippines), 1 February 2002.

5 *Jakarta Post* (Indonesia), 26 March 2002.

6 See www.wto.org/english/tratop_e/gproc_e/over_e.htm.

7 See www.apecsec.org.sg.

8 See www.pbcc.org.

- 9 See Emil Bolongaita, 'Reinforcing Reform and Overcoming Opposition: Crafting Anti-Corruption Strategies in Three Arenas of Resistance', in Simon Tay, ed., *Fighting Corruption: Common Challenges and Shared Experiences* (Singapore: Times Academic Press, forthcoming).
- 10 *Economist* (Britain), 28 March 2002.
- 11 *Economist* (Britain), 23 March 2002; *Jakarta Post* (Indonesia), 2 August 2002.
- 12 *Economist* (Britain), 3 August 2001.
- 13 *Far Eastern Economic Review* (Hong Kong), 1 November 2001.
- 14 Agence France-Presse (France), 15 March 2002.
- 15 Emil Bolongaita, 'The Philippines in 1999: Balancing Restive Democracy and Recovering Economy', in *Asian Survey* 40, no. 1 (2000).
- 16 *Economist* (Britain), 7 February 2002.
- 17 *Ibid.*, 28 February 2002.
- 18 *Far Eastern Economic Review* (Hong Kong), 1 November 2001.
- 19 *Manila Times* (Philippines), 14 February 2002.
- 20 Agence France-Presse (France), 17 March 2002.
- 21 *Far Eastern Economic Review* (Hong Kong), 6 September 2001.
- 22 *Jakarta Post* (Indonesia), 14 February 2002.
- 23 See Clay Wescott, Marilyn Pizarro and Salvatore Schiavo-Campo, 'The Role of Information and Communication Technology (ICT) for Improving Public Administration', in Salvatore Schiavo-Campo and Pachampet Sundaram, eds., *To serve and to preserve: improving public administration in a competitive world* (Manila: Asia Development Bank, 2001).
- 24 Edmund Terence Gomez, 'Political Business in Malaysia: Party Factionalism, Corporate Development, and Economic Crisis', in Edmund Gomez, ed., *Political Business in East Asia* (London: Routledge, 2001).
- 25 *Economist* (Britain), 16 March 2002.
- 26 *Business Week* (US), 25 February 2002.
- 27 *Philippine Daily Inquirer* (Philippines), 21 March 2002.
- 28 See, for example, *Governance Re-invented: The Progress, Constraints, and Remaining Agenda in Bank and Corporate Restructuring in East and South-East Asia* (Bangkok: United Nations Economic and Social Commission for Asia and the Pacific, 2001).
- 29 President Arroyo demonstrated her approach when she signed the Anti-Money Laundering Act into law in September 2001, a law that was not wholeheartedly supported by the banking industry because it meant higher transaction costs for banks and a possible reduction in deposits.
- 30 *Asiaweek* (Hong Kong), 16 February 2001.
- 31 *Far Eastern Economic Review* (Hong Kong), 30 August 2001.
- 32 See World Bank, *Cambodia Governance and Corruption Diagnostic: Evidence from Citizen, Enterprise and Public Official Surveys* (Washington, D.C.: World Bank, 2000).
- 33 The state's dominance of the economy in Singapore is eclipsed in the region only by that of Brunei. The sultanate has in the past year suffered its worst economic crisis following allegations of financial mismanagement by the Sultan's brother at the Brunei Investment Agency and the collapse of the prince's construction conglomerate. Brunei is a case of problematic, family-run enterprises writ large. *Asiaweek* (Hong Kong), 24 August 2001.
- 34 *Economist* (Britain), 10 November 2001.
- 35 See James Gomez, *Self-Censorship: Singapore's Shame* (Singapore: Think Centre, 2000); and James Gomez, ed., *Publish and perish: the censorship of opposition party publications in Singapore* (Singapore: National Solidarity Party, 2001).
- 36 See Human Rights Watch, *World Report 2002* (New York: Human Rights Watch, 2002).
- 37 See Nualnoi Treerat, 'Making National Anti-Corruption Policies and Programmes More Effective: A Case Study of Thailand', paper prepared for the World Bank's Global Distance Learning Programme Seminar Series, 2001.
- 38 See World Bank, *World Development Report 2000/2001: Attacking Poverty* (Washington, D.C.: World Bank, 2001).
- 39 *Far Eastern Economic Review* (Hong Kong), 20 September 2001.
- 40 *Jakarta Post* (Indonesia), 10 February 2002.
- 41 *Philippine Daily Inquirer* (Philippines), 8 February 2002.
- 42 *Ibid.*, 5 January 2002.
- 43 See PCIJ's website at www.pcij.org.