

State of play of the business environment in ASEAN

**Baseline Study for the regional project
*Promoting a Fair Business Environment in ASEAN***

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A. INTRODUCTION

This report is part of the UNDP project *Promoting a Fair Business Environment in ASEAN*. Objective of this project is to create a fairer business environment through the adoption of improved business practices and minimization of corruption risks. It comprises the following six countries: Indonesia (IDN), Malaysia (MYS), Myanmar (MMR), Philippines (PHL), Thailand (THA), and Vietnam (VNM). The project will support a variety of activities, grouped into four main pillars:

- Pillar 1: Public-Private Partnerships
- Pillar 2: Transparency in government contracts
- Pillar 3: Business Integrity
- Pillar 4: Anti-Corruption Strategies and Laws

Conceived as *evidence-based advocacy*, this report provides theoretic concepts, indicator data, and resources for additional research. It is based on the project's indicator framework (see Appendix I) and structured along Pillars 2, 3 and 4, providing the following information for each of them:

- **The basic concepts of the Pillar** as basis for clustering quantitative indicators into thematic groups
- **A comparative assessment** of the countries based on quantitative indicator data
- **Recommendations for project activities** that can be concluded from this assessment
- **A Database of Country Profiles** and an overview of available resources for additional research

The line of argumentation for each Pillar consists of three basic steps:

Step 1 – Rationale: Basis is a description of the problem in form of the causes for poor performance, their manifestation and the detrimental effects resulting from it. Subsequently, the expected benefits of improving the situation through project activities are described. Lastly, the summary provides the entire picture and explains how the indicators used for the assessment are clustered.

It is important to note that the available data sources do not provide a strong basis for telling a concise narrative in form of a stringent argumentation for each Pillar. Unsurprisingly, many of them have a wider, narrower or simply different focus. The approach taken is that this rationale helps define a meaningful way of structuring these indicators into clusters. In other words, in most cases they do not tell a coherent story, but rather provide various perspectives on different issues related to the Pillar. The intention is to offer a wide variety of data that measure different aspects, which is preferred over the alternative of using a thinner data basis with a more concise focus and a more detailed storyline. This choice is based on the objective (using indicator data to guide project activities and generate new ideas) as well as the audience (country staff, evaluators) of the UNDP project.

Step 2 – Assessment: Accordingly, the indicators are structured into the following clusters and will be used to assess the countries in the respective chapters:

FIGURE 1: INDICATOR FRAMEWORK

Pillar	Indicator Clusters
2. Public Procurement	Transparency
	Procedures
3. Business Practices	Business environment
	Corporate integrity
4. Anti-Corruption	Regulatory framework
	Institutional framework

The data is used to conduct an analysis, comparing the countries’ performance and benchmarking them against the global or regional average where available. Subsequently, an interpretation of the results is offered, and where possible leverage points for project activities are identified.

Step 3 – Recommendations: based on the assessment, each Pillar is summarized in form of recommendations that can be drawn from the data and their interpretation to be used for designing project activities.

This report draws on information from a **variety of data sources**. To ensure credibility and high quality, it is of critical importance that data sources are selected carefully and interpreted correctly. The following caveat regarding quantitative data should be noted. Given its scope and objective, this report it is not a technical paper and does not meet academic standards. Appendix II provides methodological considerations as well as links to indicator sources and methodologies. Recommendations take into account these methodologies, and care is taken that they are firmly grounded in the data. However, they must be understood correctly: as interpretation of data which is, for the most part, a fuzzy basis. Throughout the text, examples are highlighted that raise concerns for their reliability. To be clear: interpretations and recommendations provided are justified hypotheses that merit more detailed research. They are not facts that can be used to design or evaluate projects.

Side note: How (not) to use indicators

Correct use of indicators: Indicators identify areas of weaknesses. These are analyzed and understood in depth. Appropriate measures are designed and implemented. The situation improves and indicators reflect this through better scores in the future.

Common use of indicators: Indicators are understood as scores in a global competition for being the best country in different disciplines. Governments are looking for ways to improve in these rankings (not even the scores) instead of addressing the underlying problems. Resources are wasted on efforts guided by indicator methodologies.

Indicators and advocacy: This report is intended, among other things, as advocacy tool. It is expected that such competition is the easiest way of creating incentives to engage, especially between neighboring countries. Opportunities for “low hanging fruit” to improve in indicators (based on their methodologies) are therefore pointed out when identified – though attempts to improve indicator scores should not be the focus of attention.

The quantitative data presented provides indication on areas where a country appears to be performing particularly well or poorly. To properly identify, design, and evaluate adequate activities, an understanding of the context and reasons for such performance is vital. This interpretation, for the most part, goes beyond the scope of this report. Therefore, qualitative resources and guidelines for detailed research

are provided (Appendix III). They provide easily accessible, in-depth information that is vital for designing and implementing appropriate projects. This is especially true for the material related to the United Nations Convention against Corruption (UNCAC, see Appendix III.4).

B. PUBLIC PROCUREMENT AND GOVERNMENT CONTRACTS

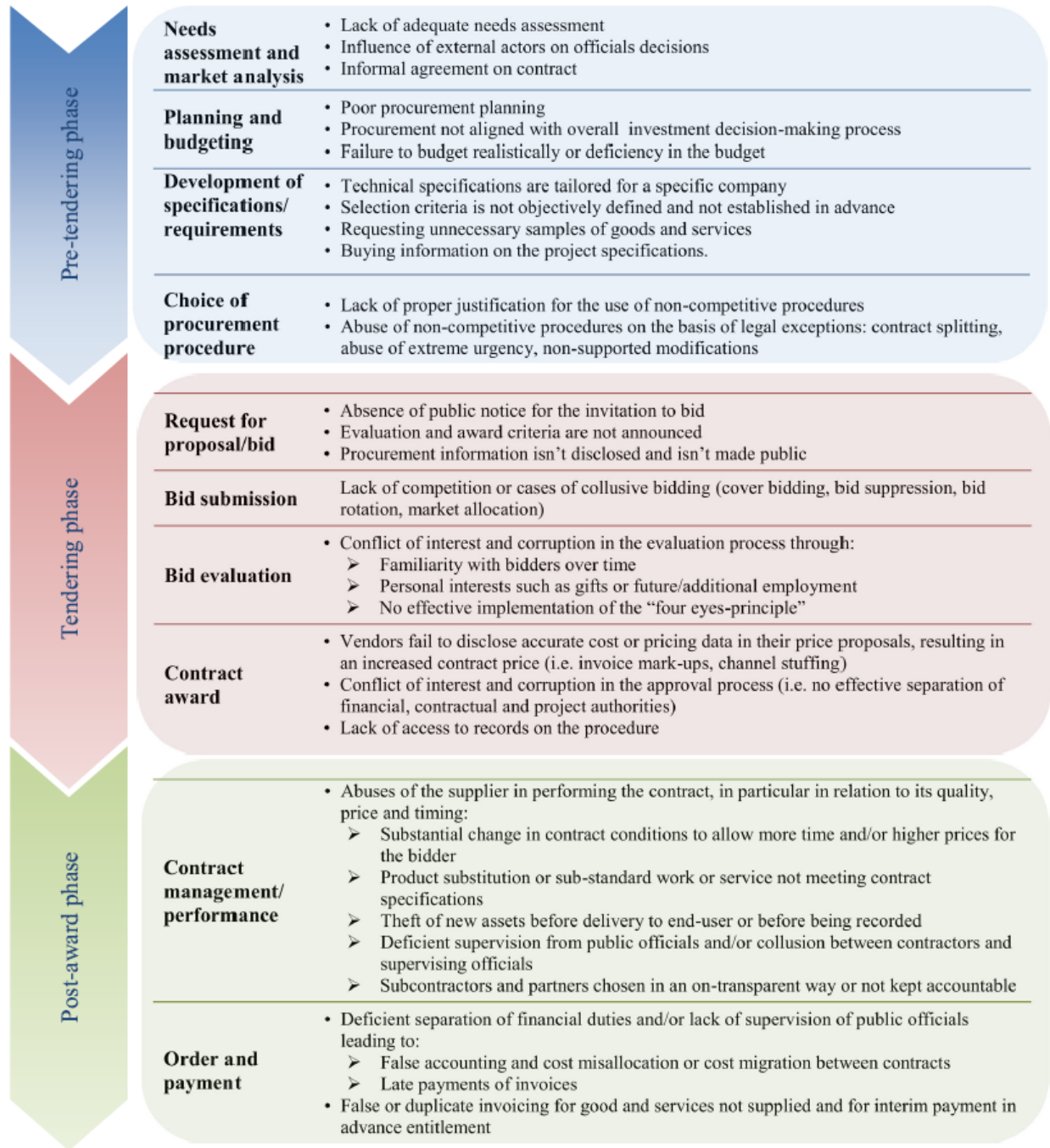
1. Rationale

Causes for poor performance: Public procurement is a corruption prone area due to a number of factors:

- 1) Very large amounts of money are involved.
- 2) A multitude of opportunities for abuse exist due to (a) the complexity of the subject matter, (b) the number and diversity of actors involved in close interaction between public and private sector, (c) a lack of benchmarks, (d) time lags between abuse and manifestation of problems (especially for large scale projects), (e) a lack of transparency, and (f) opaque procedures.

Manifestation: Abuse takes many different forms. The figure below provides an overview of risks and resulting problems structured along the process steps:

FIGURE 2: CORRUPTION AND INTEGRITY RISKS IN PUBLIC PROCUREMENT (OECD 2016: 9)



Detrimental effects: Corruption in public procurement can lead to (1) increased costs, (2) lower quality of infrastructure (which in turn is a safety risk, e.g. in form of collapsing buildings), and (3) wrong decisions (white elephant projects, distortion of competition, and selection of wrong firms).

Benefits: Increased transparency and compliance with international standards as envisioned by the UNDP project are expected to manifest as follows. (1) Transparency is the basis for monitoring of public procurement, which is key for accountability for the large amounts of money spent. (2) Robust procedures reduce opportunities for abuse. (3) In combination, such an approach makes it riskier and more difficult to corrupt public procurement.

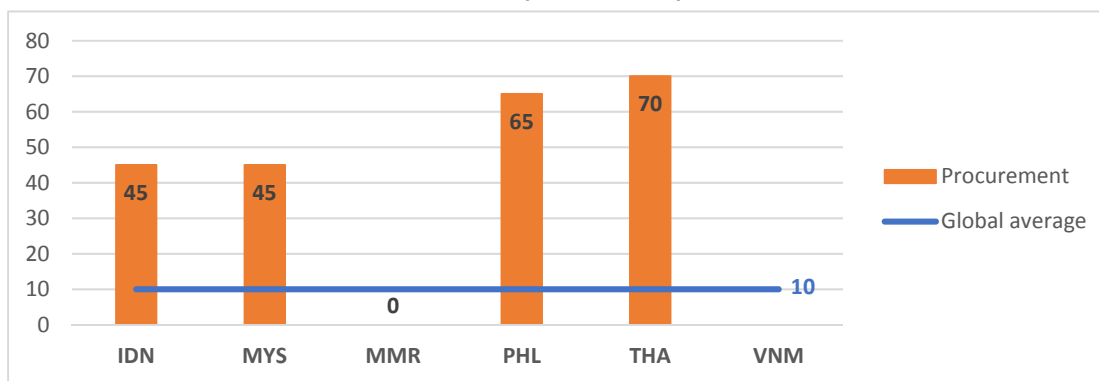
Summary: Public procurement is a high risk, high impact area and is therefore generally prioritized in anti-corruption efforts along with sectors that most directly affect livelihood (Health, Water, and Education). Negative effects of corruption in public procurement are significant and widespread. A variety of measures have been designed, implemented and assessed as effective in this sector. Transparency and robust procurement procedures are preventive approaches that address the core of the problem. They are assessed in the following section using available indicators.

2. Assessment

Cluster Transparency: Indicators deal with at least four aspects of transparency: Information provided to the public (*Information*), the legal situation of the access to information (*Rights*), proactive approaches by the public sector to provide more data (*Open Data*) and efforts providing services online (*e-government*). The first is directly related to public procurement and thus presented here. The latter three are aspects of the wider context of transparency that might be of interest. Their results can be retrieved in the Database of Country Profiles, along with many other indicators that are categorized according to the clusters, but not presented to in the report. They can be retrieved using the reference as follows: Pillar > Cluster > Category which is provided (*within brackets*), for example: Public Procurement > Transparency > Information. Refer to Appendix II.3 for details.

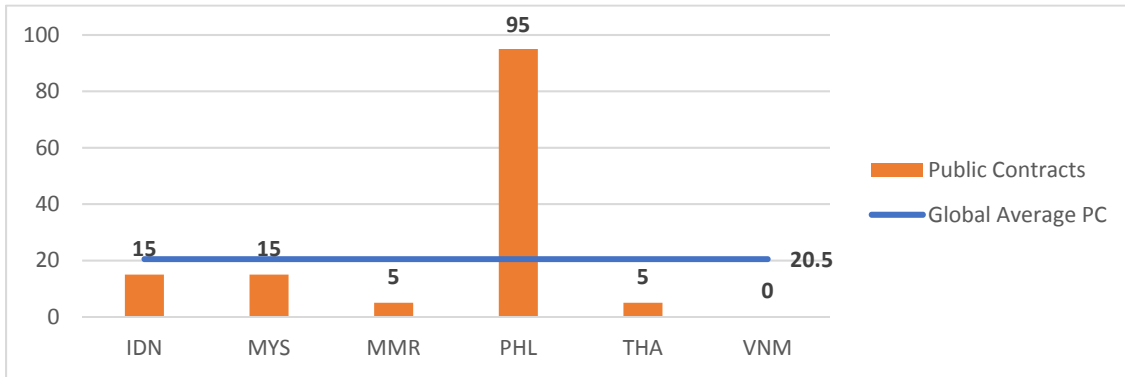
Information: Figure 3 and Figure 4: Information (Transparency): Public ContractsFigure 4 show information made available to the public in terms of content and quality of Procurement and Public Contracts.

FIGURE 3: INFORMATION (TRANSPARENCY): PROCUREMENT



Indicator (Organization)	Question or Variable [scale from worst TO best]
Global Open Data Index (Open Knowledge International)	All tenders and awards of the national/federal government aggregated by office. It does not look into procurement planning or other procurement phases. Characteristics: Tender phase: Tenders per government office, Tender name, Tender description, Tender status; Award phase: Awards per government office, Award title, Award description, Value of the award, Supplier's name. [0 = Data gaps TO 100 = Open data]

FIGURE 4: INFORMATION (TRANSPARENCY): PUBLIC CONTRACTS



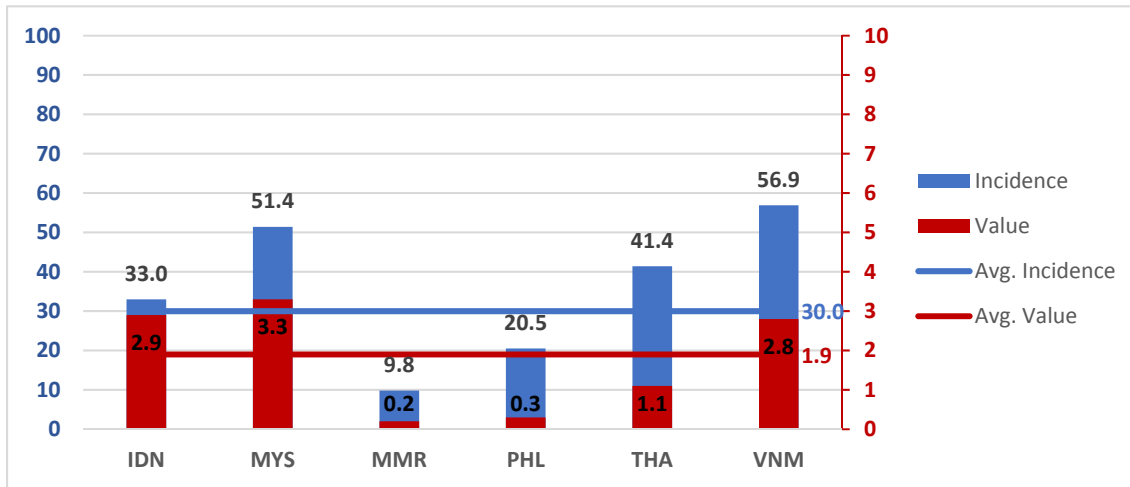
Indicator (Organization)	Question or Variable [scale from worst TO best]
Open Data Barometer (World Wide Web Foundation)	Openness of Data: Public Contracts: Data set is scored YES/NO on 10-point checklist with different weights. [0 = not open TO 100 = open]

Interpretation: The methodologies of these two indicators are straightforward. They access public websites and score them based on content and format of the data available.

Cluster Procedures: two aspects are examined in this cluster, the incidence of malfeasance (*bribery*) and the transparency of procedures (*system*).

Bribery: Figure 5 shows two aspects of gifts related to government contracts.

FIGURE 5: GOVERNMENT CONTRACTING: BRIBERY (GIFTS)

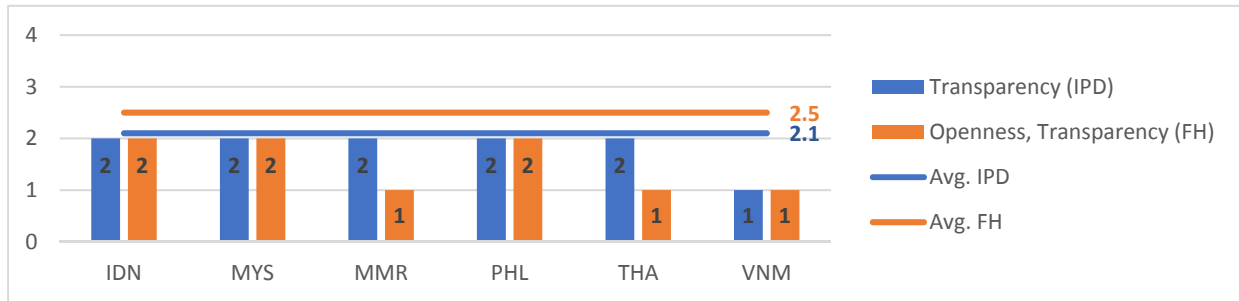


Indicator (Organization)	Question or Variable [scale from worst TO best]
Enterprise Surveys (World Bank)	Value of gift expected to secure a government contract [% of contract value]
	Percent of firms expected to give gifts to secure government contract [% of firms]

Interpretation: (1) most importantly, the dimension of the problem is considerable concerning both, incidence and value; (2) MMR, PHL score best. However, even if the numbers are accurate, 10% of government contracts involving bribery in form of gifts is a considerable problem.

System: Figure 6 shows two indicators assessing the transparency and openness of public procurement

FIGURE 6: PUBLIC PROCUREMENT: TRANSPARENCY



Indicator (Organization)	Question or Variable [scale from worst TO best]
Institutional Profiles Database (French government, CEEPII)	Degree of transparency in public procurement [0 = worst TO 4 = best] taken from Worldwide Governance Indicators (WGI)
Freedom in the World (Freedom House)	Does the government operate with openness and transparency? (contains 7 sub-questions, that unfortunately are not scored individually) [0= smallest degree TO 4 = greatest degree of freedom]

Interpretation: (1) None of the countries is at or above global average, (2) data does not allow for drawing detailed conclusions, because it is too unspecific in both content and scale.

Note: The World Bank provides extensive information including benchmarking through indicators for all six countries on infrastructure procurement in the specific form of Public-Private Partnerships (PPP). For more information including the indicator, see: <https://bpp.worldbank.org/en/BPP-data>

3. Recommendations

Transparency

- 1) The two indicators on information (Global Open Data Index and Open Data Barometer) offer low hanging fruits. Their methodologies are straightforward. Initiatives to improve the situation can easily be identified and once implemented will directly lead to better scores. While increasing transparency is generally an improvement, this is an activity guided by indicator methodology: given the information available, there is no indication that this addresses any current problem other than increasing the indicator score.

Procedures

- 1) Given the dimension of the problem and the fact that all the countries score below the global average in terms of transparency, this area should be considered for selection as priority.
- 2) Due to the lack of detail, the results should be confirmed by additional research before designing projects. This can be done in form of data collection, risk assessments or use of more sophisticated data analysis (see Digiwhist 2017 for an example).

Toolset

- 1) The UNDP Guidebook *Tackling integrity risks in government contracts* provides a practical methodology for diagnosing and mitigating integrity risks in public procurement as well as guidance for governments in the ASEAN region to upgrade their procurement systems www.asia-pacific.undp.org/content/rbap/en/home/library/democratic_governance/tackling-integrity-risks-in-government-contracts.html

- 2) The thematic compilation on UNCAC Art. 9 provided by UNODC provides an ample collection of tools and good practice examples
www.unodc.org/unodc/en/corruption/WG-Prevention/public-procurement.html

C. INTEGRITY AND RESPONSIBLE BUSINESS PRACTICES

1. Rationale

Causes for poor performance: Misconduct (i.e. lack of responsible business practices) can originate from either side of the involved parties:

- 1) Business environment (i.e. public sector perspective: passive bribery, “demand” side of bribes)
 - a. A prevalent culture of corruption, (e.g. common facilitation payments or gifts) helps individuals justify (rationalize) their behavior as being in line with the norm
 - b. Nepotism and cronyism instead of meritocracy lead to a workforce with low moral standards (greed-based corruption)
 - c. Low salaries and remuneration packages can lead to corruption helping the public employee finance a decent standard of living (need-based corruption)
 - d. Weak processes in form of administrative burden (red tape) and poor service delivery combined with discretionary power offer opportunities that can be abused
 - e. A lack of clear rules (regulatory framework) and rigorous enforcement (institutional framework) implies low risks for corrupt individuals and fosters abuse.
- 2) Corporate Integrity (i.e. private sector perspective: active bribery, “supply” side of bribes)
 - a. The decision (not) to bribe can have a significant impact on a company’s bottom line in form of winning a tender, getting a license, or, conversely, being fined or blacklisted if caught. In a corrupt environment, the expected benefits outweigh the expected cost and make corruption the rational choice for a corporation that, by definition, has no moral considerations.
 - b. Companies wishing to conduct business in a clean manner are faced with two challenges that lead to undesired practices by employees. (i) Poor governance in form of weak policies, procedures, checks, internal and external controls (compliance program, audits); (ii) lack of a culture of integrity, in analogy to the public sector, without proper leadership (tone from the top) and training of staff to build awareness and an understanding of problems and risks (i.e. potential damage to company and individual)

Manifestation and detrimental effects: Poor performance as understood here corresponds to high levels of corruption, which lead to a number of problems:

- 1) Corruption is a direct cost for business, e.g. in form of bribes, workload, and legal fees.
- 2) It leads to unfair competition, e.g. public contracts not being awarded to the best bidder, requirements circumvented through bribes.
- 3) It creates obstacles for doing business, e.g. delayed customs inspections or additional license requirements.

- 4) This development is dynamic. (a) Detrimental effects and their causes described above form a vicious circle: weak institutions (e.g. opportunities for abuse, lack of enforcement) foster corruption, which in turn additionally weakens institutions (e.g. nepotism, additional red tape). At a certain point, the country loses trust in its business environment, and companies reduce their investment and business. In sum, this dynamic translates into a natural tendency to deteriorate once there is a systemic problem (downward spiral of low performing countries).

Benefits of promoting responsible business practices, as envisioned by the UNDP project, can manifest on three levels:

- 1) Country level: positive macro-economic effects in form of additional investments, business and trade are expected.
- 2) Corporate level: Companies have a genuine interest in a clean business environment. Avoiding corruption is to their advantage as long as all competitors adhere to this practice. At the same time, on an individual level, each company is better off bribing if it expects to be successful – independently of what the others do. In such a setting (prisoner's dilemma), the situation will only improve once the parameters change, e.g. bribery not leading to anticipated profits, because the firm expects to get caught and sanctioned. Promoting responsible business practices through establishment of standards and requirements helps companies act in their own best interest without suffering a competitive disadvantage.
- 3) Individual level: corporate compliance and a culture of integrity increase job satisfaction and identification with their employer for honest staff members.

Summary: Given the dynamics described above (vicious circle and downward spiral) and the stability of a corrupt environment (i.e. inability of companies to improve the situation even though it is in their common interest: prisoner's dilemma) a structured, multi-stakeholder approach has better chances of success than single-handed efforts. As far as the scope is concerned, preventive measures that address the causes of poor performance mentioned above are recommended. They should reduce abuse and detrimental effects. It is therefore vital that governments foster an environment of clean and fair business that is conducted with integrity on a level playing field. General compliance requirements, standards, certifications, and sanctions are measures that have proven to produce positive effects. Recognizing the private sector as responsible partner in form of dialogue and consultation is international good practice by now and initiatives are springing up around the world.

It should be noted at this point that the three Pillars are overlapping. They all are, in fact, different aspects of problems arising in the interaction of public and private actors. Pillar 3 focuses on the de-facto situation (environment and practices); Pillar 4 assesses the institutional and regulatory capacity (framework). As far as recommendations are concerned, Pillar 3 focuses on prevention, Pillar 4 on enforcement and sanction.

The next section deals with Indicators of the Clusters Corporate integrity and Business environment.

2. Assessment

Cluster Corporate integrity (including integrity standards preventing abuse)

This cluster is the core of Pillar 3. Unfortunately, there are disappointingly few suitable indicators to assess this essential issue. Three aspects can be illustrated with the data available: they concern the level of Disclosure, Auditing and Reporting standards, and governance of State-owned Enterprises.

Disclosure: ASEAN CSR Network assesses publicly accessible information of the 50 largest companies with regards to 13 questions divided into the following three categories: 1. Internal commitment to anti-corruption, 2. External commitment to anti-corruption, 3. Reporting and monitoring:

FIGURE 7: LEVELS OF CORPORATE DISCLOSURE

Country	Level of disclosure
THA	67
MYS	53
PHL	53
IDN	51
VNM	not included
MMR	not included

Indicator (Organization)	Question or Variable [scale from worst TO best]
Corporate Disclosure on Business Integrity in ASEAN (ASEAN CSR Network, NUS)	Level of disclosure (measured by evaluating publicly available information of 50 largest companies per country concerning 13 questions in 3 categories: 1) Internal commitment to anti-corruption, 2) External commitment to anti-corruption, 3) Reporting & monitoring [in %, 0 = worst TO 100 = best]

Audit Standards: The World Economic Forum provides an assessment of audit and reporting standards:

FIGURE 8: AUDITING AND REPORTING STANDARDS

Country	Score	Rank
MYS	5.6	23
PHL	5.1	43
THA	4.9	52
IDN	4.7	62
VNM	3.5	128
MMR	not included	

Indicator (Organization)	Question or Variable [scale from worst TO best]
Global Competitiveness Report (World Economic Forum)	In your country, how strong are financial auditing and reporting standards? [Score: 1 = extremely weak TO 7 = extremely strong]

Governance of State owned Enterprises: [Figure 9](#) provides an assessment by Natural Resource Governance Institute (NRGI) of how the countries score on a particular part of governance of SOEs:

FIGURE 9: STATE OWNED ENTERPRISES: GOVERNANCE

State-owned Enterprise Governance						
Question	IDN	MYS	PHL	VNM	MMR	THA
Does the SOE have a publicly available code of conduct? [0=NO OR 100 = YES]	100	100	100	0	0	
Is the majority of the SOE's board of directors independent of the government (i.e. at least half of all board members do not hold positions in the current central government)? [0=The SOE does not publicly disclose a list of board members OR 20 = No, the majority of the SOE's board of directors is not independent of the government. OR 100 = YES]	100	100	20	100	0	

Interpretation: the methodology of this indicator is straightforward as it mechanically assigns a value when certain predefined conditions are met.

Cluster Business Environment

The flipside of the level of corporate integrity of (semi-)private companies (inside perspective) is the environment they operate in (outside perspective). A clean business environment makes it easier for companies to implement and adhere to ethical business practices. Conversely, burdensome administration and red tape are a challenge for businesses trying to act with integrity, as they represent incentives to cut corners in form of bribery. This “public” side of the coin is quantified from three perspectives: (1) quality of the administration, red tape, and effectiveness of procedures that businesses need to conduct on a regular basis (*Admin. burden*); (2) incidence of corruption and detrimental consequences on efficient business conduct (*Corruption*); (3) evolution of the problem in form of business reforms conducted in the countries that have led to improvements.

It should be noted that these indicators are not direct measurements of clean business practices, as there are disappointingly few measurements in this area.

Administrative burden is measured both as terms of direct assessments and in terms of senior management time spent on dealing with government regulation:

(1) Direct assessment of the level of administrative burden is illustrated with the help of two data points that treat the issue from different angles.

(a) The World Economic Forum (WEF) directly assesses burden imposed by public administration:

FIGURE 10: ADMINISTRATIVE BURDEN:

Country	Score	Rank
MYS	5.0	5
IDN	4.1	26
THA	3.6	58
PHL	3.1	91
VNM	3.1	96
MMR	not included	

Indicator (Organization)	Question or Variable [scale from worst TO best]
Global Competitiveness Report (World Economic Forum)	In your country, how burdensome is it for companies to comply with public administration’s requirements (e.g., permits, regulations, reporting)? [Score: 1 = extremely burdensome TO 7 = not burdensome at all], [Rank: 1 = best TO 140 = worst]

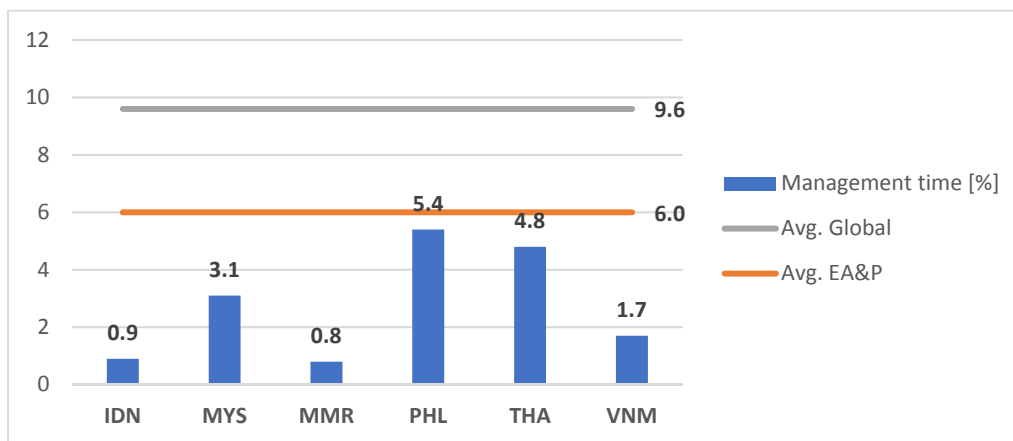
(b) Institutional Profiles Database (IPD) applies a more specific focus by looking at red tape as barrier to market access:

Indicator (Organization)	Question or Variable [scale from worst TO best]	IDN	MYS	MMR	PHL	THA	VNM
Institutional Profiles Database (French gov't, CEEPII)	Importance, de facto, of barriers to entry for new competitors in markets for goods and services (excluding the financial sector and beyond the narrow constraints of the market) ... related to the administration (red tape etc.) [0 = worst TO 4 = best] taken from WGI	0	1	0	1	1	0

Interpretation: (1) Even though the questions are not identical and the methodologies are different, the results appear at least partially contradicting: MYS are ranked fifth and VNM 96th globally by WEF, but they receive almost the same score from IPD; (2) Alternatively, if both indicators assess the situation correctly, the overall level of administrative burden is mixed from top (MYS) to poor performance (PHL, VNM) – and they all score worryingly low in red tape as barrier for market entry.

(2) **Coping with government regulation:** Figure 11 below measures how the burden of government regulation translates into an obstacle for business in form of senior management time spent on dealing with it:

FIGURE 11: SENIOR MANAGEMENT TIME SPENT DEALING WITH GOVERNMENT REGULATION



Indicator (Organization)	Question or Variable [scale from worst TO best]
Enterprise Surveys (World Bank)	Senior management time spent dealing with the requirements of government regulation [% of senior management's time, in a typical week, that is spent dealing with the requirements imposed by government regulations (e.g., taxes, customs, labor regulations, licensing and registration, including dealings with officials, and completing forms)]

Interpretation: (1) The countries collectively score better than both global and regional average. MYS, THA and PHL show room for improvement compared with the other three countries, but they are still below those averages. (2) In summary, these results add to the concerns regarding the suitability of such indicators to guide project design or evaluation. When looking at the three charts in conjunction, they appear to be either contradicting or not conveying the full picture.

Standard Processes: The World Bank Doing Business indicators provide specific data on the efficiency of standard processes that companies need to perform. Two of them are presented here (Starting a Business and Enforcing Contracts). The same type of data can be retrieved for a third one, Resolving Insolvency, from the Database of Country Profiles (see category: *Admin. Burden*):

(a) Starting a Business: The following chart provides information on the administrative environment for starting a small- to medium-size limited liability company:

FIGURE 12: STARTING A BUSINESS

Category	Content	THA	VNM	MYS	IDN	MMR	PHL
Procedures [number of procedures]	The total number of procedures required to register a firm.	5	8	9.5	10	12	13
Time [number of days]	The total number of days required to register a firm.	4.5	17	13.5	19.6	14.0	31.0
Cost [% of income per capita]	Recorded as a percentage of the economy's income per capita.	3.1	5.9	11.6	6.1	24.8	20.3
Paid-in minimum capital [% of income per capita]	Funds deposited in a bank or with a third party.	0.0	0.0	0.0	0.0	0.0	2.8
Rank [1= best TO 190 = worst]	Rank based on the above out of 190 economies.	39	104	122	134	152	166

(b) Enforcing Contracts: the following charts provide information on the administrative environment of the legal proceedings of enforcing contracts:

FIGURE 13: ENFORCING CONTRACTS

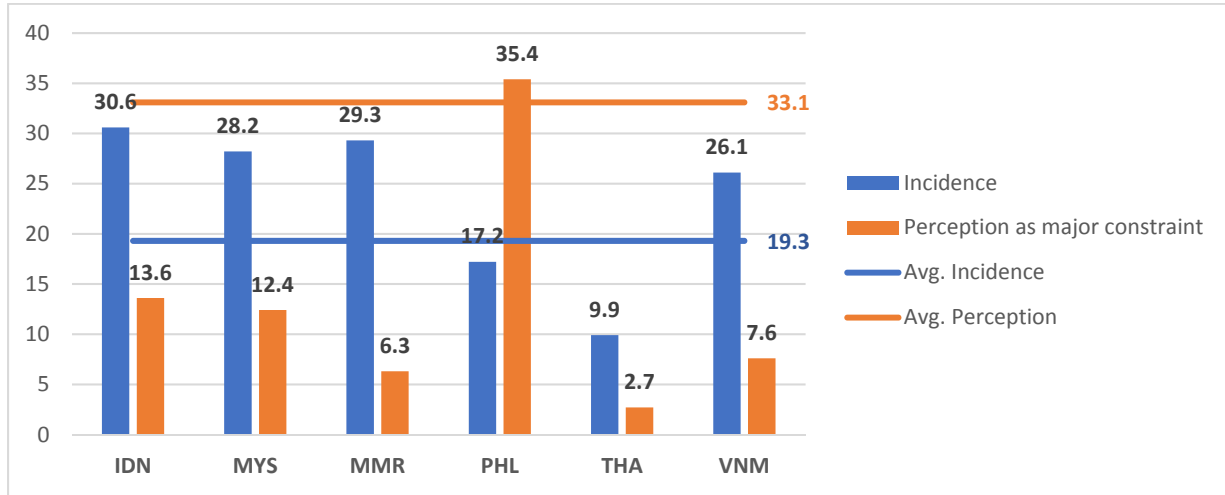
Category	Content	MYS	THA	VNM	IDN	PHL	MMR
Time [no. of days]	The time to resolve a dispute, counted from the moment the plaintiff decides to file the lawsuit in court until payment.	425	420	400	403.2	962	1160
Cost [% of claim value]	The cost in court fees, attorney fees (where the use of attorneys is mandatory or common) and enforcement fees.	37.9	16.9	29.0	70.3	31.0	51.5
Quality of judicial process [0 = worst TO 18 = best]	Index of good practices in 4 areas of the court system: court structure and proceedings, case management, court automation and alternative dispute resolution.	13.0	8.5	7.5	7.9	7.5	3.0
Rank [1= best TO 190 = worst]	Rank based on the above out of 190 economies.	33	35	62	146	151	188

Interpretation: (1) both figures provide information that needs no additional comments. Data points that appear of particular interest due to their absolute or relative value are highlighted in yellow; (2) Enforcing Contracts provides more detailed information for each category that can be retrieved from the World Bank database to get a clearer picture of particularly troublesome areas.

Corruption as hindrance for businesses: incidence of abuse is the second aspect for gauging the quality of the business environment for companies and their aspiration to conduct clean business. The rationale here is that when bribery is rampant, it is difficult for a company to avoid it. In this section, the significance of corruption as an obstacle for business is analyzed in three steps (*Corruption*):

Step 1: Comparing incidence levels of corruption with how much it is perceived as obstacle

FIGURE 14: CORRUPTION: INCIDENCE VS. PERCEPTION AS CONSTRAINT

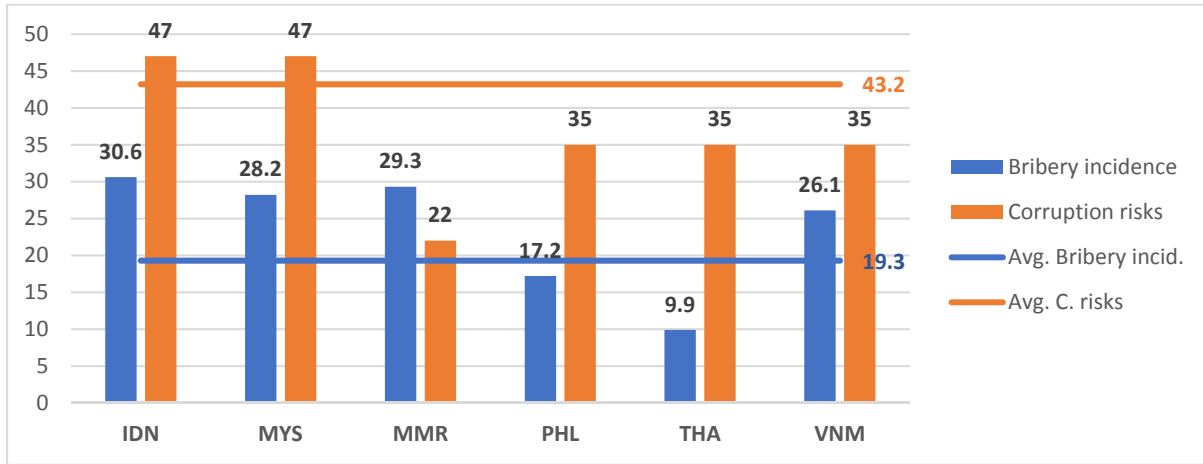


Indicator (Organization)	Question or Variable [scale from worst TO best]
Enterprise Surveys (World Bank)	Bribery incidence : Percentage of firms experiencing at least one bribe payment request across 6 public transactions dealing with utilities access, permits, licenses, and taxes. [% of firms experiencing at least one bribe payment request]
	Percent of firms identifying corruption as a major constraint [Percentage of firms identifying corruption as a "major" or "very severe" obstacle, in %]

Interpretation: (1) there appears to be no correlation between the incidence of bribery and the assessment as constraint to business; (2) benchmarked against the global average, perceived incidence levels are above global average while perception as constraint is mostly below, with the exception of PHL

Step 2: Comparing perceived incidence levels from two sources, the World Bank and Global Insight:

FIGURE 15: CORRUPTION LEVELS: COMPARISON OF TWO DIFFERENT SOURCES



Indicator (Organization)	Question or Variable [scale from worst TO best]
Enterprise Surveys (World Bank)	Bribery incidence : Percentage of firms experiencing at least one bribe payment request across 6 public transactions dealing with utilities access, permits, licenses, and taxes. [% of firms experiencing at least one bribe payment request]
Business Risk and Conditions (Global Insight)	The risk that individuals/ companies will face bribery or other corrupt practices to carry out business, from securing major contracts to being allowed to import/export a small product or obtain everyday paperwork. This threatens a company's ability to operate in a country, or opens it up to legal or regulatory penalties and reputational damage. Scores taken from CPI 2018: [0 = most corrupt TO 100 = least corrupt]; original scale: 1.0 = maximum corruption TO 5.0 = minimum corruption].

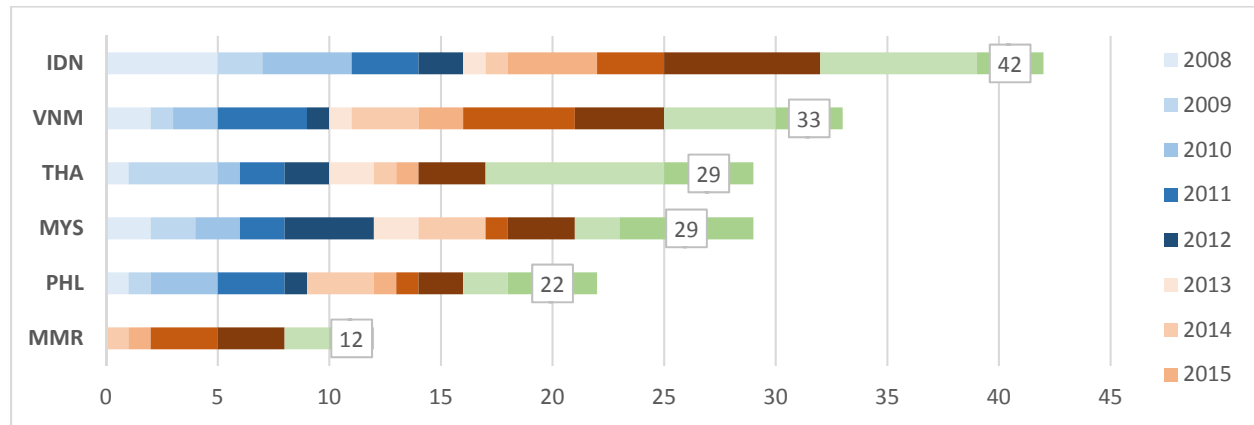
Interpretation: the results of the two sources appear not strongly correlated; while in the first chart levels of corruption in VNM almost three times of those in THA, they are at level in the second one.

Step 3: Major changes are noted in indicator scores within short periods of time, for example: the World Bank indicator used here (Enterprise Surveys) scored MMR corruption levels 42.9% in 2014 compared to 29.3% in 2016 (which is the value used in Figure 15 above).

Summary: (1) the analysis conducted in three steps gives reason for concerns regarding the reliability of these corruption incidence related indicators; (2) they are therefore not recommended to be used for advocacy or project design without additional data or research corroborating the findings.

Business Reforms: Country profiles of the World Bank’s Doing Business indicator provide information on all reforms done in the country since 2008. This includes an evaluation of each reform on whether it has made it easier or more difficult to do business. The following chart provides an overview:

FIGURE 16: NUMBER OF BUSINESS REFORMS BY COUNTRY AND YEAR SINCE 2008



The length of the bars from left to right indicates the amount of reforms done in a country. The color codes indicate the years they were passed. For example, IDN passed a total of 42 reforms between 2008 and 2019.

According to the World Bank’s evaluation, all these reforms made business easier, except for four reforms passed by each, IDN, PHL and two by each of the other countries, which made business more difficult.

Interpretation: the countries have made consistent reform efforts over time, with MMR starting in 2014.

3. Recommendations

Corporate Governance:

- 1) Disclosure: the report (ASEAN CSR Network, NSU) shows improvement in the countries included (IDN, MYS, PHL, THA) between 2016 and 2018. It notes that mandatory disclosure practices (codes of corporate governance) impact these practices for obvious reasons. Reviewing the details (by question), it provides entry points for both, corporate disposition to transparency and mandatory practices in each country. The limitations of the study (p. 43 of the report) should be noted for such engagement.

- 2) Auditing and Reporting Standards: given a weak score and a rank close to the bottom of the list, VNM could consider prioritizing this issue. The indicator is too broad to draw additional conclusions or make recommendations that are more specific.
- 3) SOE governance: The indicator presented (NRGI) provides a punctual aspect of this item, which is a low hanging fruit for PHL, VNM, and MMR and potentially THA if included in this indicator in the future. All they need to do to improve is (in order of increasing difficulty): (a) publish the Code of Conduct, which is a non-controversial document; (b) publish the list of board of directors; and (c) consider restricting appointment to SOE Boards of Directors to persons not holding positions in the current government. While these steps are generally suitable to enhance transparency and limit conflicts of interest for these SOEs, this recommendation is based on the indicator methodology only. It will directly improve the score, but there is no indication that it will actually solve any problem.
- 4) Data collection: given the lack of data in this area, a general recommendation is to conduct own research to get a more detailed understanding of the situation, problematic areas, and leverage points for project activities. A rough approach for a research methodology could start with an exploratory phase using qualitative methods (expert interviews, group discussions, dialogue platforms), based on which a more specific method of quantitative data collection can be designed.

Business environment

- 1) Standard processes (Starting a Business, Enforcing Contracts): (1) Scores of several countries are rather weak in comparison. Depending on objectives, they may wish to select these areas for reforms; (2) the tables provide specific information on strengths and weaknesses that can serve as starting points for defining very concise and to-the-point project activities; (3) data is available to conduct the same exercise for a third standard process: Resolving Insolvency.
- 2) Business Reforms: Reviewing the countries World Bank Doing Business profiles is highly recommended. They provide 151 instances of business reforms that made business easier plus 22 instances of business reforms that made it more difficult (arranged by year and area). This is a useful resource for project ideas based on experience of neighboring countries that could be followed as good practice examples.
- 3) Corruption as hindrance for business: Given the caveats noted in the analysis, the data suggest that incidence in the countries is high and this is a problem that might be worth addressing. If a country should decide to do so, the Enterprise Survey indicator provides more detailed information for different services and licenses, which could be used for first guidance (to be retrieved from the Doing Business website, as they are not directly related to the scope of this report and are not included in the Database).

Toolset

The UNODC thematic Compilation of Prevention-related Information on UNCAC Art. 12 on Private Sector and Public-Private Partnerships provides an ample variety of resources:

www.unodc.org/unodc/en/corruption/WG-Prevention/private-sector-and-public-private-partnerships.html

D. ANTI-CORRUPTION STRATEGIES, POLICIES, LAWS AND REDRESS MECHANISMS

1. Rationale

Causes for poor performance: Corruption flourishes under certain conditions. In broad terms, these are lack of integrity, transparency, and accountability. Pillars 2 and 3 dealt with the preventive side (transparency, integrity). This Pillar 4 focusses on the regulatory (strategies, policies, laws) and institutional framework (accountability, enforcement). Corruption is resilient to change. In addition to the defining characteristics mentioned in Pillar 3 (vicious circle, prisoner's dilemma), corruption fights back. Those benefiting from it (strong elites, corrupt networks, autocrats) oppose reforms and retaliate against attempts to expose them or strip them of their power and/or wealth. To overcome opposition, systemic change is needed, starting with improvements of the regulatory and institutional framework as basis for accountability. Such a strategic approach is a difficult task and takes lots of resources, time, and courage, especially when corruption is endemic, i.e. institutions are dysfunctional, and corruption is part of the culture.

Manifestation: A poor regulatory environment is characterized by laws, rules regulations and strategies that are either non-existent, weak, contain loopholes or are strong but not implemented. Analogously, a poor institutional framework is characterized by institutions that are non-existent or weak by mandate (toothless tigers), or by institutions with a strong mandate that is not being implemented, because they are controlled by elites or undermined by corrupt networks. Depending on the degree of the problem, this translates into corruption on all levels from state capture to petty street level bribery.

Detrimental effects: Weaknesses in the regulatory framework and lack of a strategic approach to fighting corruption provide opportunities for systematic (rather than ad-hoc) abuse in the form of grand corruption schemes. Additionally, they are a breeding ground for the long-term dynamic problem mentioned in Pillar 3 (downward spiral). Watchdog institutions responsible for enforcement and accountability, particularly the judiciary, are considered the last stronghold. Once they stop functioning properly, it is difficult for a country to come back. When they are captured by elites, autocrats, or corrupt networks, widespread petty and grand corruption is expected with all their detrimental effects (e.g. syphoning off large amounts of money, poor service delivery, deteriorating infrastructure, etc.).

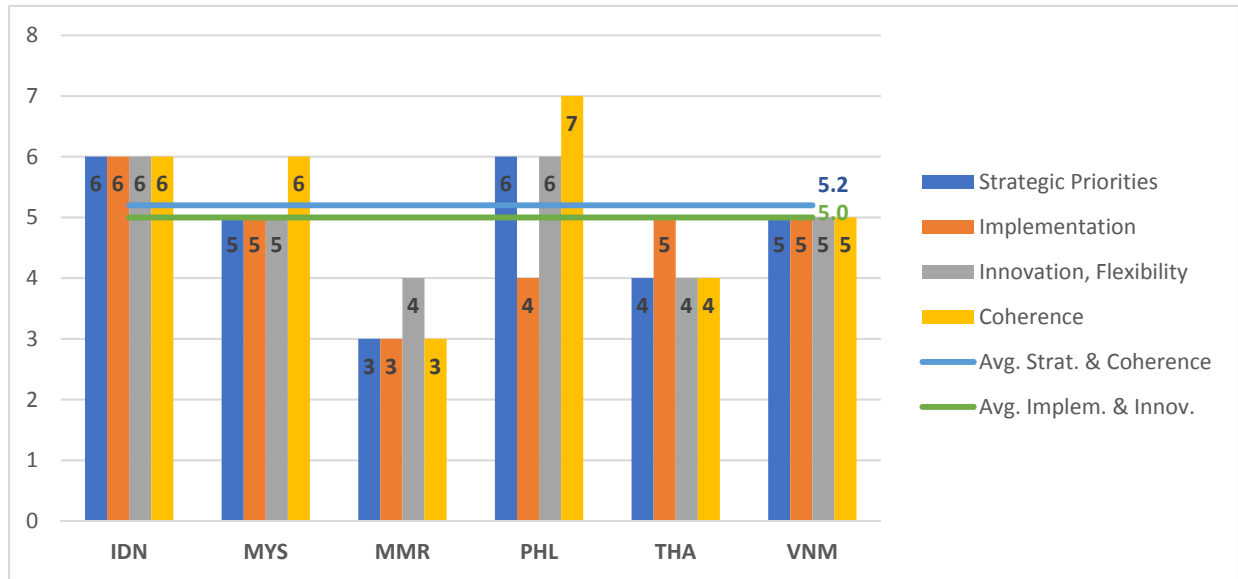
Summary: A robust regulatory framework (strategies, policies, laws) as well as strong institutions to enforce those rules and ensure accountability (including redress mechanisms) are a basic condition for long-term successful anti-corruption efforts – which in turn are the foundation for sustainable development (the ultimate goal – impact – of UNDP's efforts). Given the dynamics involved (prisoner's dilemma, vicious circle, downward spiral, corruption fighting back) outside intervention and technical assistance are recommendable when possible and accepted. Increasing governmental capacity to strengthen the regulatory and institutional framework are useful activities that will be assessed via indicators in the next section.

2. Assessment

Cluster Regulatory Framework

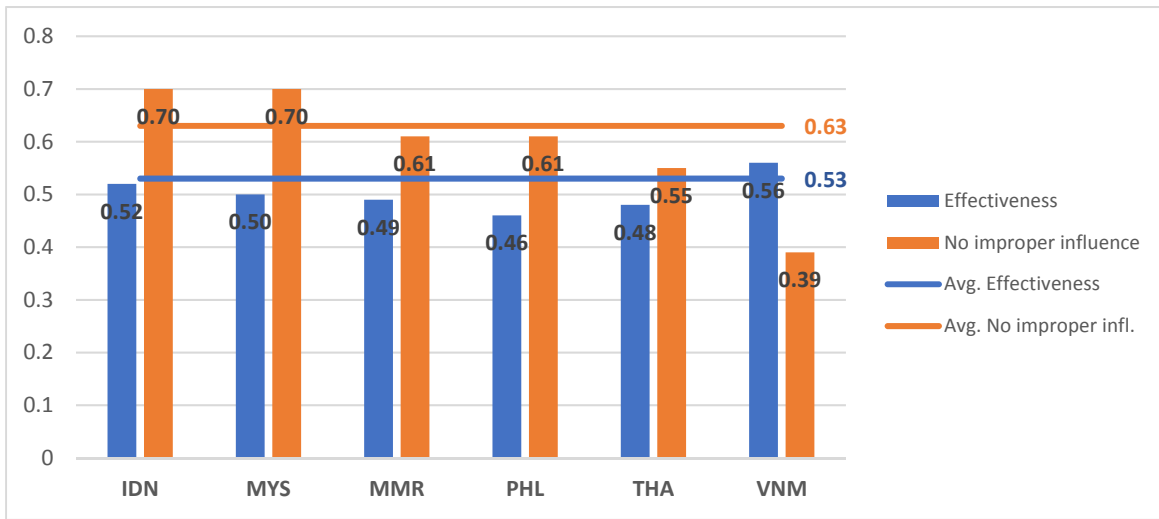
Strategic approach, policy formulation: two indicators are identified that provide information regarding the quality of the regulatory framework (*Capability*). The chart below assesses different aspects of the government’s steering capability in general. This precondition for designing and implementing a successful anti-corruption strategy and other parts of the regulatory anti-corruption framework tends to be one of the most difficult issues for developing and coordinating on a national level across ministries. Unfortunately, no quantitative indicators are identified that assess the overall regulatory framework concerning anti-corruption.

FIGURE 17: REGULATORY FRAMEWORK: GOVERNMENT CAPABILITY (BTI)



Indicator (Organization)	Question or Variable [scale from worst TO best]
Transformation Index (Bertelsmann Foundation)	Strategic Priorities: To what extent does the government set and maintain strategic priorities? [1=The government does not set strategic priorities. It relies on ad hoc measures, lacks guiding concepts and reaps the maximum short-term political benefit. TO 10=The government sets strategic priorities and maintains them over extended periods of time. It has the capacity to prioritize and organize its policy measures accordingly.]
	Implementation: How effective is the government in implementing its own policies? [1= The government is not able to implement any of its policies. TO 10 = The government is able to implement its policies effectively.]
	Policy learning: How innovative and flexible is the government? [1 = The government demonstrates no willingness or ability in policy learning. TO 10 = The government demonstrates a pronounced ability of complex learning. It acts flexibly and replaces failed policies with innovative ones.]
	Policy coordination: To what extent can the government coordinate conflicting objectives into a coherent policy? [1 = The government fails to coordinate conflicting objectives. Its policies thwart and damage each other. The executive is fragmented into rival fiefdoms that counteract each other. TO 10 = The government coordinates conflicting objectives effectively and acts in a coherent manner.]

FIGURE 18: REGULATORY FRAMEWORK: ENFORCEMENT



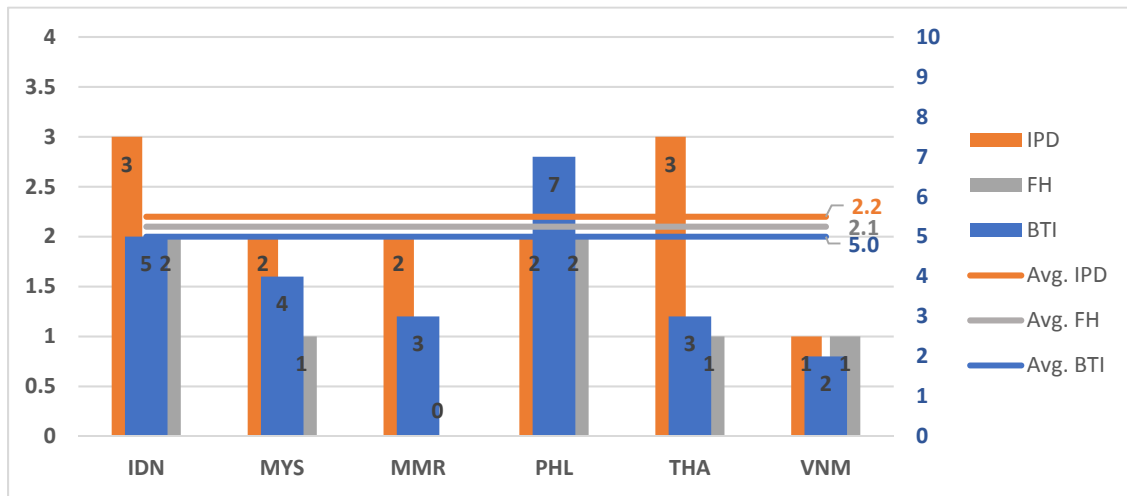
Indicator (Organization)	Question or Variable [scale from worst TO best]
Rule of Law Index (World Justice Project)	Government regulations are effectively enforced . Measures enforcement in 4 categories: Labor, Environment, Health, Commercial Regulation and consumer protection. [0 = weak adherence to rule of law TO 1 = strong adherence to rule of law]. Note: aggregated data, see questionnaire for questions included in in this factor.
	Government regulations are applied and enforced without improper influence . Measures whether the enforcement of regulations is subject to bribery or improper influence by private interests, and whether public services, such as the issuance of permits and licenses and the administration of public health services, are provided without bribery or other inducements. [0 = weak adherence to rule of law TO 1 = strong adherence to rule of law] Note: aggregated data, see questionnaire for questions included in this factor, URL provided in Indicator Database, Worksheet <i>Selection</i> .

Interpretation: (1) Regulatory frameworks in the countries appear not to be a major concern, neither government capability nor enforcement; (2) Unfortunately, these indicators concern the general regulatory capacity and enforcement of government regulations – rather than Anti-corruption.

Cluster Institutional framework: The approach here is not to assess the entire institutional framework. Instead, the focus is on institutional capacity and its effectiveness in properly dealing with malfeasance. A number of indicators is therefore not included, but available in the Database of Country Profiles (see *Anticorruption > Institutional Framework*). Three accountability related aspects of the Institutional Framework’s capacity are illustrated in this section: Judiciary, Redress mechanisms, and Alternative Dispute Resolution.

Judiciary: as most important institution for eventually attributing accountability, the Judiciary is analyzed through three indicators regarding: independence, incidence of corruption, and confidence in it (*Judiciary*).

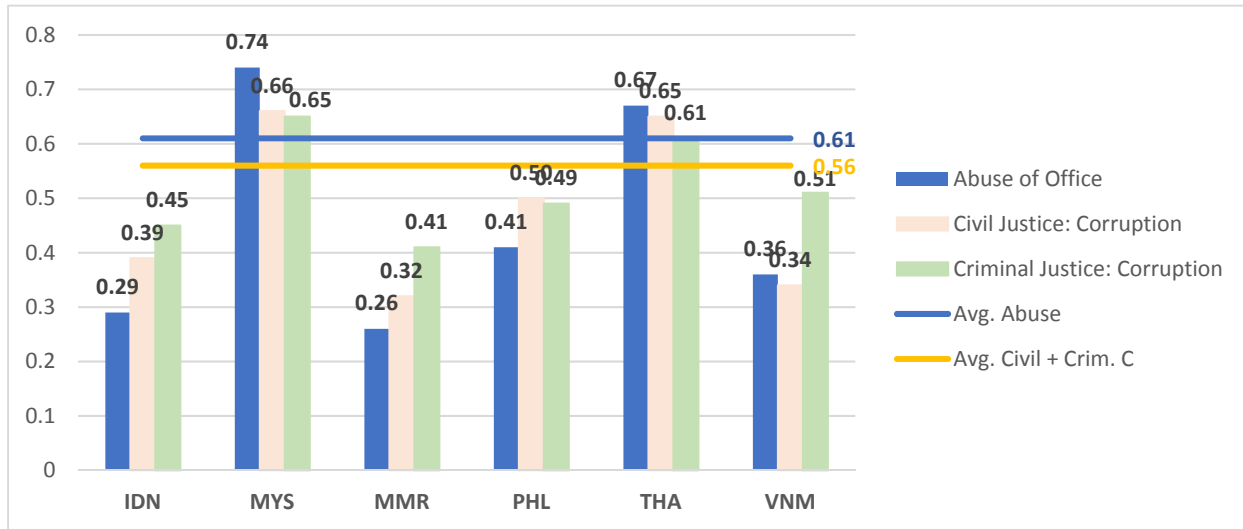
FIGURE 19: JUDICIARY: INDEPENDENCE ACCORDING TO THREE DIFFERENT INDICATORS



Indicator (Organization)	Question or Variable [scale from worst TO best]
IPD - Institutional Profiles Database (French gov't, CEEPII)	Degree of judicial independence vis-à-vis the State [0 = worst TO 4 = best]
FH - Freedom in the World (Freedom House)	Is there an independent judiciary? (contains 5 sub-questions, that unfortunately are not scored individually) [0= smallest degree of freedom TO 4 = greatest degree of freedom]
BTI - Transformation Index (Bertelsmann Foundation)	To what extent does an independent judiciary exist? [1 = The judiciary is not independent and not institutionally differentiated. To 10 = The judiciary is independent and free both from unconstitutional intervention by other institutions and from corruption. It is institutionally differentiated, and there are mechanisms for judicial review of legislative or executive acts.

Interpretation: (1) with the exception of PHL and IDN, judiciary independence is not considered up to international standards; (2) the large discrepancies in some of the scores suggest that these indicators might not be sufficiently reliable.

FIGURE 20: JUDICIARY: ABSENCE OF CORRUPTION



Indicator (Organization)	Question or Variable [scale from worst TO best]
Rule of Law Index (World Justice Project)	Government officials in the judicial branch do not use public office for private gain: Measures whether judges and judicial officials refrain from soliciting and accepting bribes to perform duties or expedite processes, and whether the judiciary and judicial rulings are free of improper influence by the government, private interests, and criminal organizations. [0 = weak adherence to rule of law TO 1 = strong adherence to rule of law]. Note: aggregated data, see questionnaire for questions included in in this factor.
	Civil justice is free of corruption: Measures whether the civil justice system is free of bribery and improper influence by private interests. [0 = weak adherence to rule of law TO 1 = strong adherence to rule of law] Note: aggregated data, see questionnaire for questions included in in this factor.
	Criminal justice system is free of corruption: Measures whether the police, prosecutors, and judges are free of bribery and improper influence from criminal organizations. [0 = weak adherence to rule of law TO 1 = strong adherence to rule of law] Note: aggregated data, see questionnaire for questions included in in this factor.

Interpretation: (1) the countries score consistently below the global average with the exception of MYS and THA; (2) MMR scores lowest across the board; (3) additionally, according to the TI Global Corruption Barometer 39% of people who came into contact with courts in past 12 months paid a bribe in MMR (IND: 6%, MYS: 5%, VNM 8%, PHL, THA not scored).

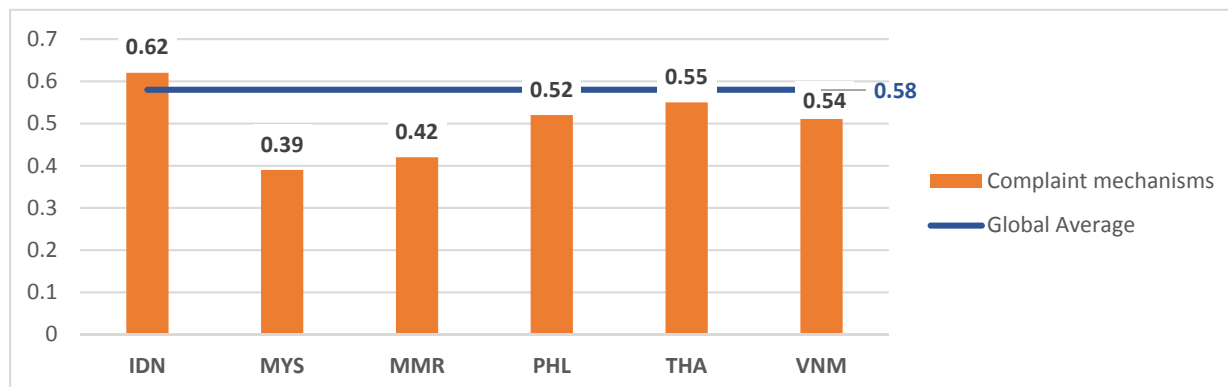
FIGURE 21: JUDICIARY: CONFIDENCE

Indicator (Organization)	Question or Variable [scale from worst TO best]	IDN	MYS	MMR	PHL	THA	VNM	Global Avg.
Enterprise Surveys (World Bank)	Percent of firms identifying the courts as a major constraint. The computation of the indicator is based on the rating of the obstacle as a potential constraint to the current operations of the establishment. [%]	3.5	16.7	5.3	12.4	0.0	0.7	13.9
World Poll (Gallup International)	Confidence in judicial system. [-2.5 = worst TO 2.5 = best] Scores taken from WGI. Original scale: 4 = bad TO 1 = good.	0.84	0.67	0.78	0.82	0.75	0.89	0.69

Interpretation: (1) With the exception of MYS, the perception of the courts as obstacle is also better than the global average. However, the result of 0.0% of firms in THA (and only 0.7% in VNM) considering the courts a constraint appears questionable given a global average of 13.9%; (2) confidence in the judiciary is consistently above the global average.

Redress mechanisms

FIGURE 22: COMPLAINT MECHANISMS



Indicator (Organization)	Question or Variable [scale from worst TO best]
Rule of Law Index (World Justice Project)	Complaint mechanisms: Measures whether people are able to bring specific complaints to the government about the provision of public services or the performance of government officers in carrying out their legal duties in practice, and how government officials respond to such complaints. [0 = weak adherence to rule of law TO 1 = strong adherence to rule of law] Note: aggregated data, see questionnaire for questions included in in this factor.

Interpretation: (1) the countries are scoring below global average with exception of IDN; (2) MYS, MMR have room for improvement.

Dispute Resolution: the figure below shows membership status of the countries in two important international instruments for the settlement of disputes.

FIGURE 23: MEMBERSHIP STATUS OF INTERNATIONAL INSTRUMENTS FOR SETTLEMENT OF DISPUTES

	New York Convention	ICSID
IND	1981a	1968
MYS	2013a	-
MMR	1985a	1966
PHL	1967	1978
THA	1959a	1985s
VNM	1995a	-

3. Recommendations

Regulatory framework:

- 1) **Government Capabilities:** While general governmental capabilities appear not to be a problem, nothing can be said about the (more important) aspect of the regulatory framework regarding anti-corruption due to lack of data. Therefore, qualitative sources of information can be consulted. The UNCAC country profiles provide extensive assessments of the regulatory frameworks (see Appendix III.4). These are highly recommended. Additionally, Bertelsmann Transformation Index provides qualitative justification for its score, which could be helpful.
- 2) **Enforcement:** indicators used are aggregated. In case projects are considered, a first step is to review the disaggregated data to identify the weak spots.

Institutional framework:

- 1) Judiciary: Corruption: (1) important area for all countries, especially given the high importance attributed to the Judiciary as last resort. (2) MMR may wish to consider prioritizing this area
- 2) Dispute Resolution: (1) given the scarcity of available data, no recommendations based on indicators can be made regarding this item; (2) MYS, THA and MMR could (fully) accede the international instruments for settlement of disputes.
- 3) Training programs: are a basic generic tool for improving the institutional performance. The World Bank Doing Business report identifies Indonesia as good practice example of Judicial Training that contributed to the successful implementation of reforms for doing business ([World Bank 2019](#), pp 53-60). This could be considered for knowledge transfer, trainings, or a workshop for the other ASEAN countries.

Generic Toolset:

- 1) UNCAC material is, again, a very valuable resource that should be considered as a starting point for research. The country profiles provide a very detailed analysis of the regulatory and institutional framework. See Appendix III.4 for more information.

APPENDIX I: THEORY OF CHANGE

Outputs	Output Indicators	Intermediate Outcomes	Intermediate Outcome Indicators	Outcomes	Outcome Indicators	Impact	
1. Partnerships fostered between public and private sectors, and civil society including women and under-represented groups	1.1 Number of platforms for Government – private sector and civil society policy dialogue	IO A: Improved transparency and integrity policies and practices by government and business	# of policy recommendations on business environment developed and/or revised as a result of public-private dialogue	Improved business practices adopted and corruption risks minimized to create a fairer business environment in ASEAN	Improved redress mechanisms measured by ranking in the “Enforcing Contracts” indicator of the “doing business” (World Bank Index)	Accelerate structural transformations for sustainable development	
	1.2 % of involved stakeholders reporting feeling more comfortable on dialogue with counterparts following participation in the platforms (disaggregated by gender)		# of countries that have established open and innovative service delivery mechanisms (Indicator 2.2.2 in RPD)				
2. Public procurement systems strengthened and transparent	2.1 # new/ revised Action Plans on public procurement reform developed		# of infrastructure projects where data are disclosed in Thailand and Indonesia		# of companies in ASEAN that have joined responsible business conduct initiatives		# of companies that have adopted business integrity compliance standards
	2.2 # public procurement interventions conducted in the target countries						
	2.3 # of stakeholders involved in procurement monitoring of infrastructure projects (disaggregated by gender)						
	2.4 # gender audit conducted						
3. Business integrity and sustainable practices promoted for private companies and state-owned enterprises	3.1 Regional network of companies established promoting gender and inclusion	IO B: Strengthened legislation to decrease corruptive practices and effective application of judicial mechanisms	# effective measures (policies, strategies, laws) adopted to mitigate and remedy corruption risks at: (a) National level; (b) Sub-national level; (c) Sector level	# of companies in target countries that believe that control of corruption and transparency has improved at the end of the project (ASEAN Business Outlook Survey)			
	3.2 # business integrity instruments adopted (e.g. code of conduct, internal control mechanisms or whistleblowing mechanisms developed for private sector)						
	3.3 # knowledge products developed to inform multi-stakeholder dialogue						
4. Anti-corruption policies and redress mechanisms improved in target countries	4.1 # Number of countries supported to develop or update preventive anti-corruption policies, plans or strategies (Indicator 2.2.1 in RPD)						
	4.2 # of new in country judicial initiatives initiated following regional peer to peer exchanges (targeted countries)						

APPENDIX II: QUANTITATIVE INDICATORS

1. Methodology

Quantitative Indicators were selected using the following criteria as guidance:

- Taking into consideration the ToC as well as the RRF framework and the indicators used for measuring Outputs, Intermediate Outcomes, and Outcomes.
- Minimum four of the countries must be included, preferably five or all six.
- Indicator must be produced by a reputable and well-known institution and not have an obvious bias.
- Only quantitative data is included. Some indicators produce both, qualitative and quantitative information. Qualitative data is used for reference in the “exploratory” sense (to get an understanding of how to interpret the quantitative data), but not part of the results presented in this report.

Data points (questions or components of the indicators) were selected using the following criteria as guidance:

- Indicators have different focuses (e.g. Competition, Corruption, or Quality of Service Delivery). Therefore, they cannot not be used in their entirety, but only appropriate parts or questions.
- Wherever feasible, questions were included in their original form (before normalization, aggregation, etc.).
- Only in exceptional cases, aggregated data was included (e.g., when a component is composed of a number of binary questions, like the Open Data Barometer).
- This approach is more labor intensive and allows for less general conclusions, as the data is more specific. However, since there are overlaps due to the same data being used in different indicators, referring to an entire index or even parts of it might be misleading (a common mistake made in the use of indicators).
- Methodologies and results of indicators sometimes give reason to assume that their interpretation is intended to produce results that generate interest. When rather specific answers from a questionnaire point in a certain direction, they are then aggregated and/or interpreted to make a more general statement. An extreme example is the CPI: it collects answers from different sources with very specific assessments of different issues (bribery, undocumented payments, punishment of corrupt officials, etc.). These specific pieces of information are then normalized, aggregated and used to produce a much more general result: the overall corruption level in a country. To be clear, this is not a concern regarding methodological challenges of different indicators. It is about the fact that aggregation adds assumed information by drawing more generalized conclusions. Therefore, original data is used as far as possible in this report.

Methodological considerations

- Methodologies are not explained. The Database of Country Profiles below provides respective links.
- It is well understood that all these indicators use different methodologies, sampling methods, timeframes, countries, respondents. Their results cannot be directly compared. This that must be taken into consideration when looking at conclusions drawn from this study.

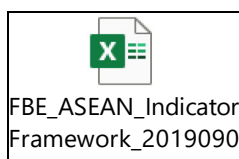
- The idea is in line with any of the composite indicators: pieces of information from different sources are collected and examined for common themes to draw conclusions.
- The intention is to provide a snapshot rather than trends or development of issues. Therefore, only the latest version of all indicators is used.
 - Advantage: arguments, conclusions are more reliable, as a wider range of indicators can be covered.
 - Disadvantage: it is not possible to draw conclusions on developments and trends, which is often very helpful to understand the context, especially when there are consistent and notable changes.
 - Given the difficulties of time series and drawing reliable conclusions from them, a credible snapshot appears the better option.
- Benchmarking: most indicators do not provide global or regional benchmark on the survey question level. Wherever possible (i.e. all data available), the benchmark in form of the global or regional average was calculated.

2. Quantitative indicators: overview

#	Indicator	Organization	Year	IDN	MYS	MMR	PHL	THA	VNM
1	Corporate Disclosure on Business Integrity in ASEAN	ASEAN CSR Network, NUS	2018	x	x		x	x	
2	Transformation Index	Bertelsmann Foundation	2018	x	x	x	x	x	x
3	Country Risk Ratings	Economist Intelligence Unit	2017	x	x	x	x	x	x
4	Freedom in the World	Freedom House	2018	x	x	x	x	x	x
5	Institutional Profiles Database	French government, CEEPII	2016	x	x	x	x	x	x
6	World Poll	Gallup International	2017	x	x	x	x	x	x
7	Business Risk and Conditions	Global Insight	2018	x	x	x	x	x	x
8	Resource Governance Index	NRGI	2017	x	x	x	x		x
9	Open Data Inventory	Open Data Watch	2018	x	x	x	x	x	x
10	Global Open Data Index	Open Knowledge International	2016	x	x	x	x	x	
11	Global Corruption Barometer: Asia & Pacific	Transparency International	2017	x	x	x		x	x
12	E-Government Survey	UNDESA	2018	x	x	x	x	x	x
13	E-Participation Index	UNDESA	2018	x	x	x	x	x	x
14	Varieties of Democracy Project Dataset	VDEM	2019	x	x	x	x	x	x
15	Doing Business	World Bank	2019	x	x	x	x	x	x
16	Enterprise Surveys	World Bank	2015	x	x	x	x	x	x
17	Global Competitiveness Report	World Economic Forum	2018	x	x		x	x	x
18	Rule of Law Index	World Justice Project	2019	x	x	x	x	x	x
19	Open Government Index	World Justice Project	2015	x	x	x	x	x	x
20	Open Data Barometer	World Wide Web Foundation	2016	x	x	x	x	x	x

3. Country profiles

The database of country profiles below has more detailed information:



Content

- Worksheet Overview: Overview of Pillars, Clusters, and Categories of indicators
- Worksheet Selection: information of all indicators (description, link to the website, methodology, and questionnaire where available).
- Worksheet Data: all quantitative indicator data for the six countries.

How to use

- There is a number of indicators that provide useful information, but are not presented in this report due both, the intention of keeping the narrative concise and the scope reasonable.
- The results of these indicators can be retrieved in the attached Database of Country files.
- Indicators are sorted according to Pillars, Clusters, and Categories and can be retrieved accordingly.
- The data can also be filtered by country, institution or indicator name.

APPENDIX III: QUALITATIVE INDICATORS AND LITERATURE

1. Primary sources (UNDP Regional Project documents)

- Promoting a Fair Business Environment in ASEAN - Nurturing a culture of integrity in ASEAN public and private sectors for sustainable development (Project Document FCO Revised 15.8.18)
- Promoting a Fair Business Environment in ASEAN Revised RRF – April 2019
- Revised Economic Reform Theory of Change (Excerpt)

2. Secondary qualitative resources: overview

#	Indicator	Organization	Year	IDN	MYS	MMR	PHL	THA	VNM
A	Transformation Index - Country Profiles	Bertelsmann Foundation	2018	x	x	x	x	x	x
B	Country Studies	CoST	2017	x	x			x	x
C	Freedom in the World	Freedom House	2018	x	x	x	x	x	x
D	Business Anti-Corruption Portal	GAN	2017	x	x	x	x	x	x
E	Investment Policy Reviews: Southeast Asia	OECD	2018	x	x	x	x	x	x
F	Country Profiles	OECD	2018	x	x	x	x	x	x
G	Country Profiles	TI	var.	x	x				x
H	UNCAC - Country Profiles	UNODC	2019	x	x	x	x	x	x
I	Country Reports on Human Rights Practices	US Department of State	2019	x	x	x	x	x	x
J	Investment Climate Statements	US Department of State	2018	x	x	x	x	x	x
K	Doing Business - Country Profiles	World Bank	2019	x	x	x	x	x	x

3. Bibliography¹

- ASEAN CSR network (2018): Corporate Disclosure on Business Integrity in ASEAN: http://asean-csr-network.org/c/images/ARBF2018/240818_Corporate_Disclosure_on_Business_Integrity_2018_-_Final.pdf
- Bertelsmann Foundation (2018): Transformation Index (quantitative indicator, that is complemented by good qualitative analysis): www.bti-project.org/en/home
- CoST: Country Studies (2017)
 - Indonesia: http://infrastructuretransparency.org/wp-content/uploads/2018/06/2173_CoST-Country-Study-Indonesia.pdf
 - Malaysia: http://infrastructuretransparency.org/wp-content/uploads/2018/06/2174_CoST-Country-Study-Malaysia.pdf
 - Thailand: http://infrastructuretransparency.org/wp-content/uploads/2018/06/2175_CoST-Country-Study-Thailand.pdf
 - Vietnam: http://infrastructuretransparency.org/wp-content/uploads/2018/06/2176_CoST-Country-Study-Vietnam.pdf
- Digiwhist: Tanis D. and M. Fazekas (2017), Mining public procurement data for corruption: http://digiwhist.eu/wp-content/uploads/2017/10/Athens-presentation_2nd-part.pdf

¹ All links last accessed on 29 May 2019

- Freedom House (2018): Freedom in the World (quantitative indicator, that is complemented by good qualitative analysis): <https://freedomhouse.org/report/freedom-world/freedom-world-2018>
- GAN Business Anti-Corruption Portal: Country Corruption Reports
 - Indonesia (2017): www.business-anti-corruption.com/country-profiles/indonesia
 - Malaysia (2016): www.business-anti-corruption.com/country-profiles/malaysia
 - Myanmar (2017): www.business-anti-corruption.com/country-profiles/myanmar
 - Philippines (2017): www.business-anti-corruption.com/country-profiles/the-philippines
 - Thailand (2017): www.business-anti-corruption.com/country-profiles/thailand
 - Vietnam (2017): www.business-anti-corruption.com/country-profiles/vietnam
- OECD (2016), Preventing Corruption in Public Procurement: www.oecd.org/gov/ethics/Corruption-Public-Procurement-Brochure.pdf
- OECD (2018), Investment Policy Reviews: Southeast Asia. www.oecd.org/daf/inv/investment-policy/Southeast-Asia-Investment-Policy-Review-2018.pdf
- Transparency International (2019): Country Profiles
 - Indonesia: www.transparency.org/country/IDN
 - Malaysia: www.transparency.org/country/MYS
 - Myanmar: www.transparency.org/country/MMR
 - Philippines: www.transparency.org/country/PHL
 - Thailand: www.transparency.org/country/THA
 - Vietnam: www.transparency.org/country/VNM
- U4 (2013) Expert Answer The role of business associations and chambers of commerce in the fight against corruption: <https://knowledgehub.transparency.org/assets/uploads/helpdesk/Role-of-business-associations-and-chambers-of-commerce-in-fighting-corruption-2013.pdf>
- UNDOC, UNCAC Country profiles (including link to TRACK portal that provides all laws relevant for UNCAC): see appendix below on how to access them.
- US Department of State: 2018 Country Reports on Human Rights Practices: www.state.gov/reports/2018-country-reports-on-human-rights-practices
- US Department of State: 2018 Investment Climate Statements: www.state.gov/reports/2018-investment-climate-statements/
- World Bank, Doing Business 2019: Training for Reform: www.doingbusiness.org/en/reports/global-reports/doing-business-2019?qterm=indonesia&lang_exact=English&x=5&y=11
- World Bank, Doing Business 2019: Country Profiles
 - Indonesia (see pp 107-109 for Business reforms): www.doingbusiness.org/content/dam/doingBusiness/country/i/indonesia/IDN.pdf
 - Malaysia (see pp 60f for business reforms): www.doingbusiness.org/content/dam/doingBusiness/country/m/malaysia/MYS.pdf

- Myanmar (see p 58 for business reforms):
www.doingbusiness.org/content/dam/doingBusiness/country/m/myanmar/MMR.pdf
- Philippines (see pp 64f for business reforms):
www.doingbusiness.org/content/dam/doingBusiness/country/p/philippines/PHL.pdf
- Thailand (see pp 59f for business reforms):
www.doingbusiness.org/content/dam/doingBusiness/country/t/thailand/THA.pdf
- Vietnam (see pp 57f for business reforms):
www.doingbusiness.org/content/dam/doingBusiness/country/v/vietnam/VNM.pdf

4. UNCAC resources: guideline for research

UNODC collects extensive information on the status of implementation of the UNCAC in all its States parties. Most if this data is publicly available online and allows for comprehensive examination that goes beyond the scope of this report.

This data is collected through the official reviews of implementation, as well as standing working groups.

The following table provided an overview of UNCAC status. It includes the availability of the Implementation Reports (Cycle 1 and Cycle 2) as follows: highlighted in green: full report available, yellow: executive summary available, red: not available yet (the year in which the country is being reviewed in Cycle 2)

	Signed	Ratified	Review Cycle 1	Review Cycle 2
Indonesia	2003	2006	2011	2017
Malaysia	2003	2008	2013	2017
Myanmar	2005	2012	2016	(year 2)
Philippines	2003	2006	2012	(year 3)
Thailand	2003	2011	2015	(year 2)
Vietnam	2003	2009	2012	(year 2)

This section provides guidance how to use this resource efficiently, i.e. where to find the information related to this report and how to access it.

Step 1: Review country reports of the Implementation Reviews (available as noted in the table above):

www.unodc.org/unodc/en/treaties/CAC/country-profile/index.html

They contain review of implementation of the following issues:

Cycle 1: Chapters III & IV

III: Criminalization and law enforcement

15. Bribery of national public officials
16. Bribery of foreign public officials and officials of public international organizations
17. Embezzlement, misappropriation or other diversion of property by a public official
18. Trading in influence
19. Abuse of functions
20. Illicit enrichment
21. Bribery in the private sector
22. Embezzlement of property in the private sector

23. Laundering of proceeds of crime
24. Concealment
25. Obstruction of justice
26. Liability of legal persons
27. Participation and attempt
29. Statute of limitations
30. Prosecution, adjudication and sanctions
31. Freezing, seizure and confiscation
32. Protection of witnesses, experts and victims
33. Protection of reporting persons
34. Consequences of acts of corruption
35. Compensation for damage
36. Specialized authorities
37. Cooperation with law enforcement authorities
38. Cooperation between national authorities
39. Cooperation between national authorities and the private sector
40. Bank secrecy
41. Criminal record
42. Jurisdiction

IV: International cooperation – the contents are of less interest to this report.

Cycle 2: UNCAC Chapters II & V

II: Preventive measures

5. Preventive anti-corruption policies and practices
6. Preventive anti-corruption body or bodies
7. Public sector
8. Codes of conduct for public officials
9. Public procurement and management of public finances
10. Public reporting
11. Measures relating to the judiciary and prosecution services
12. Private sector
13. Participation of society
14. Measures to prevent money-laundering

V: Asset recovery – the contents are of less interest to this report.

In addition to the specific gaps provided with regards to the legal and regulatory framework and preventive measures in place, the reports contain sections on “Successes and good practices” as well as “Challenges in implementation” that will be helpful for identifying suitable activities.

Step 2: Review legal library

Comprehensive access to all relevant laws for each country, accessible by UNCAC Chapter, and even Paragraph is available here: <https://track.unodc.org/LegalLibrary/Pages/home.aspx>

Complete access to all laws relevant for UNCAC is available here: <https://track.unodc.org/LegalLibrary/Pages/AllLegalResources.aspx>

Step 3: Review good practice standards as well as status submission by States parties

The permanent working groups collect good practices examples voluntarily shared by States parties (including the COUNTRIES).

Documents collected by the Working Group on Prevention are of particular interest for this report. They are available here: www.unodc.org/unodc/en/corruption/WG-Prevention/thematic-compilation-prevention.html

They provide guidance on all articles of prevention, in particular:

- Public Procurement (Art. 9)
- Judicial and prosecutorial integrity (Art. 11) www.unodc.org/unodc/en/corruption/WG-Prevention/judicial-and-prosecutorial-integrity.html
- Private sector and public-private partnerships (Art. 12) www.unodc.org/unodc/en/corruption/WG-Prevention/private-sector-and-public-private-partnerships.html
- An Anti-Corruption Ethics and Compliance Programme for Business: A Practical Guide www.unodc.org/documents/corruption/Publications/2013/13-84498_Ebook.pdf
- Anti-Corruption Ethics and Compliance Handbook for Business (OECD/UNODC/World Bank) www.unodc.org/documents/corruption/Publications/2013/Anti-CorruptionEthicsComplianceHandbook.pdf
- A Resource Guide on State Measures for Strengthening Corporate Integrity www.unodc.org/documents/corruption/Publications/2013/Resource_Guide_on_State_Measures_for_Strengthening_Corporate_Integrity.pdf

Step 4: Consider contacting governmental experts in the respective country for expert advice

Lists of these country experts available on the Country profile website for each cycle correspondingly: www.unodc.org/unodc/en/treaties/CAC/country-profile/index.html