



Master Thesis in Business Administration

Strategies to Prevent Corruption
(LDC & Middle Eastern Countries Case)

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Acknowledgments

All glory to Allah the most gracious, the most merciful, who is most controller for everything in this life, who made me accomplish this assignment, and He said in the Quran: Read in the name of your God who created, created man from a clinging substance, read and your God is the most generous, who taught by pen, taught man what he knew not. (Surat Al-alaaq)

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Abstract

This research will try to give insight and guidance for those businesses and persons interested in starting a business in the Middle East and less developed countries. It will shine a light to the business environment in those countries, the nature of corruption, and what the best strategies to deal with corruption are by highlighting the quality of governance in the Middle East.

This study will present many cases about corruption in LDCs and Middle East countries to help in the understanding of the nature of the corruption in these regions, as well as showing the different strategies these countries used to fight or curb corruption.

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1.1 Introduction:

Corruption is an old disease infecting many countries; rich, as well as poor ones. It hampers the country's growth, development, and flourishing. It makes people's lives harder, depriving them from real growth, or a good quality of life. This phenomenon is corruption.

First of all it's useful to start with the definition of corruption:

“Corruption has widely been defined as “the abuse of public office for private gain”.

(Ofosu-Amaah et al., 1999, p. 3).

The nature of corruption varies from some countries to others. Some countries misuse public funds or authorities into private gain which might take different forms such as bribes, fraud, and favoritism, gift giving, kickback and conflict of interest. But on the other hand, it can be (bad governance) such as: stealing from the nation's fortune by the monarchy families without any responsibility in front of their people or justice, establishing fake projects, giving franchises to the person who pays the most, taking high percentage from the national fortune for the family or the president ruling this country, leaving many people without proper education or jobs.

Bad governance can be found in some Middle Eastern countries especially with monarchical regimes. The focus of this research will be the situation in LDC's in general and the countries of the Middle East in particular, it will further explore the appropriate strategies to deal with these two types of corruption.

This endemic disease, as described by researchers, has disseminated in many countries and has high effect on people's lives in a way that it's preventing development. Many organizations and countries put some rules, standards and regulations to decrease the phenomena; especially when the institutions roles are not very effective.

This disease might return due to inadequate regulations of the institution in these countries, the legal and regulatory framework may be incomplete and fail to adequately protect people and the environment from harmful practices. (Falkenberg, 2008) What could have been done?

What are the appropriate strategies to deal with these countries suffering from corruption? It is a matter of fact that most countries with high corruption rates have inadequate institutions. In another words, the least adequate the institutions are then the more corruption there is; as it's easier and safer for corrupters to embezzle from the fortune if the institutions in that country are less effective, such as the judicial system, accountability, absence of laws that condemn or punish corruption. This is also related to democracy and freedom in this country, as in monarchical regimes or semi-immortal presidents, the so-called king and all his big family are immune from being questioned under any case.

It's important to describe this type of corruption in LDC's and Middle Eastern countries thoroughly with different real cases from these countries and then try to determine the best strategies in overcoming this problem by presenting cases and summarizing effective strategies to be used as a guide for companies that want to start businesses in these regions.

Problem identification (The purpose of this thesis is)

An old important issue in the entire world is corruption. The (LDC s) with specific focus on monarchial regimes in the middle east encounters a special type of corruption. It's a permanent corruption. As these countries are struggling to make an economic growth to assure the minimal level of the accepted living for their people. But the corruption and low growth rates in many countries are still at high levels and it seems there is not much to do to reduce the corruption. Corruption in monarchial regimes are connected to bad governance. Many organizations, many countries tried to find the best methods and strategies to fight corruption. These strategies should be a helpful for businesses to stop corruption in these countries; as the motive for these organizations shouldn't be only profits but also to help to increase welfare for the local people and applying code of ethics when conducting businesses in these countries.

Also the nature of corruption in LDC and the Middle East countries need to be highlighted, so the best strategies to deal and avoid these types of corruption will be highlighted and recommended.

But finding the answer for this problem is not easy due to the fact that every country has its own system, culture, working institutions and the economic, social and political development in the country's life decades back. As some organizations which are part of the United Nations put some strategies to fight corruption and link the aid with the growth of the corruption fight, as well some countries put specific rules and systems to work against corruption these measures are (MESISIC), (the UN Convention), corruption perception index (CPI), as well as the UN(Global compact) which made its 10th principle clear about fighting corruption :

Businesses should work against corruption in all its forms, including extortion and bribery. An example of how some regimes use their position to use their country's resources is KSA, which has 5000 princes, all taking \$200,000 a year as basic salary, and they don't have to do anything in return.

This research findings and conclusion will be a guide for the companies that intend to make or start business in the targeted countries, to be aware of the environment there and the business work ethics.

Taking into consideration that these countries are suffering from corruption with kleptocratic regimes, it could be difficult to find full information about the Middle East countries.

1.3 Main questions:

What is the nature of corruption in LDCs?

Answering this question requires defining the corruption aspects in the LDCs and to give some examples about these corruption types.

What are the main strategies which can prevent corruption in LDCs?

Highlighting the different and main strategies the international and local organization used to fight the corruption in the past or in the present time, and focusing on some possible and more effective strategies to fight the corruption in the future.

What is the nature of corruption in Middle Eastern countries?

The definition and presenting the most corruption aspect in the middle eastern countries will be presented, with taking in consideration that some countries differ from other countries in nature of corruption in this area.

What is the good governance and what is the bad governance?

The answer for this question will be by defining the governance the good one and bad one, and trying to show the relationship between the governance and the corruption.

What is the size of corruption?

Highlighting how much corruption is spread in these countries, in governments, companies working in these countries.

How corruption occur in these countries?

Ways and manner of corruption, and what contribute to exacerbating the corruption problem, is it the laws, culture and political regimes? etc..

Why finding the appropriate strategies to prevent corruption and fight it in Middle Eastern countries is important?

Explaining and presenting the diverse and the appropriate strategies will be beneficial to the companies and organizations intending to make businesses in these countries, when the effects of corruption appear and increase such as poverty socioeconomic and political unrest, and in some cases terrorism, all these reasons show the importance and need to prevent corruption.

How will corruption be studied?

In this research theoretical part will explain corruption, nature of corruption in the Middle East, governance, previous researches talked about corruption in the Middle east and LDC s, in reality part will show many cases about corruption.

1.4 Relevancy of the Research:

The previous research talked about many strategies and measures used to prevent corruption, but the major and known measures found are: Transparency International's corruption, Perception index (CPI), transparent index, these measures with other standards have been

used to diagnose corruption in the targeted countries, but even still there is corruption at high rate in these countries.

Some countries used different strategies than others to fight corruption. In some countries they established committees like, anti-fraud unit, enhancing police, prosecutors and judges with the resources, good governance and increasing transparency with enhancing institutions as it was the case in Bosnia, or as the Caribbean countries have used.

A combination of soft law (codes of conduct and declarations) and hard law (statutes Creating rights, obligations and penalties for breaches) (*Hylton & Young, 2007*), such as conflict of interest, conservation and use of public resources and reporting acts of corruption.

The World Bank participated in corruption fighting by putting the following four dimensions in 1997 to prevent corruption:

- * Preventing fraud and corruption in Bank projects;
- * Helping countries that request Bank assistance for corruption;
- * Mainstreaming a concern for corruption in Bank's work; and
- * Lending active support to international efforts to address corruption.

Source: (Huther & Shah, 2000).

1.5 Size of the Problem

Apparently corruption is spreading all over the world, as there is no country in the world that has zero corruption, but there is big gaps between some countries. For example New Zealand is number one in low corruption in the world, but on the other side Somalia is the most corrupted country in the world.

And generally political situation, poverty, unrest and other conditions exacerbate this problem on some countries in more than others, for example countries suffering from war and unrest like Iraq and Afghanistan have high rate of corruption.

1.6 Corruption mechanism

The environment and conditions in any country increase or decrease the probability of corruption. There are many cases explaining this, as one of them is Iraq after the occupation, and how the money allocated for reconstruction went in the wrong hands. "It is a story of mistakes made, plans poorly conceived or overwhelmed by ongoing violence, and of waste, greed and corruption that drained dollars that should have been used to build schools, improve the electrical grid, and repair the oil infrastructure," *Senator Collins, nytimes.com*.

In the above mentioned case it was almost out of control regarding the chaos of the country. In other cases lack of democracy and institutions have a big role in smoothing the way for corrupt politicians.

1.7 Corruption in the Middle East

Corruption in the ME is relatively connected to the bad governance as already mentioned. Not many researchers conducted this fact about this subject, still the question is how to define this type of corruption and finding the best strategies to deal with it.

In this research the efforts will be guided to make useful information for companies, managers to understand the nature of corruption in the targeted areas, and highlight the appropriate strategies and tools to avoid corruption and deal with the corrupted institutions in these countries.

As well the nature of corruption in the LDC's could be from the known aspects of corruption such as: bribes, fraud, bad governance, favoritism, kickbacks, etc..

2 Literature review

2.1 Definition of the Key Concepts

Corruption

Here are some of the corruption definitions though it might lose some aspect at every one:

- ❖ the leading non-governmental organization (NGO), describes Corruption as the use of entrusted power for private gain. (*Chaikin, 2008*)
- ❖ some commentators consider that the core of corruption is an improper inducement to influence the proper performance of a public function (*Noonan, 1984, N. 2, p. xi*).
- ❖ the misuse of public roles and resources or the use of illegitimate forms of political influence by public or private parties (*Johnston, 1997*).

2.2 Nature of corruption

Corruption:

There is no country that is free from corruption (*Oforu-Amaah et al., 1999*).

Corruption is simply, repeatedly, and inflexibly presented as the universal extraction of private benefit from public duty (*Marquette, 2001, Lambsdorff, 2006,*)

(emphasis added). The World Bank (WB), a CPI data source, sees “corruption” as “The

abuse of public power for private gain”. Another CPI data source, the Economist Intelligence Unit (EIU), echoes with “Misuse of public office for personal (or party political) financial gain.”

Corruption is falsely constructed as a trans-cultural “disease” that must be surgically Removed worldwide (*Hope, 2000, Wolfensohn, 2000, p. 1; Commission on*

Africa 2005,)), the meaning of “corruption “masquerades as a world applicable definition, and seeks to force into oblivion other less powerful constructions of “corruption” (Duncan, 2006, p. 131), some authors define it as the abuse of entrusted powers for private benefits, comprising a wide variety of practices such as bribes, fraud, embezzlement, extortion, and collusion,(Boehm;2007)

Usually the corruption has relevancy to the following terms:

- . Corruption and poverty;
- . Corruption and predatory government;
- . Corruption and family welfare; and
- . Corruption and access to mal-distributed services.

Source: (De Maria, 2009).

Corruption appears to be more prevalent in areas where the state interacts with the public such as the judiciary, public procurement, regulatory agencies, granting of permits,(Goolsaran &Ananad,2006)

2.3 Types of the corruption:

Corruption differs sometimes from country to country; many variables can be taken on consideration, as every country has its own political system, culture, economic powers

As (Johnston,2006) says for Mexico (patronage machines), informal enterprises and self-dealing in a gray area between public and private sectors (China), extensive payments by candidates to voters (Japan) politicized credit and development policies (Korea), a sense of scandal surrounding private interests contributions to parties and candidates (USA), official theft of public land for use as rewards for prominent political backers.

As it is known the more the government has control over the economy the more likely corruption to occur, that due partially to the weakness of institutions.

(Salifu, 2008) Emphasizes that corruption has been defined in many different ways, each lacking in some aspect. While the definition of corruption may be disputed among

scholars, and disagreement exists over the causes of corruption, no one disputes that corruption needs to be controlled. It seems that the level of international corruption is very high. According to a survey in 2000, one out of ten senior managers is dishonest, And one in two has a history of irregularities from previous jobs (Saltmarsh, 2000).

❖ *Corruption no longer seems to be just a temporary disease of modernizing societies that literacy, development, and good public ethics will cure. (Doig&Riley),*

The nature of corruption makes it more complicated to come to a mutual understanding of a universal definition of the term. Given that the history of corruption is as old as that of human beings, definition of corruption has evolved in the course of time (*Kayrak, 2008*).

Reasons for corruption according to *Gainsborough (2003, p. 70)*:

- Existence of a dual economic system i.e. planned and market economies.
- Low-official salaries or more importantly their decline to other social groups.
- Regulatory loopholes.
- The incompleteness of political reform and anti-corruption agencies.
- Moral decline.
- Traditional culture; and
- Certain international factors.

2.4 Governance

The process of decision-making and the process by which decisions are implemented (or not implemented) ([://www.unescap.org/pdd/prs/ProjectActivities/Ongoing/gg/governance.asp](http://www.unescap.org/pdd/prs/ProjectActivities/Ongoing/gg/governance.asp)).

Good governance is an indeterminate term used in development literature to describe how public institutions conduct public affairs and manage public resources in order to guarantee the realization of human rights. Governance describes "the process of decision-making and the process by which decisions are implemented (or not implemented)". The term governance can apply to corporate, international, national, local governance or to the interactions between other sectors of society. (http://en.wikipedia.org/wiki/Good_governance)

- ❖ A broader notion than corruption. (*world bank,1997*)

2.4.1 Relationship between Good governance and Corruption :

Bearing in mind that corruption and governance is interrelated in way or another, as according to (Hassan) he said that:

((There is a direct link between corruption control and good governance.

Good governance implies the existence of political will to do what is right and good for society, of policies that give expression to public aspirations, of institutions that have the capacity to deliver public goods and services, and of procedures that are efficient, effective, accountable and transparent, all societies have elements of each in different degrees, and the lapses in each provide a reasonable measure of the opportunities for corruption. Good governance, in a mature democracy, provides constraints on the behavior of elected and public officials, with the provision to apply legally-derived sanctions on the deviant; it also provides for a system of checks and balances across the political and administrative landscape in order to keep the exercise of power in check. Where these constraints and checks and balances are weak or absent, corruption will flourish. For good governance to succeed, an educated society, public engagement with national issues and the public's willingness to accept responsibilities and act on them in the interest of the greater good are essential)).

Source : (Shaukat, 2004).

Kaufman et al. (1999) described governance as “traditions and institutions by which authority in a country is exercised for [the] common good”. This includes: the process by which governments are selected and replaced, the capacity of the government to formulate and implement sound policies effectively; and the respect of citizens for the institutions that govern economic and social interactions among them.

According to Thompson (1996), governance is “. . . the act or manner of governing, of exercising control or authority over the actions of subject, a system of regulations”.

Fitzgerald et al. (1997) amplified this definition by describing governance as “working and listening to citizens in order to manage the public's resources and respond to the

needs and expectations of citizens as individuals, interest groups, and society as a whole". Governance includes active cooperation and engagement in policy processes among all stakeholders, including citizens. An associated term, as described by Reddy and Clarke (2000), is "people centered governance" – which can be characterized as partnerships between government and society in which consultation is a key issue.

The concept of "governance" can be used descriptively or prescriptively. Indeed, it is a term without agreed usage (Minogue et al., 1998). The term has recently evolved from the traditional public administration concept of "governing". It developed from

the descriptive, positivist public management school of thought – which initially intended to give new meaning to the traditional role of government by focusing on the effectiveness and efficiency of the outputs and outcomes of governmental actions. one way of looking at the characteristics of "good governance" is to contrast it with what can be called "malgovernance" or "misgovernance". Another way of approaching the concept is to understand what it means in itself. A third way is to look at the potential benefits of institutionalizing good and sustainable governance (Khan, 1998).

2.4.2 The problem of poor governance

Governance refers to the effective rule of law, accountability, public participation, and transparency in the management of the public realm (World Bank, 1998, cited in Mutizwa-Mangiza, 2006: 10). The problem of poor governance is especially pressing in less developed countries, where institutions in which political competition and public scrutiny of the executive can occur are weak. Yet sound institutional frameworks are crucial to promoting economic growth via investment, entrepreneurship, and innovation. Unless such frameworks are built to tackle corruption within governmental bodies, 'prospects for LDC development will remain very poor indeed' (Clay, 2007: 4).

Kenya's notoriously poor governance is clearly reflected in its corruption record, which continues to make international headlines: of 18 seriously flawed contracts exposed in 2006,

dated from 2002-2003, the period which yielded power to the present government (Clay, 2007: 3). The cost of grand corruption to the Kenyan Treasury in 2006 roughly equaled development aid inflows for that year, leading to the common belief that 'the best business in Kenya is corrupt business' (Clay, 2006: 3). Indeed, Transparency International's Kenya Bribery Index 2007 finds little improvement in the public's corruption perceptions over recent years.

Problems related to concentrated power such as in monarchies: The principle of monarchy: It is corrupted when monarchs lose the respect of their people, or when they become much less concerned by social justice than by their own political power. The principle of monarchy is also corrupted when people no longer feel their immutability towards their nation (loss of patriotism). (Dion, 2010).

In the following page the schedule is a good explanation of the difference between the anti-corruption programs and the governance quality (Good/bad).

Bank support for legal, judicial, and regulatory reform helps control corruption. And programs such as EDI's training workshops for journalists help strengthen the ability of the press to scrutinize -- and report on -- all fields of public administration (*www site: <http://www.worldbank.org/html/extdr/backgrd/ibrd/corrupt.htm>*).

According to the journal of development policy and practice:

Government effectiveness decreased in the Middle East and North Africa from 56 percent in 2000 to 50 percent in 2002, but the control of corruption increased 1 percent in 2000 (54) percent to 55 percent in 2002.

According to Paragon Regional Governance Programme (1999), governance strengthens the enabling environment for sustainable development.

2.4.3 Good government : is expected to contain a number of key components: political legitimacy for the state through democratic elections and transfer of power, and an effective political opposition and representative government; accountability through transparency and the provision of information; separation of powers; effective internal and external audit; effective means of combating corruption and nepotism; official competency, such as trained public servants; realistic policies and low defense expenditure; human rights as indicated by freedom

of religion and movement; impartial and accessible criminal justice systems; and the absence of arbitrary government power. (Doig & Riley).

2.4.4 Incidence of Governance Priorities of Anti-Corruption Efforts Corruption Quality (Based on Drivers of corruption)

High Poor Establish rule of law, strengthen institutions of participation and accountability; limit government interventions to focus on core mandate medium Fair Decentralization and economic policy reforms; results-oriented management and evaluation; introduction of incentives for competitive public service delivery.

Low Good Explicit anti-corruption programs such as anti-corruption agencies; strengthen financial management; raising public and officials' awareness; no bribery pledges, fry big fish etc.

2.5 LDC s: abbreviation for Less Developed Countries

Is the name given to a country which, according to the United Nations, exhibits the lowest indicators of socioeconomic development, with the lowest human development index ratings of all countries in the world. A country is classified as a Least Developed Country if it meets three criteria based on:

*Low-income (three year average GNI per capita of less than US \$ 905, which must exceed \$ 1,086 to leave the list.

- Human resource weakness (based on indicators of nutrition, health, education and adult literacy) and

*Economic vulnerability (based on instability of agricultural production, instability of exports of goods and services, economic importance of non-traditional activities, merchandise export concentration, handicap of economic smallness, and the percentage of populations displaced by natural disasters.

*Countries may "graduate" out of the LDC classification when indicators exceed these criteria. The United Nations Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States coordinates UN support and provides advocacy services for Least Developed Countries.

Source: (http://en.wikipedia.org/wiki/Least_Developed_Country)

2.5.1 List of LDCs

- Burkina Faso
- Burundi
- Central African Republic
- Chad
- Comoros
- Congo
- Djibouti
- Equatorial guinea
- Eriteria
- Ethiopia
- Gambia
- Guinea
- Guinea bissau

- Lessatho
- Liberia
- Madagascar
- Malawi
- Mali
- Mauritania
- Mozambique
- Niger
- Rwanda
- Sao tome and Principe
- Senegal
- Sierra Leone
- Somalia
- Sudan
- Togo
- Uganda
- Tanzania
- Zambia
- Afghanistan
- Bangladesh
- Cambodia

- Kiribati
- Lao people
- Maldives
- Myanmar
- Nepal
- Samoa
- Solomon islands
- Timor leste
- Tuvalu
- Vanuatu
- Yemen
- Haiti

Source: (<http://www.unohrlls.org/en/ldc/related/62/>).

Looking at these countries shows the majority of these countries are from Africa, then Asia. And the focus of this research will only be on a few countries due to the high numbers of countries under LDC.

2.6. Structure of the research

The structure of this thesis is based on the four box model which is presented by Falkenberg for conducting a research as the following:

Figure 1.1: Research structure.

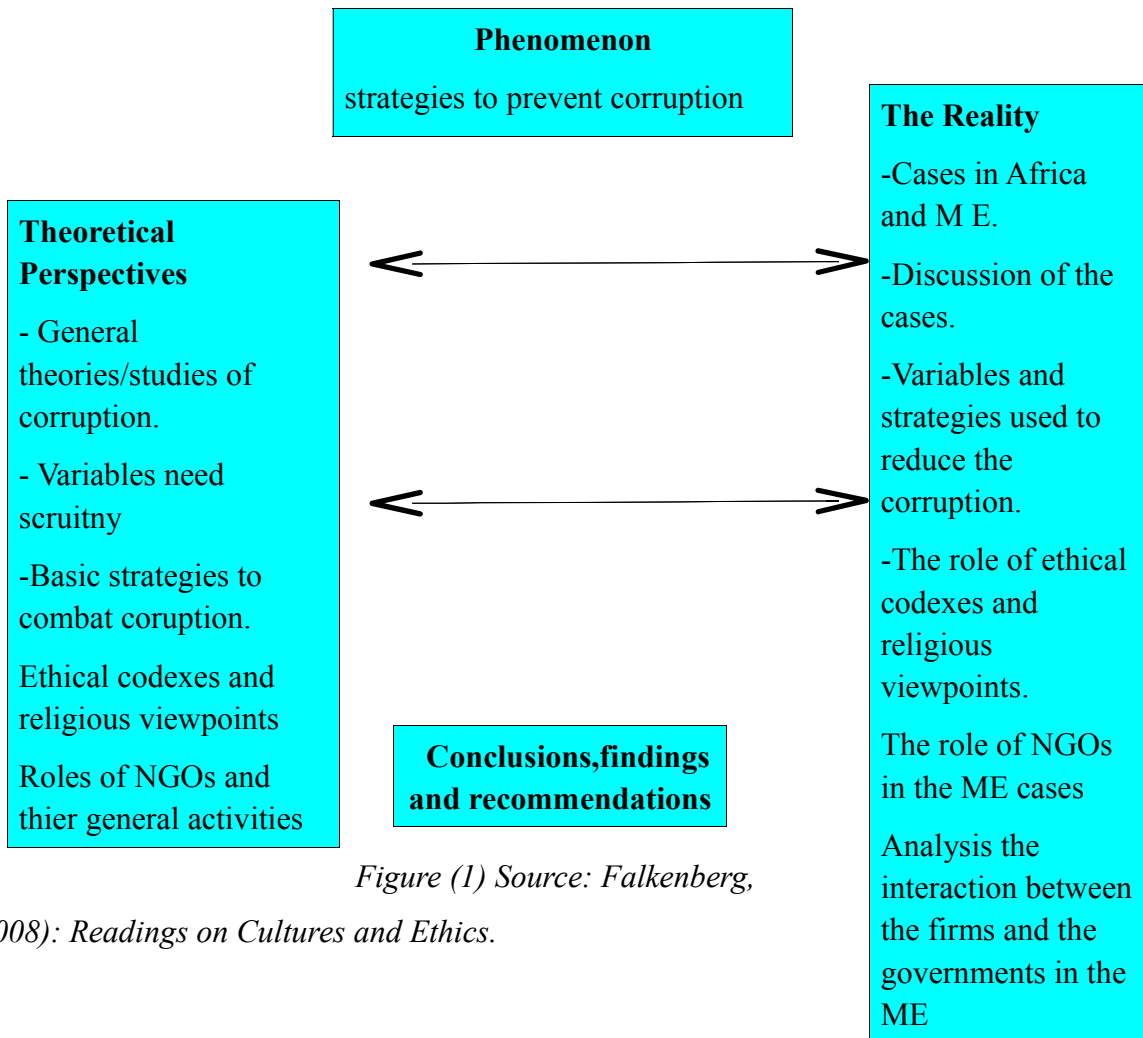


Figure (1) Source: Falkenberg, (2008): *Readings on Cultures and Ethics*.

As in the first box, I will represent and discuss the phenomena under investigation of why this topic has to be taken under research, and what is the purpose of this study, to what extent this study is important.

The second box shows the relevant theories and studies about corruption, presenting the variables need further scrutiny, and what are the basic strategies to combat corruption, showing the ethical codex and relevant religious viewpoints about corruption, and presenting the role of NGOs and their activities.

The third box will relate and apply the mentioned theoretical frame work on real cases from Africa and ME will be studied and discussed, showing the variables and strategies to reduce corruption, explain the role of ethical codex and religious viewpoints to combat corruption, also role of NGOs in ME cases, and analyzing the interaction between the firms and governments in ME.

The fourth part will present Recommendations/Conclusions to the NGOs seeking to fight corruption, to the people/politicians of corrupt countries, to MN C's, to the local governments, to the governments of the MN C's, to the UN and what is the best strategy to combat corruption in the Middle East.

2.7 Most Commonly Recognized Forms of Official Corruption

- -Non-performance of duties; desertion; parasitism
- -Treason; subversion; illegal foreign transactions; smuggling
- -Kleptocracy; privatization of public funds; larceny and stealing
- Misappropriation; forgery and embezzlement; padding of accounts; diverting funds; misuse of funds; unaudited revenues; skimming
- Abuse and misuse of coercive power; intimidation; undeserved pardons and

remissions; torture

- Deceit and fraud; misrepresentation; cheating and swindling
- Perversion of justice; criminal behaviour; false evidence; unlawful detention;
- Frame-ups
- Bribery and graft; extortion; illegal levies; kickbacks

Source : (Calden, asian journal of public administration)

Johnston classifies corruption according to the following types:

- Influence market corruption: influence markets deal in access to, and influence within, strong state institutions: often politicians serve as middlemen; put their connections out for rent exchange for contributions both legal and otherwise.

- Elite cartel corruption: in other market democracies institutions are weaker, politics and markets are becoming more competitive, and networks of elites use corrupt incentives and exchanges to shore up their positions.
- Oligarch and clan corruption : in other societies major political and economic liberalization-in some cases, simultaneous if poorly integrated transitions and weak public private boundaries have put a wide variety of opportunities in play in a setting of weak institutions.
- Official mogul corruption: institutions are very weak, politics remains undemocratic or is opening up only slowly, but the economy is being liberalized at least to a degree.

There are many ways to avoid corruption in these cases,some of them could be by spreading democracy and decentralized decision making in the targeted countries.

The institutions can do beyond imagination if they are effectively working and delegated,this can involve effective judicial system,clear laws and regulation with high punishment for corruption crimes,more participation from local governments,civil societies,embers of parliament in enacting laws five higher role for people and low power kleptocratic governments, more power for the private sector in doing business and open market

2.7.1 The UN put ten principles to fight corruption :

Principle one : Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle two : make sure that they are not complicit in human rights abuses.

Principle three :Businesses should uphold the freedom of association and the

effective recognition of the right to collective bargaining;

Principle four : the elimination of all forms of forced and compulsory labour;

Principle five : the effective abolition of child labour; and

Principle six : the elimination of discrimination in respect of employment and occupation.

Principle seven : Businesses are asked to support a precautionary approach to environmental challenges;

Principle eight : undertake initiatives to promote greater environmental responsibility; and

Principle nine : encourage the development and diffusion of environmentally friendly technologies.

Principle ten : Businesses should work against corruption in all its forms, including extortion and bribery.

Source:

http://www.unglobalcompact.org/docs/issues_doc/AntiCorruption/UNGC_AntiCorruptionReporting.pdf

2.7.2 Anti-corruption strategies

It includes the written rules and legislation to prevent corruption but it also it includes practical actions such as : (Zekos,2004)

- ❖ Conflicts of interest
- ❖ Conservation and use of public resources
- ❖ Reporting acts of corruption
- ❖ Assets, income and liabilities
- ❖ Transparency/access to information
- ❖ Public awareness
- ❖ Institution building

Strategies to avoid corruption :

There are different strategies to combat corruption, some of these are proactive strategies and some others are reactive, here are some strategies to avoid corruption :

- 1- No strategy: some small companies use this strategy.
- 2- The Ulysses strategy
- 3- Decentralized decision making : for multinational companies.
- 4- Establishing an anti-bribery code of conduct
- 5- Commitment through an integrity pact

Source : (Christensen, 2002)

Some studies suggested different approaches to fight corruption called six categories of Anti-corruption approaches :

- Political-Structural Dimension - Systemic Corruption
- Rule of Law – Control and Prosecution of Corruption
- Public Administration and Systems Reforms– Corruption Prevention
- Resource Extraction and Service Delivery – Sector Corruption
- Non-state Actors – Transparency and Accountability
- Capacity Building and Organisational Development – Ability to address corruption

Source : (Norad, 2008)

(*Quah, 1987*) raised an interested point when he said that ((corruption has become a way of life with its own local version of the term and manifestations of various forms of corrupt practices)).

Corruption of people (“social corruption”): The corruption of people is manifested in a threefold manner: either through crimes, or through greed, or even through the “love of power”. (*Dion,2010*)

Effective Anti corruption Programs Based on Governance Quality

Incidence of Corruption	Governance Quality	Priorities of Anti corruption Efforts
High	Poor	Establish rule of law; strengthen institutions of participation and accountability; limit government interventions to focus on core mandate
Medium	Fair	Decentralization and economic policy reforms; results-oriented management and evaluation; introduction of incentives for competitive public service delivery
Low	Good	Explicit anti corruption programs such as anti corruption agencies; no bribery pledges; fry big fish; etc.

Source: (*Shaukat,2004*)

2.8 Variables related to corruption

Corruption doesn't happen overnight, in reality there are many variables helping corrupters to commit their crimes, these variables are not related to power, democracy, institutions building, etc.

Democracy

In a modern democracy, the power of governing bodies is inherent in the political mandate given by the people. Power is entrusted and it is supposed to be used for the benefit of society

at large, and not for the personal benefit of the individual that holds it. Thus corruption - misusing publicly entrusted power for private gain - is inherently contradictory and irreconcilable with democracy. That does not mean, unfortunately, that corruption cannot be found in democratic systems. Temptation remains a challenge anywhere. That is why it is all the more important to put in place control mechanisms and establish systemic hurdles to prevent people from abusing their power, as TI is seeking to do. Such mechanisms are more easily drawn up and introduced in established democratic systems, however, than in newly democratic or non-democratic ones.

http://www.transparency.org/news_room/faq/corruption_faq.

But this is not always the case as low democracy doesn't always lead for corruption, and democracy doesn't guarantee corruption preventing, democratization in much of central Europe and Philipinnes, has not remarkably reduced, Italy and Japan are established democracies with relatively strong economies and a long tradition of extensive corruption (Johnston, 2005).

Power

When some politicians have power they use it to control some projects and contracts, the same goes for businessmen, official theft of public land and resources, businesses owned politicians and military figures, or smuggling and tax evasion schemes organized by bureaucrats and favored business people are not frequent in influence markets or elite cartel societies (Johnston, 2005).

2.9 Ethical codes:

An ethical code is adopted by an organization in an attempt to assist those in the organization called upon to make a decision (usually most, if not all) understand the difference between 'right' and 'wrong' and to apply this understanding to their decision. The ethical code therefore generally implies documents at three levels:

Code of ethics (corporate or business ethics)

Code of conduct (employee ethics)

Code of practice (professional ethics)

Source: http://en.wikipedia.org/wiki/Ethical_code

some authors classify the ethical codes according to governance reform :

- should the code be positive or negative(setting out normof good behavior or norms of bad behavior)?
- Should the code be aspirational or diciplinary ?
- Should the code be general or should there be a set of more specific codes for different agencies?

Source : (Preston and sampford,2002)

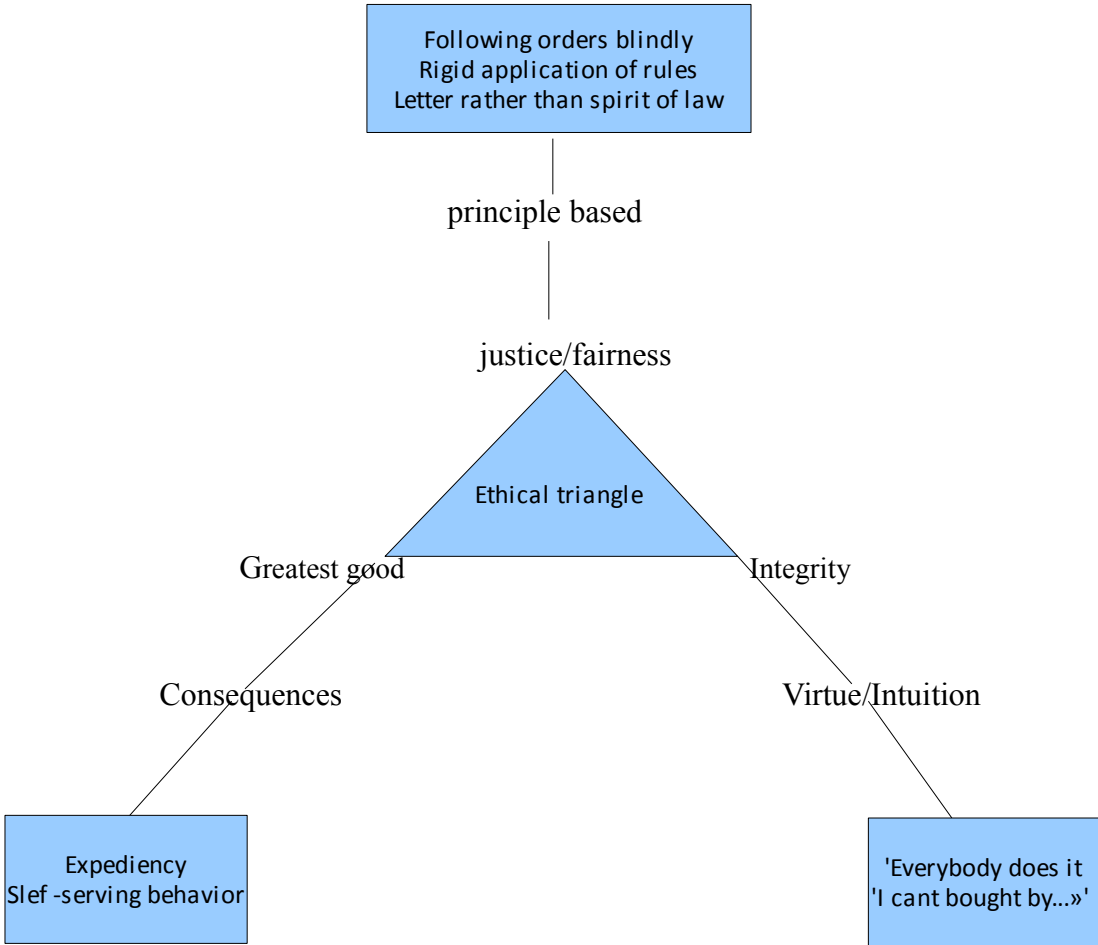
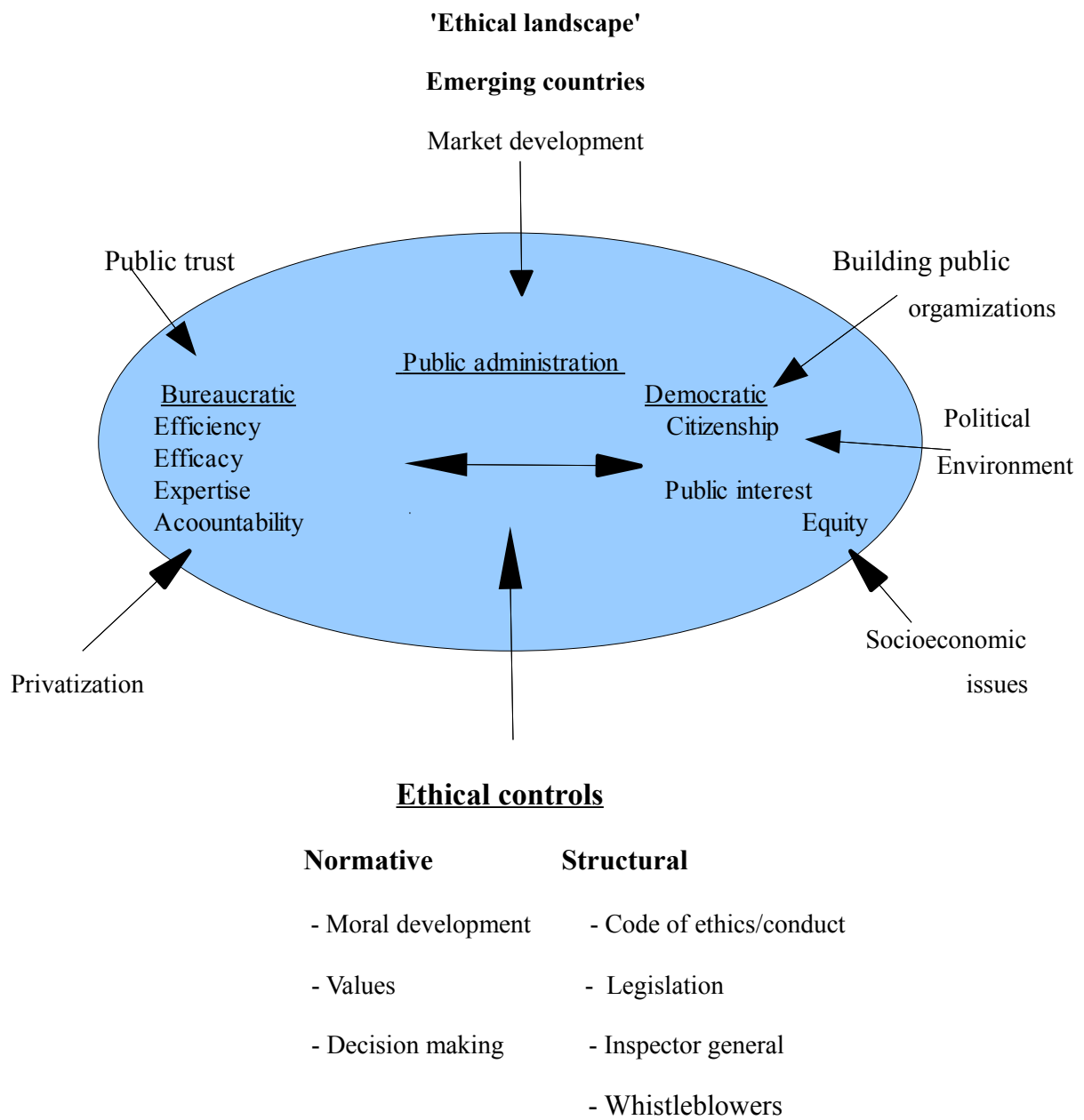


Figure (2)The Ethical Triangle

Source: (Richter & Burke, 2007)

This figure shows the importance of ethics in business life, which may end in being an ethical person and reflecting that on your position or an unethical person serving his goals first regardless of action consequences.



Figure(3) : Ethical landscape (Wayman,2001)

In this figure seeing ethical codes from different perspective with connection to different variables and factors which decrease or increase the business ethics.

2.10 Religious view points about corruption

There are many verses in Holy Quran and Sunnah condemning corruption explicitly and implicitly, in the following section a quotations from Qur'an against corruption are presented:

- Surah Al-Qasas, verse 77: "But seek the abode of the Hereafter in that which Allah has given you, and forget not your portion of the world, and be kind even as Allah has been kind to you, and seek not corruption in the earth; for Allah loves not corrupters."

- Surah Ar-Rum, Verse 41: Corruption has appeared on land and in the sea for what men's hands have earned, that He may make them taste a part of that which they have done, that they may return.

- Surah Al'Araf, Verse 56: Work not corruption in the earth after it has been set in order, and call on Him in fear and hope. Surely, the mercy of Allah is near to those who act With excellence.

Verse 85: And to Madyan [We sent as a Prophet] their brother, Shu'ayb. He said: "O my people! Worship Allah! You have no other god except Him. Indeed, a clear sign has come to you from your Lord; so give full measure and full weight, and wrong not mankind in their good, and work not corruption in the earth after it has been set in order. That will be the best for you, if you are believers).

The Holy Qur'an Allah says : (They ask you, [O Muhammad], what they should spend. Say, "Whatever you spend of good is [to be] for parents and relatives and orphans and the needy and the traveler. And whatever you do of good - indeed, Allah is Knowing of it."(Albaqrah, 215)

As well Allah says: "Who spend [in the cause of Allah] during ease and hardship and who restrain anger and who pardon the people - and Allah loves the doers of good" (Al-imran, 134).

Also – it is in my self-interest to support education/health/work for my neighbors as this will also improve my neighborhood and my quality of life...enlightened self-interest. This can be

found in the Qur'an as Allah says:” Worship Allah and associate nothing with Him, and to parents do good, and to relatives, orphans, the needy, the near neighbor, the neighbor farther away, the companion at your side, the traveler, and those whom your right hands possess. Indeed, Allah does not like those who are self-deluding and boastful” (An-Nisa, 36).

Also from al (Sunnah) there are some (hadith) sayings by Prophet Mohammed about the corruption, some of them as the following:

"You are a shepherd and you are responsible for his flock; ruler is a shepherd and he is responsible for his flock, and the man is the shepherd of his family and is responsible for his flock, and the woman is the shepherd in her husband's house and responsible for her flock, and the server is the shepherd of master's wealth and is responsible for his flock, and you is a shepherd and is responsible for his flock."

From this hadith its concluded that any politician, president, or any body in charge for people matters is accountable for that and it is not a benefit but he or she should be a server for people. Be honest, and fearing God by taking care of their lives in all aspects; political,

economic welfare and concluded from that that the corruption is letting down the people who are responsible for them.

(O Abd al-Rahman ibn Samra do not ask the emirate, because if you gave it when you ask for it it will be easy for you, but I gave it for a pesrosn who doesn't ask for it).

In this hadith it shows that prophet Muhammed was keen not to make a person a ruler unless he is qualified for it. But not for a pesron who asked for it because that person might use his position to abuse peoples money, rights, and corruption finally.

2.11 Role of the NGOs in combat corruption

The following NGOs have many activities including corruption:

2.11.1A non-governmental organization (NGO)

Is a legally constituted organization created by natural or legal persons that operates independently from any government and a term usually used by governments to refer to entities that have no government status. In the cases in which NGOs are funded totally or partially by governments, the NGO maintains its non-governmental status by excluding government representatives from membership in the organization

[\(\[http://en.wikipedia.org/wiki/Non-governmental_organization\]\(http://en.wikipedia.org/wiki/Non-governmental_organization\)\)](http://en.wikipedia.org/wiki/Non-governmental_organization).

The following NGOs are examples of what these organizations are and show a part of their contribution to counter corruption:

2.11.2 Global Reporting Initiative

Was established in 1997 by the coalition for Environmentally Responsible Economics (CERES) together with UNEP to develop globally applicable guidelines for reporting on the economic, environmental and social performance and to make sustainability reporting as robust and credible as financial reporting in terms of comparability, rigour, and verifiability (Global Witness, 2002).

The guidelines recommended that participating companies publish taxes paid to all taxing authorities. SHELL, TEXACO, TOTALFINAELF AND HALLIBURTON, have committed themselves to Reviewing Sustainability Reporting Guidelines and are considering publishing a full sustainability report (Global Witness, 2002).

2.11.3 UN Global Compact

GC an initiative of UN Former Secretary Annan is a process intended to develop a common understanding on how the private sector can contribute to building peace and security in zones of conflict the Compact held an inaugural dialogue in March 2001 and participants outlined that full transparency was a key issue to redress the deliberate and inadvertent funding of economic agendas that may underpin local or regional conflicts, specific proposals are now

forthcoming after the Compact's second meeting in October 2001: a policy of full transparency in conflict zones must now be implemented (Global witness, 2002).

2.11.4 The EU Green Paper Incorporate Responsibility

The European Commission has recently submitted a Green Paper promoting a European framework for Corporate Social Responsibility. The paper launches the debate on how the European Union can promote corporate social responsibility at both the European and international level, and invites public authorities, enterprises, social partners, NGO's and other stakeholders to submit their views. Like the Global Compact process, it is imperative that the EU Member States understand the need to foster corporate transparency and accountability rather than simply encouraging voluntary philanthropy by corporations. Unlike, the Global Compact, the EU authorities can, and must, directly legislate on the issue.

There seems little excuse for Member State governments not to pursue the line of mandatory disclosure of aggregate payments to host governments in national business regulations given the papers avowed intention of 'developing a European framework, in partnership with the main corporate social responsibility actors, aiming at promoting transparency, coherence and best practice in CRS practices.

2.11.5 The World Business Council for Sustainable Development (WBCSD)

WBCSD is a coalition of some 150 international companies, which have a shared interest in the principles of sustainable development. WBCSD group has focused on a number of key corporate social responsibility issues, which include amongst others, values and governance, regulations and controls, accountability and disclosure. Human right and social impacts, it is clear that full transparency, certainly in the Angolan context, is an issue related to such concepts. WBCSD may provide ideal conditions to be used as a forum for discussion on how full transparency can be taken forward as the group includes the following oil companies with

a presence in Angola: BHP, Norsk Hydro, Shell international, Statoil and Texaco (Global witness,2002).

In addition to the above-mentioned organizations and their efforts to fight corruption, the following is an example of the NGOs efforts to fight corruption in Angola:

Although peace has unsurprisingly, been the main priority of Angola's nascent civil society, it has shown an increasing acknowledgment of the need for good governance and transparency to achieve a lasting solution to the war. In 2000, Angolan NGOs triggered a debate at the level of the National Assembly to demand full disclosure of the state budget. Although in itself a substantial work of fiction, the full budget was published for the first time in 2001. Access to quarterly state expenditure and demands for more spending in health and education

And less on defense and security may be next on the agenda. Others have started a process to ensure that state institutions function in a transparent manner according to Angolan law.

Calls for transparency (*Global witness, 2002*).

It seems that NGOs can do a lot to expose corruption and misusing the fortunes owned by some countries to a few percentages of the ruling persons in this country, where totalitarian regimes control everything, as exposing the information and budget about the projects and revenues the government earn, give better chance for people to be more aware of what's going on and provide tangible evidence for them in case of stealing or embezzling.

3 The Reality

Looking closely in the middle east monarchical regimes, shows that the official mogul corruption where there is no democracy, institutions are absent or very weak, the chosen business sector has no real threat or challenges who are protected officially, as the ruling family dominate the whole sector.

Taking in consideration that the major type of corruption in Middle East is bribery through kleptocratic governments its useful to focus on the strategies that focus on combat these types of corruption

3.1.1 KSA: One of the most authoritarian governements in the region,as many corruption cases stay without accounting. It's also common that some people there sell visas and residence for foreingers for some amount of money.

They are linked to the environment, control systems and public employee living standards. But the general lack of success in reducing corruption has been attributed "to the overwhelming corrupt culture which permeates all aspect of society."²⁵ Kinship binds. Loyalty to kinship overrides bureaucratic legal-rational norms. Patrons protect clients who reciprocate with their support and services. Patron-client relations reinforce favoritism, nepotism and patronage, promote illegal transactions, breed official irresponsibility, and systematize bribery, all in contradiction to Islamic precepts and Koranic law.²⁶

This contradiction between what is and what should be has become too embarrassing as well as detrimental to national interests. To overcome it, several countries have embarked on religious fundamentalism, administrative modernization, resocialization and stricter adherence to legal-rational norms in public administration.

3.1.2 Syria : It's common in Syria to pay a bribe for most applications you apply in the public service centers such as airports. Police officers when they stop you instead of giving you ticket they take bribe for their pockets,whether you want to pass illegal application or not,whether you have oversize in the airport or not, as well as to apply for positions with government related centers.

3.1.3 Jordan : Nepotism in Jordan is very common for people who have friends and contacts in the public sector. So the person with contacts gets a position while the qualified person stays behind. And police officers usually give tickets for drivers whether they deserve it or not, because they know they have to finish their tickets booklet everyday.

The following example shows some efforts Jordan must do to fight corruption in the country regarding arrested persons in jail due to corruption implications:

The Jordanian State Security Court demanded the release of four on bail accused of corruption, whereas defense attorneys decided to appeal the decision before the Court of Cassation, which is the highest judicial body in Jordan.

They transferred the case to court, and tried by the President of the Governing Council of Petroleum Refinery and former finance minister Adel judges, Chief Executive Officer Ahmad Al-Rifai, and Economic Adviser to the Prime Minister Mohamed Rawashda bribery charges in addition to the investment function for them.

She also drew the court charged with bribery repeated three times, and incitement to invest post also repeated three times for businessman Khaled Shaheen.

Under Secretary of Defense in the case, lawyer Saleh Armouti of the island revealed "The court decided to reject the request to release the four on bail." He added that the court decided not to challenge the constitutionality of response considering the case, saying the prime minister to refer the case to court constitutionally.

The Armouti that the court decided to defer the rest of the appeals by lawyers and proceedings in the trial, held two meetings every Monday and Wednesday for consideration.

The Armouti that lawyers will be presenting an appeal before the Court of Cassation against the decision of the State Security denying the release of the accused on bail, and will be

expected to distinguish quickly in these appeals "only if the delayed state security by sending the case to the discrimination."

Although preventing the Prosecutor of the Court and the media from publishing in the issue, it turned to the issue of public opinion. A survey of public opinion, released last week that 50% of Jordanians had not heard of the case, and held the journalists and writers responsible for this, the decision to stop publishing and the weakness of the prosecution of citizens to state media.

Because of the health status of former finance minister, his relatives sit in front of the prime minister, demanding his release. But one of the government officials informed the protesters that the government has nothing to do with issues of release and the accused and that the judiciary is the sole administrator.

The statement made by counsel Armouti of the island revealed last week which found that the case pending before the State Security Court do not have legal dimensions and the dimensions of personality, has created a sensation is to address electronic newspapers and radio to make a statement and discussion of the analysis.

Source: <http://www.aljazeera.net/NR/exeres/77B75E1F-B2C5-4C03-97F0-CFF06ECCC97D.htm>

3.1.4 Somalia

The same situation for Somalia as Shen and Minister of Planning and International Cooperation of the former member of the Transitional Parliament of Somalia, Abdul Rahman Abdul Shakur, a scathing attack on President Sharif Sheikh Ahmed said "the spread of financial and administrative corruption," his government and his inability to state administration, said he abandoned all his allies in favor of regional powers.

He asked the Minister of Planning and International Cooperation for the fate of the previous aid received by the Government Sheriff of several Arab countries, saying it did not reach the beneficiaries, as Prime Minister took responsibility for waste and waste of government do you earn revenue from the international airport and seaport.

(<http://www.aljazeera.net/NR/exeres/A39CCA48-6072-4882-B005-C651B332FDF3.htm>).

3.15 Egypt

An example about Egypt and how the politicians can take advantage of their positions to make more corruption :

Aljazeera TV channel on 21/03/2010 reported that ((there is ongoing investigation with the former housing minister, in Egypt as well a member of the parliament and a member of the national ruling party sentenced two years in the prison for accusation of smuggling, Transparency international index which highlighted that increasing of corruption in Egypt and failure of the Egyptian government in facing it; active people in Egypt against corruption the privatization process which included around 200 company from the biggest companies in Egypt is a good example on spreading of the corruption, one activist told the channel that the Arabic company for threads sold by 12 million \$ including deposit for the company in 9 million \$, while its real value is 1 billion and 200 million \$, the transparency international organization reported also that the consecutive trials for ministers and members of the parliament as well members of the national ruling party; for example scandals about the ministry of agriculture, deputies of loans, polluted blood bags and disasters corruption played role in its occurrence such as the ship drowned 6 years ago which had been known as ship of death, accidents of trains made the report indicates another source for corruption. which is the conflict of interests, as well as increasing numbers of businessmen who become ministers in ministries working in their own companies field, other numbers saying the 20% of members of parliament joining with the government in violation of constitution articles, though the authorities refute that, the transparency international index sees that combating corruption needs elected parliament democratically and completely which the transparency index believes is not available, so this organization asked Egypt to reverse complete super judicial supervision on elections and to deal seriously with the general feelings for Egyptian that the corruption is the second problem they have after the unemployment)).

This is just one of many cases, covered and uncovered in Egypt and spreading the corruption in many sectors in the country.

But the question is how can government stay in power with all that corruption?

As a matter of fact there are many reasons behind that:

- 1- The Egyptian regime stayed in power over that 28 years ago, with the same president Mubarak, through faking presidential elections.
- 2- Manipulating the parliament elections for many terms, and excluding the real nominated candidates by the people.
- 3- Relying of the regime on the military wings, such as policeman,-riot forces, intelligence, etc.
- 4- High support from many western countries.

All these factors helping the government as well the ruling national party stay in power with a slight beatification from time to time without any real change or developing in people quality of life, as well spreading the corruption without accountability

The lag of developing in the Middle East according to some researches is due to many variables as explained below.

The weakness of the region's private sectors(Middle-East) was not just a matter of low physical or monetary capital. Human capital, too, was low by the standards of the developed world, including skills essential for success in modern global markets. Partly because of past passivity in international markets, knowledge of foreign languages and of the outside world was limited, making it difficult for local merchants to secure footholds in external markets. Compounding the problem is that they lacked a major presence in established global networks (*Timur,2003*).

Back to Egypt a recent survey conducted by the ALALHRAM Center for political and strategic studies that 80% of individual believe that the membership of businessmen in parliament increase the opportunities in corruption.

As for the economic system preferred by the respondents saw them that the system that supports the key role of 61% of the state and the public sector, while 30% felt that the system which depends on the private sector had tightened state's role.

And around the country which must be taken as Egypt as an example, 38%,and China 20% and Japan 14%,then the united states 11%.

The results of the questionnaire were discussed in the integrity and transparency and fighting corruption in Egypt held in Tuesday in Cairo-Al-Ahram Center in collaboration with the center for international private enterprise to promote democracy.

The report also said about the areas of corruption that the local administration in Egypt has big charge in corruption, the vice-president attributed of the center for Arabic studies and African Abdul alghaffar thanks to the municipality of responsibilities entrusted to the local administration, she oversees the work of some 14 ministries, under the double points of central control, and the absence of popular control of the real the local administration.

The participants in the questionnaire that corruption is spreading further in the state-owned companies, public hospitals, traffic, and educational institutions, and local administration, and that the causes due to low salaries, lack of role of regulatory bodies and weak political participation.

The report which was submitted to symposium on the results of the questionnaire to the survey of SMEs, which was conducted in 2009, showed that 42% of the owners of small and medium enterprises were forced to pay illegally or gifts to obtain licenses to conduct the activity, and had paid 29% bribes during operation.

Based on these findings the director of Ahram Center Jamal Abdel Gawad, corruption practiced by the rich and capable, and that the poor do not have significant exposure with a large government apparatus.

On the interpretation of the respondents preferred a greater role of the state and the public sector in the economy, Abdel aljawad that a reference is the case of intermarriage between power and wealth through the role of limited number of big specialists in the direction of economic policies, and assume the responsibilities of political, operational, and published about the identities of their own interests through this role at the expense of public interests

(<http://www.aljazeera.net/NR/exeres/B4BC24CA-35E8-4538-813F-477BF1741376.htm>).

And major corruption cases that had some businessmen and some senior party officials, and also what work resulted in the privatization program by eliminating hundreds of thousands of technicians and skilled workers, and transferred to the unemployed.

3.1.5.1 The absence of the rule of law

Professor of comparative literature at Ain shams university Azza haykal commented on the results of questionnaire, with the view that corruption is absolute and not relative, the most prominent forms of corruption is corruption on government management, which does not recognize democracy (bad governance) (<http://www.aljazeera.net/NR/exeres/B4BC24CA-35E8-4538-813F-477BF1741376.htm>).

She also pointed out that in Egypt some individuals have been selected ((rejected by the elite, intellectuals and the academics)) to be ministers in ministries are probable.

She added that corruption in Egypt is no longer limited to the class or the rich, but the participation of the poor class, too although the latter exercise is forced by corruption due to absence of justice and rule of law.

Mutasim Rashed (businessman) said that Egypt agreed to sign agreements to fight corruption is only to beautify its face in international community and these agreements don't deserve the ink written by!. (<http://www.aljazeera.net/NR/exeres/B4BC24CA-35E8-4538-813F-477BF1741376.htm>).

As well he pointed that some ministers were under suspicion during his position even though they stayed at their positions, and they had been awarded the prize of republic, instead of

investigating with them. (<http://www.aljazeera.net/NR/exeres/B4BC24CA-35E8-4538-813F-477BF1741376.htm>).

3.1.6 Iraq

One of the most corrupted countries in the world according to TI organization. Aspects of corruption can be seen in all daily life situations such as lack of electricity, water

pollution, high unemployment, as well as politicians giving oil contracts to favored multinational companies and according to their interests, as well as absence of billions of dollars from oil money.

As well as Aljazeera jumped the subject of corruption in Iraq to the fore again after the parliamentary election results announced this year week by asking a senior government official should be a legalization to fight corruption:

The invited the Secretary General of the Council of Ministers on the Keywords to give priority to this law in the work of the next Parliament, saying that there is an urgent need for this legislation to put an end to the phenomenon of financial and administrative corruption in Iraq.

And increasing resentment among Iraqis of this phenomenon, having developed Transparency International Iraq among the most corrupt countries in the world, "said Hassan Abdul-Zahra of the island revealed," Many believe that corruption is limited in terms of major deals, which accounts for the high-ranking officials large sums and commissions, and this is true, but there Another type of corruption is not talking about the media is the issue of bribery that spread in all districts of the Iraqi state. "

According to Abdul-Zahra, the completion of several transactions in the corridors of the State is dependent on bribes to the staff, which calls for the speedy enactment of the anti-corrupt, say we wish to have the law on the ground and not only on paper.

Already judge Rahim Ugaili chief of integrity to prepare a draft law to combat corruption, which is hoped to combat this scourge that is threatening Iraq, which is already suffering from many crises.

3.1.6.1 Lack of commitment

However, Hassan Shammari Rep. outgoing Virtue Party expressed optimism he would not address the issue of corruption in Iraq.

He said the island's Net "The problem is not in the framing of legislation, there are legal frameworks governing the cases of corruption and the consequent effects of sanctions and others, but the real problem is the lack of adherence to these legal frameworks, because the legal situation in Iraq is still fragile.

Due Shammari non-compliance with laws, including laws governing the issues of corruption to the instability that prevailed in the country and considers the question of a new law will add to the laws in force anything, "What is important is the commitment to implement the laws and no review of its legislation and its pillar on the shelf."

(<http://www.aljazeera.net/NR/exeres/C8EAB0B3-9470-4AB4-BDE4-A738A6DA58B2.htm>).

He warned that "political instability leads to protect some of those involved in the issues of financial and administrative corruption and lack of implementation of sanctions in force against them, and demands Shammari the next parliament to form a competent court as Criminal Court mission to open files financial and administrative corruption, especially contracts large excess of ten million dollars because the formation of such a court would be a message to the incoming government not to resort to such cases that emerged during the outgoing government. "(<http://www.aljazeera.net/NR/exeres/C8EAB0B3-9470-4AB4-BDE4-A738A6DA58B2.htm>).

3.1.6.2 Alliances and agendas

Legal expert Fawzi Shams Eddin said "preliminary indications of the results of recent parliamentary elections is not a signal that the Parliament will be able to pass some important laws especially anti-corruption law because the main factions, winning the election results are

close and there will be alliances and agendas of pre-agreed to form a government." (<http://www.aljazeera.net/NR/exeres/C8EAB0B3-9470-4AB4-BDE4-A738A6DA58B2.htm>).

The island's Net, "including that the accused of corruption, most of them officials in the former government who are members and leaders of those parties that hold power and they themselves will form the next government that ruled that the law shall be effective to combat corruption, and if passed will not be acting upon it and its activation, because Simms known personalities and calculated on those entities." (<http://www.aljazeera.net/NR/exeres/C8EAB0B3-9470-4AB4-BDE4-A738A6DA58B2.htm>).

The media and political analyst on behalf of the Sheikh saw that the issue of combating corruption and the corrupt have become political slogans rather than slogans, the benefit of legal political parties to pass programs. (<http://www.aljazeera.net/NR/exeres/C8EAB0B3-9470-4AB4-BDE4-A738A6DA58B2.htm>).

Another recent case Introduced the Journalistic Freedoms Observatory in Iraq, "Courage in Journalism Award" which will be awarded to those who face the country's situation with courage and reveal some of the financial and administrative corruption and dealing with pests that kill various aspects of social life.

One of the journalists was awarded this for his deeds in revealing **reports on corruption** and won. The TV channel reporter Baghdadiya journalist Alaa al-Rubaie report revealed forgery of certificates and university places that forged them.

And also won the Free Press TV correspondent Aram Award for Courage in Journalism report documents the detection and exploitation of government officials, land on the banks of the Tigris.

It confirms that Ajili Iraqi journalists were subjected to a lot of persecution and threats, and many have been killed for their attitudes toward courage administrative and financial corruption and other issues (<http://www.aljazeera.net/NR/exeres/C8EAB0B3-9470-4AB4-BDE4-A738A6DA58B2.htm>).

Says Imad Abbadi of the island that the story dealt with social benefits to Prime Minister Nuri al-Maliki, which took a range of financial scandal, and influenced public opinion and was a severe blow to the back.

He adds that he published the story, evidence and documents, also published a report on the "Corruptions" of the Secretary-General of the Council of Ministers on the Keywords and related Information Authority. (<http://www.aljazeera.net/NR/exeres/DEA39C22-0F21-4C86-941A-E14C4B935CB8.htm?GoogleStatID=9>)

Is there any evidence that one of the rivaling fractions will give the country better governance than another?

In Iraq's case it doesn't seem any party will be much better in governing the country than the other, considering that Iraq is a complicated case. Iraq, before the occupation in 2003, was one of the highest corrupted countries in the world. After the occupation, it became even more corrupted. Iraq has many nationalistic groups and ethnicities, different sects and denominations, almost every group has a different agenda for the country. Some are loyal to Iran (most Shiats) Many of them receive financial and military support from Iran. When the US occupied Iraq they spent a lot of money on the government in the beginning and the newcomers from ex dissidents to the former regim, but this money wasn't used to reconstruct Iraq after the war. For example some reports showed Paul Primer the US ruler for Iraq in 2003 and 2004 ,four billion dollars have been misplaced. But in the present time most corruption comes from the oil revenues. In this regard, it was a joke by the people of Basra to say if they get the revenues of oil for one day in their city they will become rich. Not to mention the huge support Iran gives to her allies such as Mahdi Militia. International organizations classify Iraq as one of the most corrupted countries every year since 2004.

3.7 Algeria

In Algeria a case how the chairman of transparency international organization has been sued and condemned for accusations saw as a try from the Algerian authorities to punish him due to his role in fighting corruption in Algeria.

Algerian court ruled the imprisonment of the President of the National Assembly to fight corruption, the journalist and human rights activist Jalluli Pilgrims six-month suspended sentence and a fine of 50 thousand dinars (\$650 dollars), after being convicted on charges of "fraud" and participate in the waste of public money.

The court also sentenced wife Nadia Pilgrims for two months with a stay of execution, and the same fine, after being convicted in the same case.

And through the defense for the accused "not satisfied" the verdict, where he coordinated the defense counsel mole added that the "evidence presented in the case did not amount to condemn (Hajjaj)who stay away from all suspicion."

"is intended for Hajjaj Djilali be an example to silence every voice calling for truth and fighting corruption, so the battle remains to show the truth, we will resume the government."He added'

Source ((<http://www.aljazeera.net/NR/exeres/BC0707C0-A431-4E9F-813F-D2B0F812C66F.htm?GoogleStatID=21>)).

The Algerian court convicted earlier pilgrims - a representative of Transparency International - in absentia, and sentenced him in custody for three-year prison sentence and a fine of 100 thousand dinars (\$1250 dollars), with an order for his arrest on charges of forging a medical certificate for the benefit of his wife, and ordered the imprisonment of his wife, a one-year prison sentence and the same fine in that case.

This issue came after investigations into the National Fund for Social Insurance, where he was a doctor in which Hajjaj, before resigning from his post because of disagreements with the officials.

The representative of the general right during the trial of the accused that the issue of pilgrims are listed under "corruption cases".

The famous Hajjaj (58 years), specializing in corruption cases, where, founded in 1999, "the Algerian Association to Fight Corruption", which is the association that represents the organization Transparency International in Alger

Algeria is - according to the classification of this international organization - rank among the 111 States that do not depend on the transparency in the conduct of transactions.

In turn, crossed the Algerian League for the Defence of Human Rights on "concern" of the arrest, saying in a statement to the judge that he was able to draw on his call to represent him without the need to arrest him.

Also called "the National Union of Algerian journalists" to release a claim to "enable a legal proceedings that will allow him to continue his battle as soon as possible."

Source ((<http://www.aljazeera.net/NR/exeres/BC0707C0-A431-4E9F-813F-D2B0F812C66F.htm?GoogleStatID=21>)).

3.8 African countries

3.8.1 Uganda : Transparency International ranked Uganda in 2001 as the most third corrupted countries in the world, although it made some progress in fighting corruption in the following years.

In the next table shows ranking of Uganda in corruption :

Uganda's Corruption ranking as compared with other countries in the world

Year	Corruption Perception Index	Country Rank	Number of Countries
1998	2.6	73	85
1999	2.2	87	99
2000	2.3	80	90
2001	1.9	88	91
2002	2.1	93	102
2003	2.2	113	133
2004	2.6	102	146
2005	2.5	117	159
2006	2.7	105	163

Source: Transparency International (Various Year), "Corruption Perceptions Index." [Online]. Available at www.transparency.org.

The Government of Uganda (GoU) attaches a great deal of importance to tackling the problem of corruption, for it is aware that corruption undermines good governance and retards the economic development to which it is committed. The Inspectorate of Government (IGG) was established in 1986 as a center of the GoU's anti-corruption strategy. As part of its mission to promote good governance through elimination of corruption and removal of administrative injustice in public offices.

Also the TI organization reported in 2009 about some African countries regarding the poverty and development that :

(Through the *Poverty and Corruption in Africa* project, launched in 2009, TI chapters in Ghana, Liberia, Mozambique, Sierra Leone, Uganda and Zimbabwe are working to empower local communities to demand transparency and accountability in basic service delivery. The project helps people living in poverty engage directly with local officials so that their priorities are reflected in local budgets, and they are able to hold authorities to account.

Under the project, the TI chapter, Ghana Integrity Initiative, has helped communities select monitoring and evaluation teams and a focal person to liaise with local authorities, and has trained people in social auditing and how to demand transparency and accountability from officials. To engage with local authorities and other stakeholders, a Poverty Watch Council representing diverse poor communities was set up by the TI chapter in Liberia, CENTAL, promoting participation by poor people in development initiatives. The TI chapter in Sierra Leone, the National Accountability Group, trained people living in poverty in two rural districts to monitor public services and increase transparency, helping them challenge and hold to account local officials. TI Uganda helped communities monitor service delivery in what they identified as the most corrupt sectors, such as health and agriculture, and to demand accountability from local leaders, based on their findings. As a result, improvement has been made in the authorities' responsiveness and transparency.

Because women are often more economically vulnerable than men, they are the main victims of vote-buying. The TI chapter in Senegal, *Forum Civil*, has launched a project to improve women's access to credit and increase their economic independence. Through the establishment of mutual funds, more than 800 women have received credit to set up their own businesses, so they can afford not to exchange).

Robust and reliable data on cases in which allegations of corruption have *not* been pursued is not available, and even examples of specific instances of non-enforcement are hard to come by. The most prominent example is the BAE affair, in which the government of the United Kingdom closed an investigation into allegations that a British company, BAE Systems Plc, paid bribes to members of the Saudi royal family and government officials in connection with a massive sale of airplanes from the United Kingdom to Saudi Arabia. BAE was the prime contractor (Rose-Ackerman and Billa, 2008). The UK government cited 'the need to safeguard national and international security' as the main reason for closing the inquiry. There is also speculation that the government was afraid that any penalties imposed on BAE would force the company into insolvency, which would have been politically unacceptable (Alexander, 2009), but the UK's Serious Fraud Office subsequently announced it would seek permission to prosecute BAE for corruption associated with its activities in Africa and Eastern Europe (Serious Fraud Office, 2009b). In any event, it is clear that

the UK took its own interests – though not necessarily its economic interests – into account in determining whether to permit its courts and prosecutorial agencies to be used to pursue corruption of the Saudi government. *(Davis, 2009)*

Also as an interesting case was that of Whilst OIOS, not charged with the responsibility for the Iraq Oil for Food investigation, it did undertake inquiries into persons of interest related to that investigation. In fact, a key witness in the Oil for Food investigation was a UN Procurement officer named Alexander Yakovlev. Investigations by OIOS commenced After a US television report detailed contacts between Mr Yakovlev and a UN approved Vendor, alleging that the relationship was an indication of corrupt activities on the part of Mr Yakovlev. The OIOS investigation found evidence that Mr Yakovlev was in Receipt of payments from UN vendors as a reward for assisting in their bid submissions And providing insider information. The case was referred to New York law enforcement Authorities for prosecution. Mr Yakovlev was indicted, and during his subsequent Guilty plea to wire fraud and money laundering, he admitted accepting nearly \$1 million In bribes from several UN vendors.

Mr Yakovlev was in fact the first UN official to face criminal charges in the period of The Oil for Food scandal, and during the Yakovlev investigation, OIOS developed Information as to the criminal conduct of another UN official, Mr. Vladimir Kuznetsov, The then Chairman of the United Nations Administrative and Budgetary Committee. Mr. Kuznetsov was subsequently indicted on a charge of conspiracy to launder hundreds of thousands of dollars after creating an offshore company and accepting money from Mr Yakovlev that he knew to be from the proceeds of a crime. Earlier this year, Mr Kuznetsov was found guilty after trial of the conspiracy charge and sentenced to a term of imprisonment of 51 months.

The above mentioned case shows that corruption in Middle East could be involved with other persons in charge who hold prestigious positions in international organizations.

And another example was the UK's abrupted termination in 2006 of a major bribery investigation involving BAE and Saudi Arabia which threatens to undermine the entire convention regime. The convention's inter-governmental peer review process has been an

important factor in mobilizing government action but has not yet generated the public political pressure needed to ensure that all parties take consistent, effective action.

(IT) on its annual report for 2009 regarding (Access to information) for Middle East reported that:

(The Lebanese Transparency Association established the National Network for the Right of Access to Information, which includes representatives of government, the public and private sectors, civil society and the media. The network aims to enhance transparency, accountability and civic participation through access to information and whistleblower protection, and has submitted a draft law to parliament on rights to information. The chapter also helped train public servants and is developing manuals on access to information and whistleblower protection.

To enhance transparency and citizens' access to information, the TI chapter in Palestine, AMAN, organised a public hearing for the Minister of Finance to present the 2009 budget and the government's commitments towards Gaza. The event was attended by representatives

from government, the private and public sectors, academia, civil society and international NGOs).

And regarding the public procurement (IT) report was like the following :

The organization mentioned specific case about Morocco, (*Transparency Maroc*, highlighted serious weaknesses at regular meetings and public discussions. The decree lacks independent review and the ability to suspend individuals or companies from the procurement market; project owners retain excessive discretionary power, and provisions relating to supervision and auditing are ineffective).

Also in the private sector field the international transparency reported that:

(Lebanese Transparency Association, launched several publications aimed at improving corporate governance, carried out governance assessments of three Lebanese companies and held quarterly awareness-raising events. It also held two pilot training courses targeting owners, directors and advisers of companies, and worked on a corporate governance code for state-owned enterprises).

Regarding the corruption in the judicial system in the Middle-East :

(Morocco's *National Integrity System* study called for reform in the judiciary, after reporting executive interference in judicial matters, the non-adaptation of national legislation to international conventions, and the lack of prosecutors' independence from the Minister of Justice. In response, TI's chapter in Morocco, *Transparency Maroc*, launched an advocacy campaign to raise awareness of the lack of judicial independence and to mobilise civil society, the private sector, donors and the media behind reforms to strengthen judicial power. With 10 partners, the chapter is drafting a memorandum on judicial reform, aimed at decision-makers and public opinion, which makes recommendations on transparency, access to information and fighting corruption).

Relating to the humanitarian assistance in Middle –East region IT reported that:

(Following the Israel-Lebanon conflict in 2006, the TI chapter, the Lebanese Transparency Association, is involved at all levels of reconstruction, starting with emergency relief. Around 5,000 people signed the chapter's petition for transparency in aid distribution and reconstruction, and it monitored specific rebuilding projects, including housing and bridges).

Also the TI organizations mentioned a real story about the corruption in Palestine :

(The difficult conditions facing many Palestinians, where almost a third are unemployed, means that the job protection and social benefits provided by a workers' union are vital.

When Salem* contacted his local union for advice on his health insurance, he was confronted with an unexpected charge of 80 New Israeli Shekels (US \$20 / €14) - more than the average daily wage in the West Bank. Salem later discovered the service should have been provided for free.

Disillusioned by the experience, Salem promptly contacted the TI chapter in Palestine, AMAN. He reported what had happened and sought advice on what steps could be taken to recover his money. Concerned that other citizens might also be paying for a service that they were entitled to at no cost, AMAN reported the case to the Minister of Labour. A committee was established to investigate whether Salem's case was an isolated incident or if similar discrepancies had occurred in the public service delivery at other unions.

The investigation revealed that other workers' unions in the West Bank had also unfairly charged for services that should have been for free. This discovery prompted the Minister of Labor to write to each of the unions and explain that such practices were illegal and that any unions found flouting these rules would do so at the risk of facing stiff penalties. The ministry made sure that Salem got a fair deal on his health insurance and, in order to raise public awareness of the registration procedure, produced a publication on the health insurance system).

*names have been changed.

This case is one of thousands processed by Transparency International's Advocacy and Legal Advice Centres. The centres, now in more than 40 countries, provide assistance to victims and witnesses of corruption, helping them to pursue their complaints.

About the protection and advancing rights in Morocco:

The Moroccan TI chapter, *Transparency Maroc*, opened an ALAC in January 2009 which served 300 people during the year. The centre has developed contacts with other organisations, especially in human rights, so they can refer people needing assistance. It also carried out a large scale media and communications campaign to reach out to citizens wanting to report acts of corruption. It is now building relations with the authorities to help them detect and prevent corruption in their services(TI annual report,2009).

The Lebanese efforts to fight corruption in education and training field summarized as the following :

According to the TI organization the Lebanese Transparency Association, trained more than 500 young activist leaders to address corruption and bad governance. The chapter equipped them with the skills to combat inefficient and corrupt governance, training them in areas such as citizenship, good governance, budgeting and project management. The project also provided 28 grants of US \$5,000 (€3,600), so they could implement community projects to encourage transparency and bridge sectarian divides.

In one of the corruption cases in a huge project in Bahrain was in February 2008,when Aluminum Bahrain B.S.C. (Alba) filed a civil Racketeer Influenced and Corrupt rganizations

(RICO) suit in the US District Court against Alcoa and others claiming over US\$ 1 billion in damages (van Voris and Crofts, 2008). Alba bought alumina from Alcoa. The suit claims that Alcoa bribed senior officials of Alba and the Government of Bahrain to induce Alba to overpay for alumina for 15 years. The case is still pending and ironically one of the ex-CEOs involved in the Siemens case, Klaus Kleinfeld, is the current CEO of Alcoa (Daily, 2008).

- Canadian case, Qatar Central Bank vs. Himadeh

The bank sued Himadeh, who had served as an expert advisor to the bank for nine years, to recover US\$5.2 million which Himadeh transferred into his personal account shortly before he left the bank and migrated to Canada in somewhat unusual circumstances. The judge found for Himadeh and dismissed the claim on the basis (albeit disputed by the bank) that there had been a collateral agreement between Himadeh and Prince Aziz (one of the sons of the Emir of Qatar) to pay this amount as a commission for his successful management of funds.

It was obvious that the court struggled with the evidence given the international dimension of the case and the significant cultural differences. At various points in the judgment, conducting a trial in Ontario surrounding events which took place in Qatar is difficult.

The judge repeatedly mentioned the failure of Prince Aziz to testify which obviously prejudiced the bank's case. Attempts to appeal up to the Supreme Court of Canada were dismissed.

Himadeh illustrates the forensic challenges of trans-national corruption lawsuits. These challenges would not entirely disappear with the adoption of laws that allow for better civil actions. The Qatari authorities would not have been assisted with civil RICO, FCPA or even FCA with its qui tam standing. The case turned ultimately on basic issues of credibility and reliability, which were made more challenging by the different cultural and international context.(young,2009)

3.8.2 GHANA

Offers an interesting case study of the link between corruption and governance which has been an endemic problem in Ghana. From independence in 1957 up to the early 1980s, Ghana experienced a series of coup d'états, and on each occasion, the coup "rationalizers" pointed to massive corruption and economic malaise. For example, Rawlings' second coup on December 1981 was claimed to have been staged because of the growing amount of evidence of corruption in public office under the Liman's administration. accordingly, soon after Rawlings and his Provisional National Defense Council assumed office, one of the first measures they took in response to the perceived widespread corruption at the time was the establishment of the People's Defense committees and the Workers' Defense Committees. While the former was required to protect local people from abusive local officials, the role of the latter was to protect workers from mismanagement and corruption. Unfortunately, these committees could not effectively tackle corruption as envisaged, but only ended up engaging in personal vendettas, harassment and intimidation.

Despite the return to democratic constitutional rule in 1992, serious frauds and economic crimes such as over-invoicing, under-invoicing, falsification of accounts, embezzlement, over-pricing of contracts and purchases prevailed in the country. realizing that these complex frauds could not be controlled through the traditional anti-corruption bodies such as the judiciary and the Auditor-General's Department, and the Commission on Human Rights and Administrative Justice (CHRAJ), the Serious Fraud Office (SFO) was established in 1993 by the SFO Act (Act 466) as an institution to investigate, monitor and on the authority of the Attorney General, prosecute any offence involving serious financial or economic loss to the state. In spite of its short duration in office, the SFO has made numerous positive gains in exposing and preventing fraud in the public and private sectors. The SFO has investigated frauds of serious magnitude such as those involving the State Enterprises Commission and Ghana Telecom and Capital Telecom in which the state had lost \$45 million. Indeed, investigations by the SFO have not only contributed to unearthing the magnitude of economic crimes in the country, but have also led to the retrieval of huge sums of money to the state.

However, the SFO's success in fighting corruption is only marginal at best. Indeed, evidence abounds that the culture of graft and corruption has over time become deep seated in Ghana throughout all society both within the public and private sectors (Short, 1999, p. 7; CDD-Ghana, 2000).

A closer look at Ghana's performance in the TI Corruption Perception Index suggests that the perception of corruption is growing significantly in Ghana today. Since 1995, TI, a leading non-governmental organization in the global anticorruption crusade, has been measuring the degree of corruption in both developed and developing countries. Countries are ranked from a top score of 10, depicting a low perception of corruption, to a low score of 0, suggesting an extreme level of corruption. In both 1998 and 1999, Ghana scored 3.3 out of a 10-point maximum scale, but experienced a slight improvement in 2000 when the country scored 3.5. In January 2001, Ghana experienced a peaceful alternation in power when the National Democratic Congress, after having been in office for eight years (1993-2000); Handed over power to the New Patriotic Party (NPP) under the leadership of President J.A. Kuffuor. the new administration promised to fight corruption at all cost, and

Accordingly, declared a policy of "zero tolerance for corruption". In fact, the anti-corruption reform agenda of the NPP government was promising in the first two years as government practically demonstrated its genuine commitment in fighting corruption. The repeal of the criminal libel and sedition laws in July 2001, which in the past had been used to intimidate and stifle the media, and the prosecution of a sitting Minister of State for causing financial loss to the state (an unprecedented move in Ghana's post-independence history) clearly signaled government's readiness to match words with deeds in its anticorruption crusade, Not surprisingly, Ghana's CPI score rose from 3.4 in 2001 to 3.9 in 2002, the highest score ever since the country's inclusion in the CPI in 1998. The year 2003, however, saw a significant drop in Ghana's score of 3.3, while 2004 saw an improved performance with a score of 3.6. In 2005, although Ghana's score of 3.5 was slightly above the average score for Sub-Saharan Africa (2.9), the country still found itself in the unfortunate company of authoritarian nations such as Belarus and Cuba which scored 3.3 and 3.9, respectively, (Keith, 2005). Worse still, The year 2006 saw Ghana's performance retrogress to its 3.3 score obtained in 1998, 1999 and 2003. This score is not only low, but also suggests a deep-rooted corruption Problem in Ghana. It is significant to note that TI is not alone in its findings that

Corruption is on the rise in Ghana. A recent national survey found that 75 per cent of all Ghanaian households regard corruption as a serious national problem, with 80 per cent feeling that the phenomenon had worsened in the recent past (African Peer Review Mechanism, 2005, p. 36). Besides, other research findings such as the CDD-Ghana's 2005 Afro Barometer round 3 and the Ghana Integrity Initiative's (GII) Voice of the People Survey in July 2005 all indicate perceived increase of the degree of corruption in Ghana.

If we want to have an idea about the corruption in Africa as some estimates calculate that as much as \$30 billion in aid for Africa has ended up in foreign bank accounts. This amount is twice the annual gross domestic product (GDP) of Ghana, Kenya, and Uganda combined.

In Uganda for example bribes increase companies' operating cost by about 8 per cent

3.9 Ethical codes

People are selfish unless incentives are created to keep them honest. Alternatively, it can be assumed that individual administrators are inherently "good", but are turned by environmental factors or group decision making into someone "bad" – this is an explanation of "bad" (Gorta, 1998).

It would be nice to believe that people of good morality will limit their selfishness so that they also include the welfare of others in their definition. This matter has been highlighted in religions.

To enhance transparency and accountability in dispute processing, the institutionalization of such processes would be useful for tackling corruption. Thus, alternate dispute resolution should be designed as an adaptation to the rule of law in local contexts (Sato, 2009).

$$C = M + D - A$$

Where C, corruption; M, monopoly; D, discretion; and A, accountability.

This is a formula for corrupt systems, which was presented by Robert Klitgaard at

The Second Session of the Conference of State Parties to the United Nations Convention Against Corruption. Corruption is a “crime of calculation” by applying a cost-benefit Analysis of these key factors (Sai, 2008)

But a general and more realistic view about the corruption in the Middle East and its potential future is :

Governments trumpeted the anti-corruption cause, but initiatives to curb corruption generally lacked sincerity. In a widespread climate of authoritarian rule, the root causes of corruption have failed to be addressed. Anti-corruption strategies are unlikely to achieve greater success in the future without the initiation of far-reaching political reform. Numerous corruption cases were brought to the public’s attention in 2001–02, but they were usually driven by a government’s need to improve its image or settle political scores, and did not signify real structural change. (*Sfakianakis, 2002*)

Regarding the money laundering the image in the Middle East could be seen like this:

Israel and Lebanon had enacted legislation against money laundering, but Egypt, Iran, Oman, Qatar, Saudi Arabia and the United Arab Emirates (UAE) rapidly followed Suit. Nevertheless, the Financial Action Task Force (FATF) removed only Israel and Lebanon from its blacklist of countries deemed ‘uncooperative’ in adopting Effective steps against money laundering. Egypt remained on the FATF blacklist And, in other countries, banks were widely used to conceal the proceeds of Corrupt or illicit activities (*John Sfakianakis, Middle East Report (US), 2002*).

The case for Egypt also can be applied as absence of accountability and responsibility in February 2002, donors committed more than US \$10 billion in aid to Egypt for 2002–04 but, as in the past, transparency did not feature among the conditions attached to the package. (*world bank press release, 2002*).

From the efforts exerted to curb corruption in the region the case when, the United States put intense pressure on the Palestinian Authority (PA) to effect deep reforms in its administration and security forces, including measures to fight corruption. Few Palestinians would

Argue with the need for reform in the PA, but there were suspicions that Washington's Interest in corruption was dictated more by Israeli policy or the desire to remove President Yasser Arafat from office than regard for transparency and good governance, International organizations and donors launched a number of initiatives to counter corruption but they were too disparate, low-level or inadequately reinforced to make any discernible impact.

In some cases the agreements or the economic incentives a tool some countries and organization use to push some countries to fight corruption EU association agreements with Algeria and Lebanon in April 2002 broadened the scope of the Euro-Mediterranean Partnership to further economic cooperation. The agreements contained generally phrased commitments to fight corruption and money laundering, but it was unclear how such Measures would be enforced. Little has emerged from the anti-corruption component Of ratified EU agreements with other partners in the region, notably Israel, Morocco, the PA and Tunisia.

And one of the successful example to reduce corruption in the region was UAE which ranked a number 30 on the TI index in 2009 making progress 5 places above the previous year, this seen due to efforts by Sheikh Mohammed bin Rashid Al Maktoum, vice president of the UAE and Ruler of Dubai, ordered the Dubai Public Prosecution office to establish the unit to investigate fraud.

Even some civil societies are trying to take actions against corruption as in the following cases:

There are many ways in which CSO laws may restrict civil society activities. For example, most laws in the region prohibit any group or individuals from conducting public activities unless they are registered as an association. Organizations may then be subject to complex, lengthy and cumbersome registration procedures. The scope of the organization's permitted activities can be restricted or limited to the ones outlined in its founding documents. In most cases, CSOs are not permitted to engage in political or syndicate activities, which directly

challenges anti-corruption initiatives. In some cases, public meetings may only be hold when permission has been granted by the authorities prior to the meeting. In 2004, for example, the Algerian League for the Defense of Human Rights was not granted permission to hold a

conference in Algeria. In other cases, joining regional or global networks or accessing foreign funding is also subject to government's approval, such as in Egypt (http://www.unnngls.org/Arab_Human_Development_Report_2004_eng.pdf).

- Increasing transparency in the Middle East :

TI Organization inaugurated an initiative

“Equipping the Civil Society to Combat Corruption in the Arab World” was a European Commission-financed capacity-building programme for the Middle East implemented by TI between 2003 and 2005. The project included three elements: the adaptation of the TI source book to the Arab context by a group of writers from across the Arab world; the creation of a network of anti-corruption activists in the MENA region and the reinforcement of the capacity of Arab NGOs working on good governance. The programme enhanced the watchdog functions of civil society in the region and increased the participation of civil society organizations in policy design and governance monitoring. The project also saw the implementation of capacity-building workshops in Morocco, Lebanon and Bahrain to strengthen the network of anti-corruption activists in the region through training, technical assistance, seed funds and mutual visits. Workshop recommendations served as inputs into the adaptation of the TI Source Book relevant to the realities of the MENA region comprising of a highly useful tool for activists and policymakers. Source :

(http://www.transparency.org/regional_pages/africa_middle_east/completed_project)

3.10 Preventing corruption in LDC

In this section, specific cases will be studied about a few LDCs, to show the corruption disease they have and how this country is dealing with and fighting this phenomenon.

The TI organization mentioned in its annual report 2009 about the corruption regarding the natural resources in *Nigeria* that :

(Oil, gold and uranium are mined in Niger, with major environmental costs. The TI chapter in Niger, ANLC-TI, is part of the country's Extractive Industries Transparency Initiative, working to tackle the opaque system of contracts and licensing. Under the initiative, mining companies declare fees paid to the state, which in turn publicly revenue received from the mining companies. The chapter also carried out advocacy on permit distribution and trained more than 80 citizens in budget monitoring

Transparency in Nigeria and partners have launched a Coalition for Accountability and Transparency in the Extractive Industry, Forestry and Fisheries. The coalition will be open to civil society, professional bodies, the media and other organisations related to Nigeria's natural resources. At its first annual general meeting, a steering committee was elected, which is now developing a three-year strategic plan).

The TI organization reported in 2009 that regarding some LDCs :

(TI continued its *Transparency and Integrity in Service Delivery in Africa* programme in Cameroon, Ghana, Kenya, Nigeria, Senegal, South Africa, Uganda and Zambia. Based on research and advocacy, the programme supports African civil society to demand transparent and accountable financial management in the education, health and water sectors. As part of the project, for example, TI Zambia met with the Ministry of Health to propose collaboration on developing community participation, after a study by the chapter found that local participatory structures weren't functioning. The ministry authorised collaboration in three Zambian districts, to help promote accountability and quality service provision).

Regarding the protection and advancing rights in Liberia, a good example can be found on that:

The TI chapter in Liberia, CENTAL, rallied stakeholders from government, NGOs and the media in a joint civil society-government partnership that led to the drafting of whistleblower protection legislation. Using the draft legislation, Liberia's President signed an Executive Order giving whistleblowers protection for a year while the draft passes into law(TI annual report,2009).

Transparency Rwanda's ALAC received 332 cases in its first year. The complaints covered several categories including education, health, justice, international development, children's rights and local government. A workshop with public partners, civil society, international organizations and the private sector has been organized to promote awareness of the ALAC's achievements and how it can help people.

Following the country's ratification of the UN Convention against Corruption two years ago, TI Zambia has been pressing for whistleblower legislation to fulfill commitments made under the convention. Zambia's government has now begun formulating legislation to protect whistleblowers from retaliation when they report corruption (TI annual report, 2009).

Recognizing leadership is one of the interesting issues in corruption fighting according to TI organization as in Senegal, Forum Civil, is highlighting best practices in local governance by creating a 'transparency and integrity label' – an award for local authorities which voluntarily submit their governance practices for citizen certification. The chapter held workshops on areas such as justice, taxation, customs and local authorities, to help participants understand the causes of poor governance and create action plans to increase the public's involvement in policy formulation.

To promote transparency in education and health, a civil society committee led by the TI chapter in Sierra Leone, the National Accountability Group, and Action Aid Sierra Leone, is monitoring service delivery in primary education. Its first assignment is to monitor use of the primary education budget. The chapter is also a member of coalitions such as the Budget Advocacy Network (monitoring government budget formulation and implementation), the National Advocacy Coalition on Extractives (monitoring mining sector revenue collection and promoting the Publish What You Pay initiative) and the National Elections Watch.

Zambia's Minister of Transport and Communication, Dora Siliya, resigned after TI Zambia, nine other civil society organizations and a former minister petitioned Zambia's Chief Justice to investigate allegations of abuse of office and corruption against Siliya. A tribunal found that Siliya had committed eight breaches, including undermining Zambia's Development Agency,

committing the Zambian Government to US \$2 million (€1.4 million) of expenditure without the necessary procurement approval, and breaching the constitution. The High Court cleared Siliya on the constitutional breach, but the other seven have been uncontested and await presidential action. Following her disputed reinstatement as Education Minister, TI Zambia has appealed directly to the president to demonstrate his commitment to fighting corruption by dealing appropriately with the other seven breaches that were noted in the tribunal's report. (*transparency.org*)

In measuring corruption perception in Ethiopia the general opinion was the following:

Transparency Ethiopia found that people in the capital Addis Ababa are optimistic that corruption will decrease in the coming two years. According to the findings of the chapter's survey, corruption was ranked the fourth most important public issue, right after the cost of living, unemployment and housing. The quality of the registration process for public schools, telephone and electricity installations were ranked by respondents as best. Procedures involving judicial records received the lowest quality ranking with average alleged bribes of 400 to 500 birr (US \$34–42 / €24–30).(*Transparency.org*).

The Warioba report had identified “rampant corruption in the public service” which had escalated at an alarming rate over the past two decades. There was both 'petty' corruption and 'grand' corruption at the highest public levels.

Petty corruption was widespread. Muganda said that it was “a serious nuisance” and had “subverted effective service delivery”. It was found in the police and judicial services, and in all the social sectors. From the evidence taken in public hearings, petty corruption affected most members of the public and was the main source of public discontent. Grand corruption had been identified in the procurement of goods and services, in the allocation of permits for hunting and mining, and in large public contracts, in particular in road-building and public construction. An assessment of 24 (*Riley and Doig*)

Ghana exerted a huge efforts to fight corruption in training education and training field,through the (Ghana integrity initiative) organised 74 anti-corruption workshops to educate citizens in good governance and accountability issues. Participants also designed activities for their own communities, partnering with the media, so the anti-corruption message will reach many more people(*Transparency.org*).

Also in Liberya Using brochures, t-shirts, SMS messages, radio shows and stickers, the Liberian TI chapter, CENTAL, launched a campaign to educate people about the national anti-corruption strategy. The chapter mobilised support through community meetings and worked with the media, civil society and business groups to explain the strategy and build momentum towards achieving its goals.

One of the most interesting cases about corruption in Lesotho; which ended by punishing the corrupting actors, is:

Lesotho Highlands Water Project

The LHWP is one of the most significant international bribery cases ever[2]. The LHWP is a large hydropower project designed to transfer water from the mountainous Regions of Lesotho to South Africa. The World Bank alone disbursed approximately US \$90 million to finance design work, construction supervision, project studies, and Technical assistance to complete the project. In 1993, an audit of the project's two Government oversight bodies revealed substantive irregularities and led to an inquiry Into the conduct of the project's Chief Executive Officer, Masupha Sole. In a resulting Civil case, a Lesotho Court discovered that Sole had maintained foreign bank accounts In South Africa and Switzerland (Darroch, 2004b, p. 32).

The Swiss bank records showed that Sole had regularly received large sums of Money through middlemen from companies that had been awarded contracts in the LHWP. The size, timing, percentage, and pattern of the payments evidenced bribery. The Lesotho government thereupon prosecuted on criminal corruption charges not

Only Sole and the middlemen, but also several multi-national corporations alleged to have paid bribes to Sole. Sole was found guilty in 2002 and was ultimately sentenced to 15 years imprisonment as for the multi-national corporations charged with corruption, four have already been convicted in the Lesotho Court. The evidence against the multi-national corporations generally followed a familiar pattern: the corporations made payments to Sole through one of two middlemen, using Swiss bank accounts. The middlemen uniformly took a standard percentage and then moved the remainder of the money into Sole's accounts (Darroch, 2004c, p. 33).

The corporations' defense was that payments to the middlemen were made pursuant to "representation agreements" with the middlemen for services rendered in their capacities as agents or representatives of the corporations. The corporations further argued that the middlemen did indeed perform services, that payments pursuant to such representation agreements were commonplace, that no adverse inference should be drawn as a result of the fact that the payments had been made in secrecy, and that the corporations had no idea whatsoever that the middlemen made payments to Sole (Darroch, 2004c, p. 33).

The Lesotho Court rejected these arguments, finding little or no evidence that the middlemen had delivered legitimate services and work product to the corporations. The court also found that the middlemen maintained no offices in Lesotho, could not speak the local language, and had formed straw consulting companies. The Lesotho Court concluded that the representation agreements were a sham, that the corporations had benefited by bribing Sole, and that the corporations were guilty as charged. These convictions were upheld on appeal (Darroch, 2004c, p. 33).

Before the criminal trial began, the World Bank initiated an investigation followed by debarment proceedings against two of the multi-national corporations. The Bank initially concluded that there was insufficient evidence to debar the two corporations. However, following the criminal convictions of the corporations in Lesotho, the World Bank re-opened its debarment proceedings against both corporations on the basis of new evidence. In July 2004, the World Bank's Sanctions Committee debarred one of the corporations for a period of three years (World Bank, 2004a).

The World Bank announced in April 2004 that it would undertake a review of the evidence in the criminal record against the second corporation (World Bank, 2004b).

3.11 Role of ethical codes and religious principles

Ethical codes and religious beliefs for people should be the base in their life actions and business activities, which supposedly help them to do business in a way that guarantees the social welfare and responsibility towards others.

Though most of the Middle Eastern countries are Muslims and people are relatively religious, high corruption still exists in high rates contradicting to Islam and its education. Although people know they are being watched by God, in all their actions, sayings, deeds, but this still does not reduce corruption levels.

In the previous cases and examples of corruption, religious principles and ethical codes were violated, it would be a good idea to make some suggestions at this regard :

- 1- confirming importance of the religious principles and culture people about the need to follow these principles in being base to business transactions.
- 2- teach people about the ethical codes in businesses and corruption fighting priority.
- 3- make politicians aware of ethical codes and religious principles in a way to prevent corruption.

3.12 The role of NGOs and civil societies in some Middle East cases

Civil society

Civil society anti-corruption initiatives and criticism of government corruption often meet with state repression. Tunisian human rights activist and magazine editor Sihem Ben Sedrine was arrested and detained after she spoke out against corruption on the London-based Al-Mustaqilla television station in July 2001.

Moncef Marzouki, another Tunisian critic of human rights abuses, met a similar fate after revealing corruption in a public charity. Both were eventually released, but they face charges of defamation and threatening state unity. In Saudi Arabia, writer Abdul Mohsen Musalam was jailed in March 2002 after he published a poem in the newspaper *Al-Madina* on 10 March 2001.⁴⁷ Musalam's poem, 'The Corrupt on Earth', accused several judges of graft. Saudi Interior Minister Prince Nayef ordered the sacking of *Al-Madina*'s editor-in-chief for allowing the poem to be published.

(Leenders&Sfakianakis,2002)

NGOs have tried to organise these sentiments into collective action against corruption. Transparency Maroc, the region's most active anti-corruption NGO, issued a manifesto calling on political parties in Morocco to disclose their electoral campaign funds to counter vote buying. The Lebanese NGO La Fassad (No Corruption), a Transparency International chapter-in-formation, drafted a code of ethics for NGOs and prepared a thorough legal critique of the country's privatisation law. In Yemen, the NGO Forum for Civil Society is one of the most active local NGOs with a specific anti-corruption agenda. An unofficial watchdog group in Bahrain, the Bahrain Transparency Society, was established in January 2002*(Leenders&Sfakianakis,2002)*.

3.13 The interaction between MN Cs and governments in ME& Africa:

International firms such as BP, Statoil, Siemens, Shell, etc. have ethical and vital role in preventing corruption in the countries they work in, it's important to emphasize that these firms, when they make a project in some country they shouldn't think about their profit gains, by neglecting the corruption of the autocratic regimes where they work but also what they can be socially responsible for this country, to develop it,make it grow, and improving the quality of life for these people.

The above mentioned goals cannot be attained without preventing corruption; it could be by insisting on exposing financial numbers and budgets.

As already mentioned the MN Cs should work to curb corruption in Middle East not to encourage it, the following examples show the interaction between international firms and governments in ME :

3.13.1 The Enelpower Case

This case will present an Italian company case explaining in order, how such a company could secure contracts in some Middle eastern countries, with an transaction over \$1 billion dollars, based on suspected transactions.

This case will start with general information about the company, presenting the case, ending up with analyzing the case with discussion and conclusions parts, the case supposes to support the theoretical part of nature of corruption in the Middle East, and taking the lessons from the methods used to curb that corruption.

Introduction about Enelpower.

Its the largest Italian power company, with nearly 30 million customers, we contribute significantly to the country's energy needs and its growth, as well are also the second largest operator in the gas sector.

The group company Enel, which operates the electricity distribution networks. activities this company provides include the following :

- transport and transformation of electricity;
- network management el 'exercice facility with assistance from development and maintenance.
- connection, which is to link customers and producers to the distribution network;
- transport, which is to transport the electricity entered and taken by customers and producers connected to the network, with the features provided (eg, power and voltage);
- measure, which consists of the installation and maintenance of measuring and detection and for measurements of electricity.

The company has many branches in different countries, the company published that :

Our system of *corporate governance* is in line with the principles contained in the **Code of Conduct for** Italian listed companies promoted by the Italian Stock Exchange and published in March 2006.

This is essential point of reference, made up also by the recommendations made in this area by Consob and the *best practices* developed and disseminated internationally.

Aware of the importance played by the social activities of the Group, their goals in such a system of corporate governance, are the creation of shareholder value and commitment to protect all interests involved.

Source: <http://www.enel.it/it-IT/impianti/>

Enelpower SPA specializes in power generation and transmission. The Italian government has *de facto* control of the company: the government owns a 68 per cent stake in Enel SPA, which in turn owns a 100 per cent stake in Enelpower SPA. Since 1999, Enelpower SPA has obtained three contracts to construct power and desalination plants in the Abu Dhabi Emirate, Oman and Qatar. The total value of the projects was over EUR 1 billion. A consultant in the Middle East assisted Enelpower Spa in securing the contracts.

After obtaining the contracts, Enelpower SPA in turn subcontracted part of the project to other Companies in the energy industry. For instance, Siemens AG (a German company) agreed to provide gas turbines for a part of the project, while Alstom (a French company) agreed to supply several boilers.

Between September 2002 and January 2003, two internal audits at Enelpower SPA revealed Several irregularities concerning the projects. A significant portion of the fees for the consultants in the Middle East (totaling more than USD 6 million) had been secretly transferred by the consultants into the foreign bank accounts of two senior officers of Enelpower SPA. In addition, several subcontractors of the projects (such as Alstom and

Siemens AG) also transferred over EUR 6 million into the foreign bank accounts of the two senior officers, ostensibly as bribe payments to secure the subcontracts.

After receiving a tip from a confidential informer, the Italian authorities commenced an Investigation into the case. The two officers of Enelpower SPA were ultimately charged with conspiracy to embezzle and conspiracy to request illegal disbursements from the subcontractors. Since the two officers are considered Italian public officials (because Enelpower SPA is controlled by the Italian government),

They were also charged with domestic passive bribery for accepting payments from the subcontractors.

On 5 June 2003, the Milan Ordinary Court remanded the two officers in custody pending trial. In addition, 39 the remanding order dated 5 June 2003 and the disqualification order dated 27 April and 5 May 2004.

Siemens AG and Alstom were charged with bribery of Italian officials for Allegedly bribing the two officers to win the subcontracts. On 27 April and 5 May 2004, the Milan.

Ordinary Court banned Siemens AG from selling gas turbines to the Italian public administration for one year as a precautionary measure.

In addition to these crimes, the two senior officers of Enelpower SPA are also being investigated for foreign bribery. The reasons for the remanding and disqualification orders indicate that, based on the confidential tip and a statement of another senior officer of Enelpower SPA, the two accused allegedly

Bribed officials in the Abu Dhabi Emirate, Oman and Qatar to secure the contracts for Enelpower SPA. The bribes were paid through a consultant in the Middle East; the two officers of Enelpower SPA had no direct contact with the officials. In the reasons for the remanding order at p. 29, the Court stated:

Investigations specifically relating to the following: identification of other criminal conduct with reference to purchases by EPW [Enelpower], the role of foreign companies in the EMI Group, the role of Interconstruct, the purchasing sector, the corruption of foreign government officials, the conduct of additional sponsors in contact with EPW...

Source : <http://www.oecd.org/dataoecd/0/50/33995536.pdf>

Analyzing of the case:

Regardless of the parts included in this case from Italy and Germany the focus will be toward the officials from Oman, Qatar and UAE, as our focus is on the Middle Eastern corruption. As a consultant received bribes from Enelpower to bribe officials in these governments to win the Bids for the desalination projects in these countries.

What is interesting about this case that highlight questions and discussions about it, that it's easy to conclude companies win many projects in these countries via paying bribe, through consultants or mediator or (Mr.5%), even these officials are smart enough not to take the bribes by themselves.

This case gives evidence that the monarchical regimes are implicated in corruption totally for one simple reason, which the governments in these countries are mainly from the ruling families.

This Mogul officials corruption which is immune from accountability, as it occurs usually because the governments will not question their members.

3.13.2 BAE Organization case:

Introduction about BAE Organization:

Is a global defence, security and aerospace company with approximately 107,000 employees worldwide. The Company delivers a full range of products and services for air, land and naval forces, as well as advanced electronics, security, information technology solutions and customer support services. In 2009 BAE Systems reported sales of £22.4 billion (US\$ 36.2 billion).

BAE key facts:

- 2nd largest global defense company based on 2009 revenues*
- Approximately 107,000 employees worldwide
- Global capability
- Customers in more than 100 countries
- 2009 sales exceeded £22.4 billion
- *Source: Defense News Annual Ranking, published June 2010*

BAE has code of conduct The BAE Systems Code of Conduct is a summary - in one document - of the principles and standards of business conduct expected of all employees wherever they operate. It is effective from 1 January 2009 and also provides employees with practical guidance on how to deal with important ethical issues.

the statement is: as a company and as individuals we are committed to behaving ethically in all aspects of our business. Our success depends on maintaining our corporate reputation and every employee has an important role in maintaining the reputation.

It is an unequivocal statement - inside and outside the Company - of what we stand for and how we do business.

It brings together our standards into one globally applicable document, ensuring that a common language and set of expectations is embedded throughout our Company.

BAE Areas of interest

- *Cyber-security*
- Data protection

- Network protection
- Communication security
- Other information assurance capabilities
 - *Biometrics*
 - Access control (physical and logical)
 - Remote verification and identification
 - Forensic analysis of identify
 - Biometrics over low-medium quality capture devices
 - *Surveillance*
 - Multi-sensor surveillance
 - Intelligent automated surveillance
 - High speed forensic surveillance
 - Novel surveillance approaches

Source: <http://www.baesystems.com/InvestmentInInnovation/AreasofInterest/index.htm>

Details of the corruption case:

Raids by the Serious Fraud Office resulted in the arrest for questioning of the two alleged key middlemen who handled BAE's £60m slush fund.

The SFO's move, under its director, Robert Wardle, signals the start of a major investigation into the money which is said to have been given to prominent Saudis. Three whistleblowers originally came forward to the (Guardian), each describing different aspects of a secret system they said had lasted for more than 14 years.

The chief alleged beneficiary was Prince Turki bin Nasser, along with his family and entourage. The prince was in charge of £50bn worth of orders for warplanes from the Saudi regime, which have propped up BAE's fortunes for more than a decade.

The SFOs raids took the company by surprise, according to sources close to BAE, and caused consternation at board level. Its group legal director, Michael Lester, was immediately called in, according to the same sources, to try to secure the release of Wing Commander Tony Winship, the company's former customer relations executive.

The Ministry of Defence police had previously arrested and questioned a civil servant at the Ministry of Defence, John Porter, who handled the Saudi contracts.

He was named by the Guardian as having received free holidays from BAE. He was released without charge. Yesterday, Wing Co Winship was also being questioned about his relationship with Mr Porter, according to MoD police.

BAE's recently departed chairman, Sir Dick Evans, has been named as having knowledge of the payments. The firm's chief operating officer, Steven Mogford, has also been identified in documents as having authorized regular payments of millions of pounds to well-connected Saudis.

Documents recorded the cash being disguised in BAE's books as invoices from two small travel and visa companies, for "accommodation and support for overseas visitors".

The money appeared, according to the files, to have gone on such items as the purchase of a peacock-blue Rolls-Royce for Prince Turki's wife; the charter of a jumbo jet to carry home the Prince's shopping; the upkeep of his mansion in Los Angeles; foreign holidays at some of the world's most expensive hotels and cash payments into American Express accounts.

The SFO said yesterday that, together with the MoD police, they had "commenced an investigation into suspected false accounting in relation to contracts for services between

Robert Lee International Ltd, Travellers World Ltd and BAE, in connection with defence equipment contracts with the government of Saudi Arabia".

In a mark of newly expanded cooperation, the SFO said officers from the economic crimes unit of the City of London had joined the team which searched premises in London and southern England.

These included Wing Co Winship's home near Lymington, Hampshire. Allegations have been made that he kept a yacht there for his personal use, purchased from the Saudi slush fund. The SFO said "During the searches, a 73-year-old man and a 66-year-old man were arrested and

will be interviewed". No charges were brought yesterday. At the premises of Robert Lee International, in London, a woman who answered the phone said: "We're as much in the dark as you are."

John Sharp, understood to have been the second man arrested yesterday, had previously told the Guardian: "We strenuously deny that any activity undertaken by Robert Lee International is or was illegal". Mr Winship has previously declined to comment on the allegations.

So <http://www.guardian.co.uk/business/2004/nov/04/themilitary.freedomofinformation>

Analyzing of the case

This case shows that an agreement arms for KSA was involved in corruption by intermediaries, as this organization used to supply KSA with many weapons and its supplies for billions of dollars, which finally the beneficiary was a prince from the ruling family.

But again here the investigation was against the organization board level and middlemen, who paid bribery for the prince to supply KSA with warplanes and other weapons, as the bribe described in the following statement:

"BAE agreed to transfer sums totaling more than £10m and more than \$9m to a bank account in Switzerland controlled by an intermediary. BAE was aware that there was a high probability that the intermediary would transfer part of these payments to the [Saudi] official."

<http://www.guardian.co.uk/world/2010/feb/05/bae-saudi-yamamah-deal-background?intcmp=239>

So these middlemen paid prominent Saudis (official government) millions to get agreed for transaction, in this case it clarifies the official moguls who has power, complete authority, no accountability, when they want to import goods, supplies, machines, weapons, whoever company pays the kleptocratic officials higher bribes win the transaction.

It's clear as well how the investigation units reached the middlemen in UK and USA for paying bribes, but due to weakness of the institutions in KSA, there were no questions or investigations conducted, because the government and princes are immune from being questioned in front of the law.

Money-Laundering Affair between KSA and USA in 1970s, as this agreement stated that the Saudi will use Petrodollars to pay U.S companies to build KSA infrastructure and providing it with latest technologies, as well supporting the regime there by pact and providing weaponry facilities.

In part this agreement was good in part, to develop Saudi country but in other part was supporting no democracy regime to stay in power, and paying billions of dollars to the international oil companies such as Halliburton, with lack of transparency about the paid amounts of money which mean high degree of corruption.

Another example was in Iran when Mussadky government was elected democratically in 1950s, and when Mussadky wanted to make Oil companies Iranian companies, US and UK governments helped in toppling Mussadky government, and the Shahn shah in Iran took over as he was despot and dictator regimes which exacerbated the corruption in Iran, by this regime, through making projects which cost the country billions as well, in return riches got richer, and poor got poorer.

The same scenarios occurred in many other countries, but it seems if country like USA has a political problem with some country, and this country has high corruption then USA will act, but if this country was ally for them but corrupted and undemocratic then USA will act to change that situation, USA wanted to resemble the scenario of KSA into Iraq in 1980. But Saddam refused that, as well some countries can reduce corruption like USA which owns the (World Bank), which lends many countries money to establish projects, this lending can be conditioned upon achieving results in fighting corruption; otherwise this money will reach at the wrong hands.

It's obvious how important the role of foreign policy for some countries in affect the corruption in other country, and this proves the influence of democracy, power and wealth on corruption.

3.14 Angola case :

Angola is huge country oil producing which suffers from corruption. This case shows different responses from international firms working there in the oil sector:

3.14.1 Statoil

Statoil appears keen to suggest that the level of transparency about their payments to the Angolan government is as high as that required in Norway for Norwegian operations, it's true that in Norway its as easy to find data about payments to the Angolan government as its concerning payments to government of Norway, this certainly means that the company operates to far higher level of transparency than the majority, however Norway is not the same as making data available to Angolans in Angola(Global witness,2002).

3.14.2 Shell

We are committed to openness and transparency stated that “wherever possible, such disclosures (publication of payments by companies to national governments – global witness addition) ought to be made”, to gain a complete picture it would be necessary to combine the declaration of such payments by the companies with the publication of data obtained through an oil monitoring programme such as in Angola(Global witness,2002).

3.14.3 BHP

According to the letter Global witness received from BHP company global witness, stated that “Global Witness urges BHP to reconsider its position on full transparency and to join an emerging consensus on the need for payment disclosure before it starts producing in the country, it should also publish data relating to signature bonuses that have already been paid” (Global witness, 2002).

3.14.4 PETROBRAS

PETROBRAS has taken positive line on transparency concerning the payments, the payments it makes to social funds and taxes that are paid to both local and federal Brazilian authorities, their website provide income tax on overseas fin.&services, though its not clear what this heading covers.at best it could represent taxes paid in all countries of operation, simply added together, Global witness holds the company to its principle of ethical and accountable behavior and requests that it practices full transparency for all countries of operation(Global witness,2002).

3.14.5 Other companies

Global witness reported that several companies in oil industry such as Exxon-Mobil, Chevron, Texaco and TotalFinaElf failed to respond to Global witness letters regarding transparency in its operation and they didn't publish any press statements regarding this issue.

4 FINAL CONCLUSIONS AND RECOMMENDATIONS

Final part of the research takes off by providing the recommendations concerning the NGOs fighting against corruption, and to people/politicians of corrupt countries, to MNCs, to the local governments, to the governments of MNCs, to the UN, answering main research questions, as well limitations and difficulties of this research, and practical recommendations for further research.

4.1 Conclusions and findings:

- 1- corruption in ME and Africa highly dues to kleptocratic regimes and governments which has no accountability in front of the law.
 - 2 - corruption and bad governance are highly related in ME.
 - 3- Bribery is the most famous corruption type in ME.
 - 4- corruption fighting needs cooperation from different parties(NGOs, local people, MNCs, governments of MNCs)
 - 5- corruption in some ME countries is a way of life.
- 79
- 6- fighting corruption cannot be achieved without democratic responsible governments.
 - 7- official corruption is the dominant corruption in ME and Africa.
 - 8- institutions weaknesses and autocratic regime and monarchical constitutions make corruption combating more difficult in ME.
 - 9- MNCs greed for projects and profit gain make them implicated in corruption.

4.2 Recommendations for NGOs :

- 1- influence member of parliaments to enact laws and serious punishment against corruption.
 - 2- ordering governments to be transparent in projects and budgets.
 - 3- make people knowledgeable and increase their attention about the importance of reducing corruption.
 - 4- collaboration with media to take initiative role in exposing corruption activities.
 - 5- collaboration with international institutions to highlight the corruption problem in the local country.
 - 5- make coalitions to change the laws that curb NGOs and civil societies activities.
- Taking in consideration that all the above-mentioned points cannot be effectively work unless there is an elected democratic governments

4.3 Responsibility of the local people against corruption

The local people has the biggest burden to encounter the corruption in these countries, as no entity can stop the corruption if the people of this country don't counter the corruption, this can be summarized in the following forms:

- 1- Start a real election for the members of the parliament and the governments, to be democratically elected.
- 2- Changing the constitutions in these countries to give more power for the people over the ruling families, and the dictatorships.
- 3- Effectuate the judicial system to put strict rules and sentences against the corruption.

For example : Egyptian people protests many times against the high corruption level in their country which is number 98 on the (IT) Organization for this year, they protest against the dictatorship and corruption, many opposition parties and movements emerged in the last few years, such as kefaya, muslims brotherhood, algaad Party, but they all been oppressed by the policemen.

4.4 Recommendations for the politicians of corrupted countries:

- 1- give more role for private sector in establishing projects, and doing businesses with transparent budgets.
- 2- refusing to be part of corruption by not taking bribes from MNCs to pass project for specific firm.
- 3- effecting the judicial system and preventive actions against corruption under principle :no body is above the law.
- 4- more democracy and power should be give for people not for kleptocratic governments

4.5 Recommendations for MNCs

- 1-MNCs should follow ethical codes when starting a businesses in ME and dont care for the profit gains.
- 2- MNCs can reduce corruption by stop paying bribes like in BAE organization case.
- 3- MNCs should think about the local people instead of doing businesses for interest of corrupt politicians taking in consideration that this government or regime might be replaced by another government which stops dealing with this MNCs.
- 4- increasing awareness of the local people about corruption consequences on people lives and thier country development.

4.6 Recommendations for governments of MNCs

- 1- require the MNCs to show thier budgest and accounts where they work in foreign countries.
- 2- enacting laws requireing the MNCs to bea transparent and accountable in thier projects.
- 3- put high fines and punishments on corruption activities conducted by MNCs

4.7 Responsibility of other countries

Foreign policies for some countries can affect the corruption in the targeted countries to be better or to the worse, there are many examples show how some countries participated in enhancing corruption in other countries.

Some of the corruption problems of those poor and less democratic countries originated in more developed parts of the world(Johnston,2005)!!

4.8The OECD Countries Anti-Bribery Resources Guide (BIAC)

The OECD countries have agreements and guides to fight corruption for the companies belong to these countries, one of them is the Anti-Bribery Guide:

In 8 June 2010 the Resource Guide has now been updated with information on the latest work of the OECD on implementing the OECD Anti-Bribery Convention - the so-called Phase 3 implementation mechanism. Reference is also made to the new OECD Recommendation for Further Combating Bribery of Foreign Public Officials that enhances the ability of the signatory States to the Convention to prevent, detect and investigate allegations of foreign bribery. The OECD Recommendation also includes a Practice Guidance on Internal Controls, Ethics and Compliance to companies to protect themselves against the risks of foreign bribery. (http://www.biac.org/pubs/anti-bribery_resource/guide.htm)

4.9Recommendations for UN :

UN has big responsibility for fighting corruption and developing people life's due to horrible consequences corruption leave on the social and economic of corrupt countries :

- 1- UN should accompany aids based on transparency of their transactions to ensure no corruption is taking place.
- 2- UN should help local people and make them aware of the corruption consequences on their lives.
- 3- UN should promote for democracy and effective society institutions in ME and Africa.

4- enacting international laws that doesn't tolerate with corruption and bribes.

4.10 Best strategies to combat corruption :

These strategies can be the appropriate way to deal with corruption in ME and Africa :

1- amend the laws and consitutions that give more power for the kleptocratic governemnts whereas make corruption highly banned and punished.

2- encouraging privatization whereas the governemnt has lower effect on the economy.

3- focus on transparency and accountability when conducting businesses.

4.11 Limitations of Research

One of the major obstacles in this research is the lack of information about the Middle East and sometimes scarcity of this information which affects the research quality, as the most information has been taken from very few website resources, in addition the previous researches have not talked in details about the Middle East cases, and this due to ban of spreading information from monarchical rehimes and other governemnts in the ME.

As wells it's difficult to apply these strategies in reality especially in the monarchical governemnts, because when the governments itself is corrupt and nobody can dare to stop that it would be difficult to combat corruption under such a system and laws.

4.12 Corruption consequences

The consequences of corruption for economic and social development are detrimental. Corruption deters investment and hinders growth. It spurs inequality and erodes

macroeconomic and fiscal stability. It reduces the impact of development assistance and provides an incentive to exploit natural resources, further depleting our environmental assets. It reduces the effectiveness of public administration and distorts public expenditure decisions, channeling urgently needed resources away from sectors such as health and education to

corruption-prone sectors or personal enrichment. It erodes the rule of law and harms the reputation of and trust in the state.

In short, it increases wealth for the few at the expense of society as a whole, leaving the poor suffering the harshest.

[://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTPUBLICSECTORANDGOVERNANCE/EXTANTICORRUPTION](http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTPUBLICSECTORANDGOVERNANCE/EXTANTICORRUPTION)

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