

Fighting Corruption as a Condition for Sustainable Regional Development

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Abstract: The article focuses on corruption as a factor accompanying a sustainable development. Our UN SDG reports analysis revealed two trends. The first one is that the data on the fight against corruption is not presented, i.e. there are no indicators for task 16.5. The second one is that the reporting assessment methodology has not been discussed in practice, and the fight against corruption is not reflected in the UN Consolidated Reports for 2019 and 2020. We think this is unacceptable, particularly in relation to Russia. The publication methodological basis is based on three directions in the study of corruption. The first one (classic) justifies the role of corruption as a factor that destroys the social order and withdraws huge amounts of money from the development resource base (country, region). The second is a modern trend that analyzes the methods of its adequate assessment. The third is the current methods and of the UN and OECD (2020) recommendations analysis on improving the collecting methods and evaluating indicators. The publication substantiates the role of the fight against corruption as a condition for the country and the region sustainable development and suggests tightening the requirements for its inclusion in national voluntary reports. It is proposed to strengthen control over open information on the websites of the Russian Federation regions.

1 INTRODUCTION

It is generally accepted, not only for Russia, but for the whole world that corruption is one of the most important evils. Here are the words of one of the IMF experts Kristin Logart, expressed by him on the UN SDG website: "Corruption at its core weakens the state capacity to perform its functions. It undermines the ability to raise the necessary revenue, and it also distorts spending decisions in the sense that State authorities may be inclined to choose projects that provide kickbacks rather than projects that provide economic and social returns. This has a negative impact on growth and economic opportunities. This has a negative impact on fairness and equity, as the poor have the most to lose from cuts in social spending and investments in sustainable development. This has a negative impact on economic stability, as the toxic combination of low

incomes and wasteful spending creates the conditions for deficits to easily spiral out of control".

Addressing corruption is clearly important for SDG-16, which aims to "Promote a peaceful and open society for sustainable development, ensure access to justice for all and build effective, accountable and inclusive institutions at all levels" (<https://blogs.imf.org/>).

At the same time, as our study on the UN final reports for 2019 and 2020, as well as the recommendations of the UN and OECD on the indicators for national voluntary reports selection, showed that the word corruption is in them (at least in the translation into Russian versions), it is not used and the state power corruption problem itself is not considered (SDG's Report, UN, 2019), (SDG's Report, UN, 2020) and (Guidance note, 2019), (Recommendations OECD, 2019). It is difficult to assess this situation. Two answers are seen. The first one is the SDG leaders, who are forced to support the

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importance of the SDGs idea, to seek to enlist the heads of state support, and are accordingly ready for some tactical (possibly temporary) retreats. The second one is that perhaps the problems of hunger, climate warming and ecological balance in general are more important for the world than the fight against corruption.

To the country's credit, Russia has included minimal reporting on corruption in its Voluntary National Review of the Implementation of the 2030 Agenda for Sustainable Development (Russian Federation (Voluntary National Review, 2020). As a success in the fight against corruption (task 16.5), data on the reduction of the suspicious financial transactions volume from 23.4 trillion rubles (2015) to 16.0 trillion were given. (2018), which is a decrease in their share in the budget of the Russian Federation from 28.1% to 15.7%. The dynamics of three other indicators are shown in Table 1.

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Table 1: Indicators dynamics that characterize the fight against corruption in the country according to the DNI data*.

Indicator	2015	2016	2017	2018
Number of corruption-related crimes suppressed (thousand units)	26	25.5	22.6	23.4
From these, crimes classified as committed on a large and especially large scale or causing major damage (thousand units)	14.7	13.8	12.7	12.5
Number of identified persons who committed acts of corruption (thousand people)	3.9	4.7	5.1	5.4

*Voluntary national review of the Agenda for Sustainable Development implementation for the period up to 2030. Russian Federation. Moscow, 2020.

Despite the generally positive dynamics in the fight against corruption, activists from the "Civil Control" point to the lack of the governmental activity in this direction. So, Elena Shakhova (Chairman of the NGO "Civil Control") believes: "Russia's policy on SDG-16 is inconsistent. Along with such positive

changes as the jury competence expansion, the Article 282 (Criminal Code of the Russian Federation (hatred or enmity inciting) partial decriminalization, the trial mandatory audio recording, the decline in compliance with justice international standards. The report reflects that violence and corruption are widespread in Russian society and government institutions. There is no political will to solve these problems, and legislation that restricts public access to information is actively being created and applied".

2 RESEARCH METHODOLOGY

Leaving aside the moralizing approach (Aristotle, N. Machiavelli, T. Hobbes, Grotsky, G.G. Zh. - Zh. Rousseau and many others), it is correct, but not very constructive, let us consider the modern one as more utilitarian, limiting the field of interest to public administration. This approach is considered to be the "principal – agent" model (or its variant – "patron-client"), which explains the public administration essence in a society based on an undeveloped democracy. These models assume that the population (as a principal) transfers public resources (property) for the use of the agent (state). This model for enterprises has been formulated by Jenson M., Mackling W (Jenson, Mackling, 1976). J. Stiglitz (Stiglitz, 1986) extended it to the public administration field, where it found wide acceptance (Rose-Akkerman, 1999). further development of the approach, especially under the influence of the administrative reforms principles and the intention to Good Governance implementation, was deepened by the openness and transparency theories as the basis for combating corruption (Shleifer, Vishny, 1993), (Sarkar, 2020).

The second basis of our approach is the theories that form the methodological basis for assessing corruption in public administration. Given that corruption is an illegal activity, that it seeks and often finds latent forms of implementation, it is extremely difficult to assess it (Meyer, 2018), (Ankamah, Khoda, 2018). Nevertheless, such attempts are being made, in particular, corruption indices are being actively developed and applied in practice; three methods are used.

The first one is a "corruption perception" assessment using survey data, in which respondents are asked about the extent to which their field of activity is corrupt; the assessment is usually asked to be given in a ranking scale. The second one is that respondents are asked to report how often they themselves (or their friends, relatives, and others from

their professional, social and other environment) have to deal with corruption. The third one is to use the observable and measurable characteristics.

It is clear that the first two measurement methods, one way or another, are subjective, which gives reason to doubt their correctness. The corruption prevalence general perceptions may reflect prevailing stereotypes, rather than an objective state of affairs. The perception subjectivity factor is described in the classic work of Noelle Neumann E. (Noelle-Neumann, 1984). In addition, researchers have long identified a perception paradox or "halo effect" (Bardhan, 2004), based on the recognition that the more actively the fight against corruption is conducted, which the population informs the media about, the higher its negative perception by residents is. It is a paradox that in countries where the fight against corruption is not conducted or at least its progress and results are not discussed in the media, the population readily recognizes the fact of its reduction, expressing judgments that the government is fighting corruption.

The advantage of the third approach to measuring corruption is its objectivity, however, it is extremely difficult to identify such indicators (at least in full, reflecting the real picture). Usually, scientists use the indicators that characterize either the fight against corruption consequences (economic development, growth in the quality of life, etc.) (Golden, 2005) or its prerequisites (information openness) (Fazekas, Kocsis, 2020), or indirect estimates. An example of the latter is a study conducted by (Fishman Miguel, 2007), where the level of corruption in the country was estimated by the number of fines paid by diplomatic workers for parking in front of the UN building in New York.

The third one, methodological cornerstones, is a study of the developed and applied international corruption assessment ratings. These include, first of all, two generally recognized corruption monitoring systems. The first one is the non-governmental organization "Transparency International", which has been annually compiling the Corruption Perceptions Index since 1995 (its essence is the first method). The second rating has been compiled since 1996 by the World Bank. This is part of a comprehensive study on the public administration quality, which, among other things, calculates the Control of Corruption Index. It is based on the second approach described above. This also includes numerous comparative studies on corruption between countries (Treisman, 2007), regions (Libman, Kozlov, 2013), municipalities (Kloviene, Valanciene, 2013).

Let us name two guidelines for conducting anti-corruption monitoring that are interesting either for their novelty or for their involvement in the authors of this publication proposals. The first one is the "Guidelines for Integrity in the Public Sector, OECD, 2020". The second one is "Guidelines for Using Open Data to Fight Corruption, 2017". It was developed by open data experts, government officials and civil society representatives from Transparency International in collaboration with other international organizations. It contains 30 mandatory data key sets, including anti-corruption activities, that should be contained on the site, i.e. officials and legal entities registers, open budget data, information on government contracts, a unscrupulous suppliers register, an officials assets/income declarations database and others.

3 THE STUDY DESCRIPTION: OVERVIEW OF RATINGS IN THE RUSSIAN FEDERATION

In order to assess corruption in the Russian regions, we conducted a rating analysis. The basic and only permanent rating is the rating compiled by the Prosecutor General's Office of the Russian Federation. Sometimes corruption measurements are made at the HSE Anti-Corruption Center, but they are not permanent and do not include a regional cross-section, focusing on the procurement field. The well-known rating of TIR (the Russian branch of Transparency International) also does not have a regional section. Indirectly, the situation in regions, however, without taking into account corruption, reflects the cities and governors ratings.

The corruption rating compiled by the Prosecutor General's Office is good because it is based on objective data, on cases in courts, their assessments and information about punishments. In the monthly tables, it has been presented on the site since 2016, so information to assess its dynamics has been accumulated, see "The state of crime", January 2020.

Table 2: Information from the Prosecutor General's Office on previously investigated cases of corruption (where N is the number of cases considered for 9 months in 2020, T is the number of cases sent to court, % is the ratio between the first and second ones).*

The violation name	N	T	%
Total	22,528	17,295	76.8
Receiving a bribe	2,507	2,349	93.7
Giving a bribe	2,712	1,474	54.3
Mediation in bribery	744	433	58.1
Small sized bribery	4146	2,539	61.2

It is not possible to comment on the results of the article. It is alarming that more than half of the cases (12,419) are not specified.

Table 3: Information on the amount of material damage caused by corruption-related crimes, its compensation (including the information in %) and the value of property (including the amount of money seized (in thousands of rubles)).

Indicators that characterize the damage	2019	2020	%
The amount of material damage caused	105,891,306	45,354,464	42.8
The amount of the compensated damage by its voluntary repayment or property, money, valuables withdrawal	5,299,362	5,206,396	98.2
The value of the property (including the funds under seizure)	22,910,141	18,517,916	80.8

It is clear that the rating shows positive overall results. As for the regional monitoring, it provides the following statistics for the federal districts (the number of corruption-related crimes per 100 thousand people is indicated): the Volga Federal District – 25.5, the Central Federal District – 21.2, the Southern Federal District – 12.2, the Siberian Federal District – 10.3, the Ural Federal District – 10.1, the North Caucasus Federal District – 8.1, the Northwestern Federal District – 7.0, and the Far Eastern Federal District – 5.6. In the whole country this coefficient is 21.1.

According to the report, the lowest level of corruption was observed in Ingushetia, Khakassia, Altai Region, Vologda, Moscow, Murmansk, Penza

Region, St. Petersburg, Sevastopol and the Yamalo-Nenets Autonomous District. The crime rate in these regions varies from 6.41 to 9.94 per 100 thousand people. The report gave the corruption crimes distribution by field of activity. The leaders were the budget funds development, including those allocated within the targeted programs and national projects framework, the auctions organization, property management, control and audit, law enforcement, housing and communal services. The report also refers to corruption in law enforcement agencies.

The overall result of the Prosecutor General's Office rating – "The corruption is still popular. The number of bribe takers increased by 5%, and corruption crimes increased from 28.3 thousand to 29.4 thousand. The most expense to bribe-takers is in Bashkortostan, the Stavropol Territory and, as usual, in the bread-and-butter city for bureaucrats, Moscow. In total, since the beginning of 2020, corrupt criminals have caused damage to the country by more than 45.4 million rubles".

Assessing positively the work done by the Prosecutor General's Office, highlighting its system, regularity and publicity, the researchers criticize it according to the following parameters. The chairman of the National Anti-Corruption Committee, Kirill Kabanov, pointed to the orientation of the rating on the actual indicator, i.e. the implementation of the anti-corruption legislation requirements, the national plan implementation requirements execution. As a result, he concludes: "Accordingly, this is a kind of consensus (of these indicators). You can agree with him, you can work with him, but at the same time, from the corruption point of view, as a rental business, he, of course, does not give a complete picture".

Denis Primakov, the lawyer of the Center for Anti-Corruption Research and TIR Initiatives indicates: "The prosecutor's rating cannot be considered objective, as it contains only a part of the information. It does not contain, for example, data on the embezzlement and bribes volume". "Most likely, the rating takes into account grassroots corruption. Such criminal cases of receiving/giving bribes are brought against teachers, doctors, and so on. It is quite possible that according to such indicators, the regions announced by the Prosecutor General's Office are really ahead".

Dmitry Zhirkov, the Board of the All-Russian Public Organization "Safe Fatherland" Chairman, the member of the Expert Council of the Committee on Security and Anti-Corruption of the State Duma of the Russian Federation, joins this evaluation. According to him, in addition to the dry figures, there

are still a lot of problems related to the state order, with the state corporations, such as Gazprom, Rosneft, Rushydro interests.

Many experts are concerned about regional assessments. D. Primakov expresses doubts that the capital is not listed in the top bribe takers regions. He points to one possible reason, in the capital, the volume of grassroots corruption is less than in the regions. "After all, teachers here take much less bribes, this is a prosperous region", but latent, or veiled, corruption is much higher here, and it is clearly not taken into account in the rating, according to his opinion.

Kurlenya, K. Kabanov believes that the capital is more exposed to the risk of corruption, compared to other Russian regions, as there are large projects and a large amount of money here. The expert also referred to St. Petersburg and the regions "with large target programs" to similar territories.

4 RESULTS AND DISCUSSION

So, assessing the situation with corruption regional monitoring in the Russian Federation, we can draw a number of conclusions. First, the main rating is the provided by the Prosecutor General's Office of the Russian Federation. It is open, covered by the media and regular. It is based on objective data, since it is collected in courts on the actual documents basis. Other ratings exist, but since they are compiled by independent organizations, they cannot be conducted regularly. Secondly, it is not complete and, accordingly, does not reflect the total amount of corruption in the country. Third, it is not able to track what is proposed in the recommendations for the UN and OECD SDGs, namely, to take into account the amount of open data on the regions sites (1), including at least part of the 30 recommended key arrays such as the officials and legal entities register, open budget data, information on government contracts, the unscrupulous suppliers register, the officials assets/income declarations database, and others.

We need a new (comprehensive) corruption rating, which should contain information based on common data standards, the list and content of which should be strictly regulated, and the designated technical details of information availability ensuring. It should be taken into account that the volume and structure of this information should change in the expansion direction, taking into account specific cases, data structuring in relation to the stages of legal

violations, i.e. prevention, detection, investigation, law enforcement.

5 CONCLUSIONS

Once Russia has entered on the sustainable development path, the country should put the regional aspect in the center of attention, realizing that only in this way will the result be obtained. By taking the first step, by submitting a voluntary review to the UN, Russia has embarked on a road where the path to the end is much further than to the beginning. As part of the first report preparation, the available statistical base in the country and in the regions was checked. It is revealed that there are experts, that the recommendations of the UN and the OECD contain proposals for the necessary indicators structure. We need the political will, we need laws that define the heads of regions responsibility for the amount of open information, for example, given on websites. Such a law applies to local self-government, and it seems that the time to extend it to a higher level of government has come.

In an effort to develop the regions economy, increase the quality of life (the effectiveness of the fight against corruption), it is advisable to increase the heads of regions responsibility for their implementation, making reporting the main reason for maintaining their status. It seems that the Ministry of Economic Development experience in monitoring the federal targeted programs financing can be used. The governor of the region should not be re-elected in the absence of positive dynamics in the region development.

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