

A network diagram with several white person icons in circular frames, connected by thin white lines on a dark background. The lines form a complex web, with some lines being thicker and more prominent than others, creating a sense of depth and connectivity. The overall aesthetic is high-tech and digital.

Corruption Perceptions in North Cyprus: 2020 Report

**Omer Gokcekus &
Sertac Sonan**

**FRIEDRICH
EBERT
STIFTUNG**

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Omer Gokcekus & Sertac Sonan

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Friedrich-Ebert-Stiftung (Foundation)
20, Stasandrou, Apt. 401
CY 1060 Nicosia
Tel. +357 22377336
Email: office@fescyprus.org
Website: www.fescyprus.org

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Authors: Omer Gokcekus & Sertac Sonan
Page layout: Sosyaliz Digital
Cover design: Omer Tatlisu
Printing: Soylem Matbaa
Organize Sanayi Bölgesi, Nicosia

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PREFACE

Dear readers,

Across the world, an increase in corruption poses an enormous threat to the well-being of communities and good governance. Both minor and major incidents such as the distribution of public funds as rent and traditions of payment of bribes challenge anti-corruption forces in many countries worldwide. Corrupt governments with little opposition and a trend to tolerate or even engage in corruption within the public sector thereby cause growing frustration towards the government, decision makers and politics overall within the population. It not only causes massive damage to societies as a whole and the common good but also prevents civil society forces from reaching their full potential in supporting their communities.

Especially in Cyprus, where the Cyprus Problem is omnipresent to an extent that public debate on other issues is often underdeveloped or severely limited the strengthening of democracy is vital to the well-being of both entities. In both parts of the island corruption poses serious problems for the respective societies though the situation is worse north of the divide as last year's report clearly showed. Moreover, the fight against corruption is by no means an end in itself: A less corrupt and better governed north is not only beneficial to those living there but is also necessary to increase the political, social and economic viability of a hopefully reunified Cyprus.

In the fight against corruption in Cyprus, the publication of the 2017 Corruption Report by the Friedrich-Ebert-Stiftung was a milestone. Its successors proved to be even more successful receiving wi-

despread media coverage and making an important contribution to the public debate in the north. The most common reference for anyone analyzing corruption worldwide is the Corruption Perceptions Index, annually published by Berlin-based Transparency International. While the index offers relevant and significant data for countless countries across the globe including the Republic of Cyprus, it does not include the internationally not recognized entity in the northern part of the island, the Turkish Republic of Northern Cyprus (TRNC)*. Our vision of filling the gap and encouraging decision makers to fight corruption by providing them with scientific findings and much necessary information brought about the study which then led to the publication of the 2017 report. Thanks to the excellent work of its two authors, Omer Gokcekus and Sertac Sonan, it was able not only to draw attention to actors, mechanisms and characteristics of corruption in the northern parts of Cyprus, but also to put the findings into the right context by calculating corruption perception scores that can be compared to those of countries such as the Republic of Cyprus, Greece, Turkey and Malta. Moreover, the report contributed to a wider debate on the issue on both sides of the divide and the need for reforms and policies that will combat corruption for the benefit of the citizens of Cyprus.

Despite all efforts, the challenges remain: As the previous reports showed, corruption is indeed a significant problem in the north which is overall confronted by a lack of good governance. The 2017 report understood itself as a pilot study and a starting point for a long-term endeavor of annual reporting about corruption in the north. Therefore, we, as the Friedrich-Ebert-Stiftung in Cyprus, are proud to be able to publish now the fourth report covering 2020 which again provides important insights into how the level of corruption was perceived by important stake holders during the past year. It is the fourth step on a

* The Turkish Republic of Northern Cyprus (TRNC) is only recognised by the Republic of Turkey. As the government of the Republic of Cyprus remains internationally recognised as the government of the whole of the island, the entire island is now considered to be a member of the European Union. However, the *acquis communautaire* is suspended in northern Cyprus pending a political settlement to the Cyprus problem (see Protocol no. 10 of the Accession Treaty).

rather long journey and in our view an important contribution towards better governance and a stronger civil society in the north for the sake of all of Cyprus. The Friedrich-Ebert-Stiftung in Cyprus remains committed to support the important work of Sertac Sonan and Omer Gokcekus in the years to come.

Hubert Faustmann

Director of the Office of the Friedrich-Ebert-Stiftung in Cyprus

Executive Summary

Corruption Perceptions in North Cyprus: 2020 Report has five main objectives. These can be listed as follows: (1) measuring the perception of corruption in our country using an internationally accepted method; (2) to determine where our country stands compared to the rest of the world in the fight against corruption; (3) to identify the change in perception of corruption compared to the previous year; (4) keeping the pulse of business people on corruption in general; and (5) to propose institutional changes that will carry our country to a more successful point in the fight against corruption, based on the findings of the study.

Especially in order to realize the first three objectives, the first part of this study is devoted to calculating the country's score based on the Corruption Perceptions Index (CPI) methodology of Transparency International (TI), which is published every year but does not cover our country. The second part is distinct from TI-CPI studies as it goes beyond calculating a score and provides an in-depth examination of business people's perception of corruption in the country.

As in previous years, the survey, which we created based on the TI-CPI methodology and expanded with questions specific to northern Cyprus, was administered to 351 participants who hold managerial positions in companies that are members of the Turkish Cypriot Chamber of Commerce by telephone interview method. As in the

previous three studies, the fieldwork of the surveys conducted with business people was completed in the last two months of the year and was carried out by the Lipa Consulting company. The selection of 351 people forming the sample was made in a way to represent the business community in terms of regional, sectoral, number of employees, period of operation of the company and similar characteristics. Both the confidence level and the margin of error of the survey results are 5%.

Experts' opinions were collected at the beginning of 2021, within the framework of an 'online' survey we prepared using the TI-CPI methodology. As in previous years, this questionnaire was answered by a small group of retired, senior public officials with extensive experience in public procurement and the functioning of the state mechanism in our country in general.

When the answers of the two groups are brought together, our country's TI-CPI 2020 score is calculated as 36 out of 100. On a scale of 0-100, zero indicates very high corruption and 100 indicates no corruption. This score is below the average of 180 countries in the 2020 list published by Transparency International at the beginning of 2021, placing us at 104th position.

Compared to the previous year, there is a decrease of 4 points in our country's score, and this resulted in a 19-place deterioration in the ranking. This decrease is due to the drop in scores from both experts and business people. While our country's score was 1 point higher than our neighbor Turkey's score last year, it has dropped 4 points behind Turkey's this year. Our performance is also well behind our southern neighbor's score of 57, which was down 1 point compared to the year earlier.

As stated above, this study is different from TI-CPI studies, as it goes beyond calculating a score and delves into business people's perception of corruption. In this context, business people were asked qu-

estions other than the ones used by Transparency International, and the answers to these questions were shared in detail in the second part of the report. It is possible to summarize the results of the survey we conducted with business people under nine headings.

1. Corruption is widespread and a serious problem

88% of the business people who participated in the survey think that there is bribery and corruption in the Turkish Republic of Northern Cyprus (TRNC). Moreover, 58% think that corruption is a 'very serious problem'.

2. Corruption occurs mostly in the allocation of public immovables

According to respondents, the three most common transactions where 'bribery or undocumented extra payment' takes place are listed as follows: 55% of respondents consider bribery to be very common in 'allocation and lease of public land and buildings'; this is followed by 'incentives' (46%) and 'public contracts and licenses' (45%). The areas where bribery is the least common are as follows: More than half of the respondents (53%) said that there is no bribery in 'public utility' services. This was followed by 'obtaining favorable judicial decisions' (44%) and obtaining 'municipal services' (33%).

3. Approximately one in ten business people has paid a bribe in the last year

As a follow-up to the previous question, we have asked the participants the following question: 'did you have to give a bribe, gift or do a favor to the official concerned in the last year to receive any of the above services?' 12% of the participants answered 'yes'. When we asked a similar question to the public for a different study in 2019, the rate of those who answered 'yes' was 7%.

4. Public resources are abused by politicians and senior officials

57% of the respondents think that misappropriation of public re-

sources by ministers/officials for personal or party purposes is 'very common'. Politicians (55%) are seen as the group among which corruption is 'very common'; they are followed by senior civil servants (46%). Only 23% of the business people surveyed think that corruption is 'very common' among lower-level civil servants.

5. The institutional framework is weak

Among business people, 65% think that there are no 'clear procedures and accountability governing the allocation and use of public funds'. The proportion of those who think that there are no 'independent institutions auditing the management of public finances' reaches 67%. Of those who think there are clear procedures, only 21% think they are 'very effective' in preventing abuse. Similarly, only 19% of those who think that there are independent financial audit institutions believe that these institutions are 'very effective' in preventing corruption. The belief among the business people that the judiciary is independent enough to try political power holders for abuses is not strong either: 26% of the respondents answered 'yes' to the question 'is there an independent judiciary with the power to try ministers/public officials for abuses?' Only 24% of those who answered 'yes' think that the judiciary is 'very effective' in preventing corruption of politicians.

6. Those who are expected to deter corruption are not successful

When asked 'how successful/effective do you think the following institutions which are supposed to fight or expose corruption?' the rate of those who answered the question 'very successful/effective' is very low. The most effective is social media, which was found to be very successful by 41% of respondents; Police are in second place (31%), and Courts are in third place (29%). At the bottom of the list are the Parliament and the Prime Minister's Office's Board of Inspection: Both of them are found unsuccessful by 62% of the participants; Audit Office followed them with 55%.

7. The Government is very unsuccessful in fighting corruption

Participants were also asked how successful they found the Government in the fight against corruption. Only 9% of the respondents stated that they found the Government 'very successful' in this regard, while 65% stated that they found it 'very unsuccessful'.

8. Deputies whose immunity has been lifted are not expected to be seriously punished

After being reminded that 'the immunity of two Members of Parliament has been lifted due to corruption charges in the last 2 years', the participants were also asked whether they thought that these two deputies would receive a serious sentence at the end of the legal process. While a great majority (81%) of the participants stated that they thought that these deputies would not receive a serious punishment, only 8% expressed a firm belief that they would be seriously punished at the end of the trial procedure.

9. Offering voters money or a special favor in elections is very common

Finally, the participants were also asked a question about political corruption. The responses show that it is commonplace in our country to 'pay voters money or offer special favor to vote in a particular way'. 70% of the participants stated that this happens 'often' or 'very often'. When we asked a similar question to the public for a different study in 2019, the rate of those who gave the same answer was 52%.

Chapter 1:

Introduction

As in many other territories, where economic and democratic development processes have not yet been completed, corruption is an important problem in the northern part of Cyprus. The fact that corruption allegations played an important role especially in the 2018 early general election campaign, and that the immunity of two deputies whose names were involved in corruption allegations was lifted later are only two recent examples showing how prevalent corruption is.

One of the most prominent reference sources for corruption around the world is the Corruption Perceptions Index¹, which is annually prepared by Berlin-based international non-governmental organization Transparency International since 1995. The northern part of Cyprus is not included in this index where 180 countries and territories around the world are ranked based on the corruption perceptions in the public sector; therefore, we do not have any comprehensive data regarding the corruption perception in the northern part of Cyprus. With the vision of filling this gap and providing reliable findings for decision makers and the wider public on the level of corruption, we have started conducting research on the corruption perception in the northern part of Cyprus in 2017 on behalf of Friedrich Ebert Stiftung. This report is

¹ See 'Methodology' section from the following link to reach the methodology used by the Transparency International for 2020: <https://www.transparency.org/en/cpi/2020/index>

the fourth outcome of this effort.

This study is planned to be repeated on an annual basis. In the study published in 2018, we said ‘this study should be seen as the first step or even a pilot study of a long-term endeavor’ and stated that our aim for the future studies is to improve our methodology and analysis. Therefore, we noted that the feedback and recommendations of readers and stakeholders are important in reaching more accurate results, which will in turn, render it possible to make better policy recommendations.

Aim of the research

The starting point was the question ‘why don’t we have a study on corruption in the northern part of Cyprus similar to the ones included in the Transparency International’s annual Corruption Perceptions Index’. TI-CPI not only makes it possible to compare different countries’ corruption scores but also provides the opportunity to observe changes in corruption perception over time in the countries studied. Therefore, the absence of a study on corruption perception in the northern part of Cyprus deprived us of the chance to see how the northern part of Cyprus fared compared to the rest of the world, and how corruption perception has changed over time. This report aims to fill this gap and to provide scientific findings to the decision makers as well as the wider public on corruption and good governance. Hence, it has the objective to raise awareness about corruption and corruption prevention, and to make policy proposals.

Transparency International uses a composite index with 13 different data sources when it ranks countries based on their corruption perception scores. These sources do not cover all countries and therefore the score of a country can be calculated if data from [at least] three sources are available. None of these sources cover the northern part of Cyprus in their reports. Therefore, while preparing our first report for 2017, we had chosen three of these sources and used their methodology and survey questions to form our own questionnaire. While ma-

king the decision over which of these particular sources to choose, we tried to make sure that Turkey and Republic of Cyprus were covered by these institutions' studies so that we could compare the results. For the second study, we added a question from a fourth source (IMD - World Competitiveness Yearbook). As in the last two studies, this year too, we used the questions from the following sources:

- 1- IMD World Competitiveness Yearbook (IMD)
- 2- World Economic Forum (WEF) Executive Opinion Survey
- 3- Economist Intelligence Unit (EIU) Country Risk Ratings
- 4- Bertelsmann Foundation's Sustainable Governance Indicators (SGI)

There is only one question from IMD. This question, which was asked to the business community, is general but clear, and questions the existence of corruption and bribes. The questionnaire used by WEF consists of questions that are designed to identify and measure in which specific areas corruption takes place, and similar to the question from IMD, they are only asked to the business executives. Bertelsmann SGI and EIU's questions, on the other hand, gauges the effectiveness of institutions and mechanisms designed to prevent corruption. The aggregate TI-CPI country score is the average of the scores coming from these four sources.

Our report goes beyond calculating a score. The questionnaire includes some follow-up questions and questions formulated to reflect the specific conditions in the northern part of Cyprus. Furthermore, we asked some of the questions coming from SGI and EIU not only to experts but also to the business executives. The responses to these questions are included in the report. However, it is important to note that together with the responses given to our follow-up questions, the business executives' responses to the SGI and EIU questions are not taken into consideration in the calculation of the scores.

Some of the questions in the questionnaire may seem to be repetitive. This is because the questions came from four different sources, and for the sake of not distorting the scores we decided to keep the exact wording of the questions.

Methodology

The questionnaire was administered by Lipa Consultancy using the telephone survey method. The respondents were businesspeople holding executive positions at the companies that are members of the Turkish Cypriot Chamber of Commerce. The selection of the sample, comprising of 351 respondents, was done in a way that it represented the business community in terms of sectors, districts, firm size as well as number of employees and the age of the firm. Confidence level and margin of error of the results is 5%.

As we did in the previous studies, once we finished the administration of the questionnaire, we asked experts to answer the questions on effectiveness of the country's institutional framework in deterring corruption (EIU and SGI). Among these experts were retired bureaucrats from Audit Office, Council of Inspection and Investigation, Public Procurement Board/Authority and Parliament. Unlike previous years, this year we used an online survey, as it was not possible to gather experts in a workshop format due to the Covid-19 pandemic restrictions.

As we will explore in detail in the remainder of the report, the results both from the questionnaire with business executives and former bureaucrats showed that there is a clear perception that corruption is widespread, and the institutional framework designed to prevent it is insufficient. The responses to the follow-up questions supports this negative image too.

The composite 2020 corruption perceptions score of the northern part of Cyprus has been calculated as 36 out of 100. This score is below the average of 180 countries in the 2020 list published by Transparency

International at the beginning of 2021, placing the northern part of Cyprus at 104th.

The score for the northern part of Cyprus decreased by 4 points in comparison with the previous year, and as a result, it went down 19-places in the ranking. The decline stemmed from the decrease in the score from both experts and business executives. While the northern part of Cyprus score was 1 point higher than Turkey's score last year, it has dropped 4 points behind Turkey's this year. The northern part of Cyprus performance is also well behind Roc's score of 57, which was down 1 point compared to the previous year.

The report is comprised of five chapters. Following the introduction, a brief general theoretical discussion on corruption is given in the second chapter. In the third chapter, the components of the corruption perception score and the composite score are presented, and this score is compared with the rest of the world. In the fourth chapter, the responses to the survey conducted with business executives are discussed in detail. In the fifth and last chapter, four specific institutional change proposals are made, based on the findings of the study, that can bring our country to a more successful point in the fight against corruption. The questionnaire that we have used is provided in the annex.

Chapter 2:

About Corruption

In a wide spectrum, from the Pope at the Vatican—the highest authority for the Catholics—to the head of the ruling Communist Party of China in Beijing, authorities across the globe recognize corruption as perilous to the well-being of their communities². Several international institutions, non-governmental organizations, and even government offices have made eradicating corruption their top priority. Yet, it appears that all their efforts may have been in vain. The indicators that track the level of corruption all draw the same dismal picture: The world is becoming a more corrupt place!

If corruption is increasing despite growing attention and condemnation, should we even care? Is corruption actually a problem worth combatting in a world filled with problems? Simply put, yes. Corruption has a widespread negative impact that reverberates throughout society. Scholars studying the social, economic and political impacts of corruption showed that, among other things, corruption leads to reduction of income of the poor, efficiency losses, misallocation of resources, and deters potential investors from making new investments in the country. Some of such studies are listed in the selected bibliography.

² This chapter is mainly from 'Gokcekus, O. (with K. Bengyak). (2014). *Peculiar Dynamics of Corruption: Religion, Gender, EU Membership, and Others*. Singapore: World Scientific.

In terms of economic as well as social and political aspects of corruption, are concerned, two negative points stand out: Corruption affects the efficient allocation of resources and significantly deteriorates the social justice. Corruption distorts relative prices, which in turn leads to efficiency losses due to the misallocation of resources. The relative prices are used as a benchmark by the producers and consumers in making production and consumption decisions. Hence, by distorting relative prices, corruption leads to resource allocation inefficiencies in both production and consumption. This indicates that corruption has a high cost even when we push aside its harmful social and income distribution effects, and just focus on only economic considerations.

Moreover, study after study have shown that corruption disproportionately hurts the poor and people otherwise economically disadvantaged and in doing so deepen inequality and social injustice. This is particularly true in education and health where corruption prevents these groups from getting the proper education and health services they need and deserve. In return, this denial of service restricts their ability to improve their human capital and their chances to advance in life by limiting an upward social mobility and poverty reduction. An environment where the rich becomes richer and the poor becomes much poorer is created where the social fabric is damaged.

In addition to the negative impacts of corruption, the experts also conducted detailed studies on the conditions and circumstances that increase corruption. In the countries with high corruption level, the public sector is relatively large; the governance is weak; the level and quality of transparency are low; the markets are unstable; the legal system is fragile and the political and individual rights are weak.

In the related literature, there are detailed information on the ways that can be used in the mitigation of corruption. However, there is no consensus on the definition of corruption. The definition of corruption is important as it will determine how to tackle it. For example, if corruption is only the money paid to the public officers to access public services and goods that cannot be obtained via legal means, in other words if it is bribe, then reducing the level of corruption would be equal to reducing the bribing. If corruption is defined from a broader perspective as “use of public service for private gain”, then the things required for the prevention of corruption would be more comprehensive. Some argue that corruption is changing rules by the people with economic and political power for their own personal interests. Similarly, such definition of corruption would require a different type of prevention against corruption.

In addition to the disagreements over the definition of corruption, another significant challenge for the students of corruption is measuring it. As it is by definition unrecorded it is not easy to quantify corruption through official statistics. Therefore, researchers generally try to capture 'corruption perception' by using survey method; the method adopted in this study. The alternative to measuring corruption perception is looking into the number of corruption convictions and comparing it by pears or different regions in the same country. Both approaches have their strengths and weaknesses. However, there is no other generally accepted methodology in the literature.

Indeed, there are a number of surveys conducted by various organizations to determine the level of corruption perception. Some of these surveys measure the perceived level of corruption or the change in the perceived level of corruption over time. Other surveys determine in which sectors or transactions the perceived level of corruption is higher. There are also surveys examining the presence of rules and regulations that make corruption more difficult,

or the effectiveness existing rules and regulations. As is explained earlier in the introduction section, we conducted a comprehensive survey to capture different aspects of corruption in the northern part of Cyprus. We present the findings of this survey in the next chapter.

Chapter 3:

Corruption Perceptions Index and its Components

As mentioned earlier, Transparency International's – Corruption Perceptions Index is a composite index; it is constructed using data from various independent data sources, which quantify perceptions of corruption in the public sector. Unfortunately, none of these sources cover the northern part of Cyprus. In the absence of independent data sources, we decided to come up with two surveys using questions from four of these data sources. We chose IMD; WEF; EIU; and Bertelsmann Foundation's Sustainable Governance Indicators (SGI).

In this section, first, the scores calculated based on answers to the questions from these four distinct sources will be given separately. Then, we will show where each score places our country on the relevant ranking, and finally, where our composite index score puts the northern part of Cyprus in the rankings will be evaluated.

Based on the respondents' answers to the first question, the IMD score of the northern part of Cyprus has been calculated as 42 for 2020. As it is in the methodology of TI, our score is based on the survey conducted with business executives. The RoC's score is 50, which is way below the European Union average of 62. This score is not available for Malta. The scores of Turkey and Greece are 53 and

54 respectively.

Based on the second and sixth questions in the survey, we calculated the 2020 WEF score of the northern part of Cyprus as 54. In line with the TI methodology, this score is only derived from the survey conducted with business executives.

Table 1: North Cyprus-WEF 2020 Score and its Components

| Question | Scale | Average Score | Average Score (Out of 100) |
|--|---|---------------|----------------------------|
| How common is diversion of public funds to companies, individuals or groups due to corruption? | 1, 2, 3, 4, 5, 6, 7 1: very common 7: not common at all | 3.38 | 48 |
| How common is it for firms to make undocumented extra payments or bribes connected with the following? | 1, 2, 3, 4, 5, 6, 7 1: very common 7: not common at all | | 59 |
| • Imports and exports | | 3.93 | |
| • Public utilities | | 4.99 | |
| • Annual tax payments | | 3.92 | |
| • Public contracts | | 3.20 | |
| • Obtaining favourable judicial decisions | | 4.60 | |
| North Cyprus - WEF 2020 Score = 54 | | | |

The 2020 WEF scores of Republic of Cyprus was 58; Malta's score was 51. When we look at our Greece and Turkey, we see that Greece's score was 44 and Turkey's score was 57. The average score for the European Union member states was 56. Therefore, it is possible to say that the northern part of Cyprus WEF score looks good.

Table 2: 2020 North Cyprus Corruption Perceptions Scores in Comparison with the Scores of Selected Countries

| | North Cyprus | Republic of Cyprus | Malta | Greece | Turkey |
|------------------------|-----------------|-----------------------|-------|--------|--------|
| Bertelsmann SGI | 23 | 35 | 53 | 53 | 26 |
| EIU | 27 | 72 | 55 | 37 | 37 |
| IMD | 42 | 50 | | 54 | 53 |
| WEF | 54 | 58 | 51 | 44 | 57 |
| | | | | | |
| TI-CPI | 36 | 57 | 53 | 50 | 40 |
| Ranking | 104 | 42 | 52 | 59 | 86 |

According to the document, where the Transparency International describes the sources and questions that it uses to form the composite index, EIU determines this score relying on teams of experts based in its headquarters who also collaborate with in-country specialists. Following a similar procedure, we took the answers of experts as our basis in the calculation of this score. The EIU score of the northern part of Cyprus is calculated as 27 based on the answers given by experts. This score is 7 points below last year's score and is well behind the RoC's score, which is 72. Malta's score is 55. The northern part of Cyprus score is also far from the EU average of 63. However, it is above the scores of Greece and Turkey (37).

Table 3: North Cyprus-EIU 2020 Score and its Components

| Questions | Average Score (Out of 100) |
|--|----------------------------|
| Is there a tradition of payment of bribes to secure contracts and gain favours? | 25 |
| Are public funds misappropriated by ministers/public officials for private or party political purposes? | 25 |
| Are public funds misappropriated by ministers/public officials for private or party political purposes | 33 |
| Are there general abuses of public resources? | 19 |
| Are there clear procedures and accountability governing the allocation and use of public funds? | 37 |
| In addition to the appointments made at the top level (undersecretary and director) in the public sector, to what extent are the appointments made to the boards of directors of public institutions and organizations based on merit? | 10 |
| Is there an effective and independent financial auditing unit? | 37 |
| North Cyprus - EIU 2020 Score = 27 | |

Finally, when we look at the Bertelsmann SGI scores calculated on the basis of the answers given by the experts to the questions in Table 4 we are faced with an alarming picture again: the northern part of Cyprus Bertelsmann SGI score is 23. This means that the mechanisms, which are designed to ensure the integrity of officeholders and to prevent public servants and politicians from accepting bribes, are in practice, far from being deterring. This score has increased by one point compared to the previous year. RoC score is 35, while Malta and Greece have the score of 53. While the average score of EU countries is 63, Turkey's score is 26.


Table 4: North Cyprus-Bertelsmann SGI 2020 Score and its Components

| Questions | Average Score (Out of 10) |
|--|---------------------------|
| To what extent are public officeholders prevented from abusing their position for private interests? | |
| Is there an independent body auditing the management of public finances? | 10 |
| To what extent is party financing and electoral campaign financing transparent, effectively monitored and in case of infringement of rules subject to proportionate and dissuasive sanction? | 23 |
| To what extent can citizens and media obtain official information? | 40 |
| Are there mechanisms (such as asset declarations, conflict of interest rules, codes of conduct) to increase the accountability of public authorities? | 30 |
| Is there an effective and independent public procurement system/unit? | 15 |
| Is there an Attorney General's Office / Police that act effectively and independently in the context of prosecuting corruption cases? | 19 |

North Cyprus – Bertelsmann – SGI Score = 23

The aggregate corruption perception score of north Cyprus, which was the average of all scores, was calculated as 36.

Table 5: North Cyprus TI-CPI 2020 Score and its Components

| |
|---|
| IMD Corruption Score = 42 |
| EIU Corruption Score = 27 |
| WEF Corruption Score = 54 |
| Bertelsmann-SGI Corruption Score = 23 |
|  |
| North Cyprus Corruption Perceptions 2020 Score = 36 |

Transparency International's CPI uses a scale of 0 to 100, where 0 is highly corrupt and 100 is very clean. In 2020's ranking, the cleanest two countries were Denmark and New Zealand, whose scores were 88, while the most corrupt countries were Somalia and South Sudan with scores of 12.

Out of 180 countries and regions whose TI-CPI score is calculated, the score of 36 places us in 104th place, along with Albania, Algeria, Ivory Coast, El Salvador, Kosovo, Thailand and Vietnam. This score puts us behind all of the countries we use for comparison. In this ranking, the RoC is 42nd, Malta 52nd and Greece 59th. Turkey, on the other hand, is 86th, 18 places ahead of us. Extremely worrying is that our score is also below the average of 180 countries and region's average, which is 43.

Table 6: North Cyprus' ranking in TI-CPI 2020

| Country | Score | Ranking |
|------------------------|--------------|----------------|
| Burkina Faso | 40 | 86 |
| India | 40 | 86 |
| Morocco | 40 | 86 |
| Timor-Leste | 40 | 86 |
| Trinidad and Tobago | 40 | 86 |
| Turkey | 40 | 86 |
| Colombia | 39 | 92 |
| Ecuador | 39 | 92 |
| Brazil | 38 | 94 |
| Ethiopia | 38 | 94 |
| Kazakhstan | 38 | 94 |
| Peru | 38 | 94 |
| Serbia | 38 | 94 |
| Sri Lanka | 38 | 94 |
| Suriname | 38 | 94 |
| Tanzania | 38 | 94 |
| North Cyprus | 37 | 102 |
| Gambia | 37 | 102 |
| Indonesia | 37 | 102 |
| Albania | 36 | 104 |
| Algeria | 36 | 104 |
| Cote d'Ivoire | 36 | 104 |
| El Salvador | 36 | 104 |
| Kosovo | 36 | 104 |
| Thailand | 36 | 104 |
| Vietnam | 36 | 104 |
| Bosnia and Herzegovina | 35 | 111 |
| Mongolia | 35 | 111 |
| North Macedonia | 35 | 111 |
| Panama | 35 | 111 |

Table 7: 2020 TI-CPI: The best and worst 20 countries

| | Best 20 | TI-CPI | Ranking | Worst 20 | TI-CPI | Ranking |
|-----------|-----------------------|---------------|----------------|-------------------------------|---------------|----------------|
| 1 | <i>Denmark</i> | 88 | 1 | <i>Chad</i> | 21 | 160 |
| 2 | <i>New Zealand</i> | 88 | 1 | <i>Comoros</i> | 21 | 160 |
| 3 | <i>Finland</i> | 85 | 3 | <i>Eritrea</i> | 21 | 160 |
| 4 | <i>Singapore</i> | 85 | 3 | <i>Iraq</i> | 21 | 160 |
| 5 | <i>Sweden</i> | 85 | 3 | <i>Afghanistan</i> | 19 | 165 |
| 6 | <i>Switzerland</i> | 85 | 3 | <i>Burundi</i> | 19 | 165 |
| 7 | <i>Norway</i> | 84 | 7 | <i>Congo</i> | 19 | 165 |
| 8 | <i>Netherlands</i> | 82 | 8 | <i>Guinea Bissau</i> | 19 | 165 |
| 9 | <i>Germany</i> | 80 | 9 | <i>Turkmenistan</i> | 19 | 165 |
| 10 | <i>Luxembourg</i> | 80 | 9 | <i>Dem. Rep. of the Congo</i> | 18 | 170 |
| 11 | <i>Australia</i> | 77 | 11 | <i>Haiti</i> | 18 | 170 |
| 12 | <i>Canada</i> | 77 | 11 | <i>Korea, North</i> | 18 | 170 |
| 13 | <i>Hong Kong</i> | 77 | 11 | <i>Libya</i> | 17 | 173 |
| 14 | <i>United Kingdom</i> | 77 | 11 | <i>Equatorial Guinea</i> | 16 | 174 |
| 15 | <i>Austria</i> | 76 | 15 | <i>Sudan</i> | 16 | 174 |
| 16 | <i>Belgium</i> | 76 | 15 | <i>Venezuela</i> | 15 | 176 |
| 17 | <i>Estonia</i> | 75 | 17 | <i>Yemen</i> | 15 | 176 |
| 18 | <i>Iceland</i> | 75 | 17 | <i>Syria</i> | 14 | 178 |
| 19 | <i>Japan</i> | 74 | 19 | <i>Somalia</i> | 12 | 179 |
| 20 | <i>Ireland</i> | 72 | 20 | <i>South Sudan</i> | 12 | 179 |
| | | | | | | |
| | Average | 80 | | | 18 | |

Chapter 4:

The Detailed Results of the Survey Conducted with the Business Executives

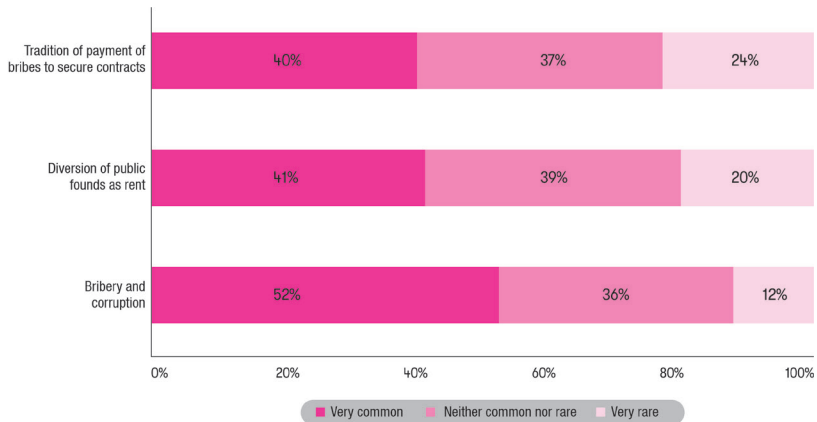
The survey that was conducted with the business community representatives is comprised of 15 questions. Some of these questions are the same as those used by Transparency International. Some of them are questions that are asked only to experts in the sources used by Transparency International. The rest are questions that we have formulated to address specifically problems in the northern part of Cyprus. In this chapter, the business executives' answers are reported in detail.

For most questions, the respondents were asked to give their answers in a scale between 1-7. In the evaluation of responses and preparation of graphs, the ranges of 1-2 and 6-7 were considered as clear responses, and the responses between 3-5 were given under a separate category. For example, if the question is about the effectiveness of a given institution in the prevention of corruption, '1-2' was considered as 'very effective,' '3,4,5' average, '6-7' 'not effective at all'. The numerical values were directly used for the responses used in the calculation of index.

A. What was the level of corruption perception and how did it change compared to the year earlier?

The questionnaire starts with a question from IMD asking directly whether bribing and corruption exist in the northern part of Cyprus. 52% of survey participants think that corruption and bribing is 'very common' in the northern part of Cyprus while 12% believe that it does not exist. In other words, 88% of participants think that corruption, to different extents, exists in the country. The second and fourth questions, which are formulated in a slightly different manner, give similar results. When asked 'How common is diversion of public funds to companies, individuals or groups due to corruption?' 41% of the participants said 'very common' while only 20% said 'not common at all'. In a similar vein, in response to the question, 'Is there a tradition of payment of bribes to secure contracts and gain favors?' 40% said 'very common', while only 24% said not common at all.

Figure 1: Bribing and corruption

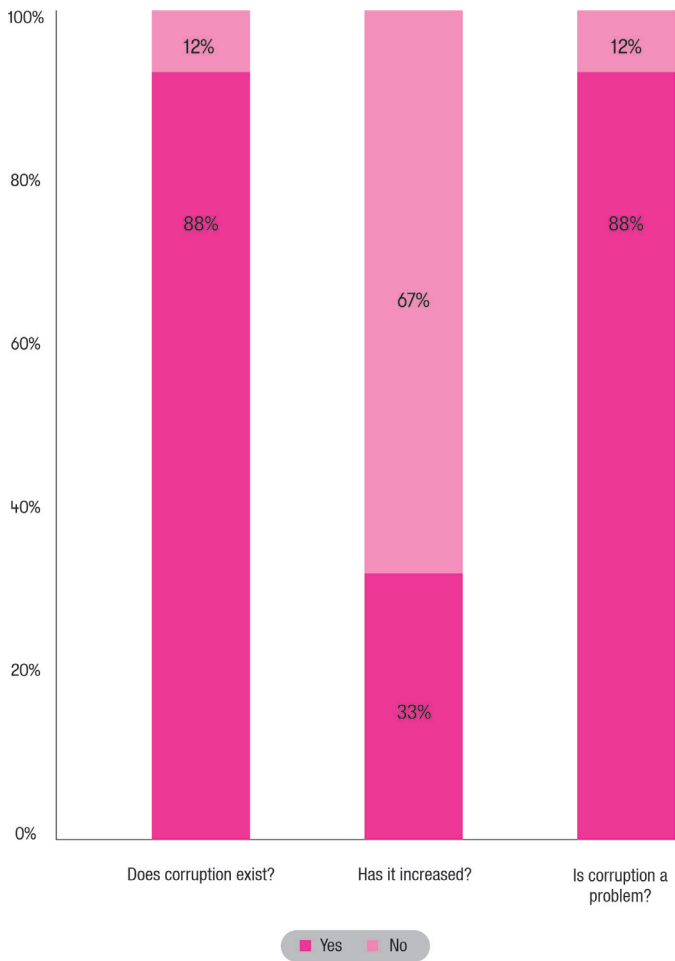


When the respondents asked to grade the problem of corruption in the country, 58% of them said that it is 'a serious problem' while

12% believed that it is not a problem at all.

In the fifth question, business executives were asked to compare the current year's level of corruption to the previous year. The majority (60%) reported no change in the level of corruption; one third of the respondents thought that it had increased, while only 6% said that it had declined.

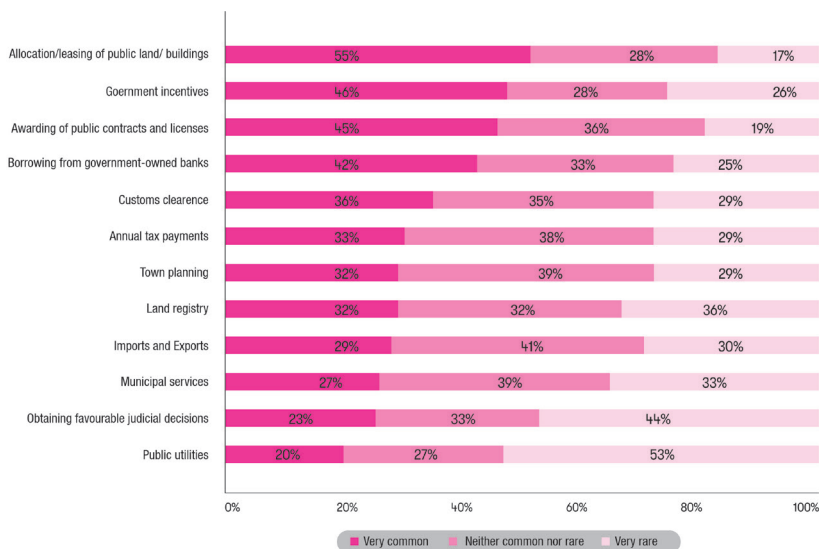
Figure 2: Does corruption exist? Is it an important problem? Did it increase compared to the previous year?



B. In which specific situations is corruption most common?

In the sixth question, we asked how common it was for firms to make undocumented extra payments or bribes connected with various “transactions” where the businesspeople interact with public sector officials. In the first study published in 2018, we had added two transactions specific to the northern part of Cyprus in addition to the original questions from WEF. These were ‘allocation and leasing of land and buildings’, and ‘allocation of credit from government-owned banks’. In accordance with the feedback from the stakeholders, we added four new transactions to our questionnaire in our second survey i.e. ‘government incentives’, ‘land registry (title deed procedures)’, ‘customs procedures’ and ‘town planning’. Finally, for the third study, ‘local government (municipal services)’ were also added. We used the same transactions in this survey too. These extra questions were not used in the calculation of WEF score or aggregate score as they did not feature in the questionnaires in other countries. Nevertheless, we consider these as important findings, which reveal the areas where bribing is most common in the northern part of Cyprus.

Similar to the previous year, the allocation/leasing of public land and buildings turned out to be the area where the corruption perception was highest. 55% of the respondents think that corruption is ‘very common’ in such transactions. Obtaining government incentives is the second on the list with 46%. On both circumstances, only 17% and 26% of the respondents respectively said bribing never took place. Awarding of public contracts (45%), borrowing from public banks (42%) are the other areas where bribing is considered as ‘very common’.

Figure 3: In which areas is bribing most common?

In this context, 'electricity, water and telephone services' and 'influencing court decisions' stand out as the areas where bribery is least encountered. While 53% of respondents say that there is no bribery in obtaining 'electricity, water and telephone services', 44% say the same about influencing court decisions.

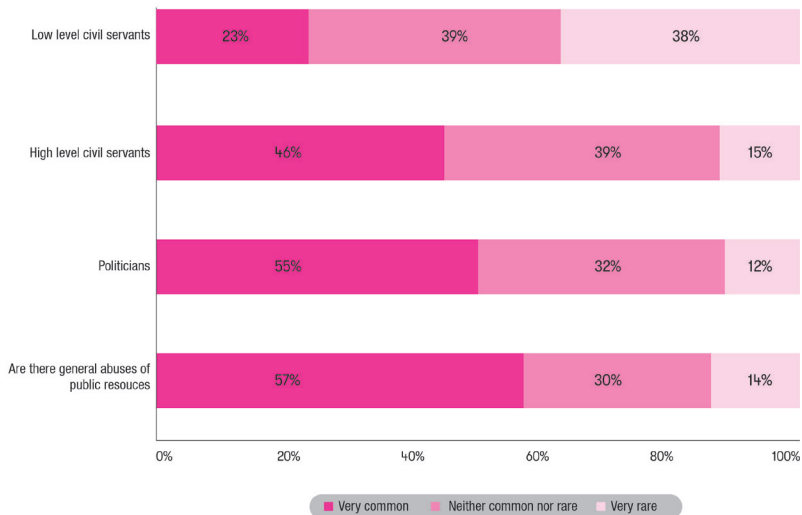
As a follow-up to the question above, we asked for the first time this year, "Did you give a bribe, gift or do a favor to the relevant authority in order to receive any of the above services in the last 12 months?" 12% of the participants answered 'yes' while 85% said 'no'. For another study, when we asked the same question to TRNC citizens in 2019, the rate of those who said 'yes' was 7% (Sonan and Gökçekuş 2020).

C. Are public resources abused? Which actors are involved?

According to the answers given to the seventh question, 57% of the participants think that the abuse of public resources by ministers/officials (for their personal or political party purposes) is very common; only 14% think that the public resources are not abused at all.

The eighth question was formulated to identify among which groups corruption was most common. According to 55% of the respondents, corruption is 'very common' among politicians. The answers given by the participants to the question that required them to make a comparison between the upper-level civil servants and the lower-level civil servants reveals that there is a serious distinction between these two groups. While 46% of the respondents think that corruption is 'very common' among senior civil servants, this rate drops to 23% among lower-level civil servants.

Figure 4: Who is involved in corruption? Are public resources abused?



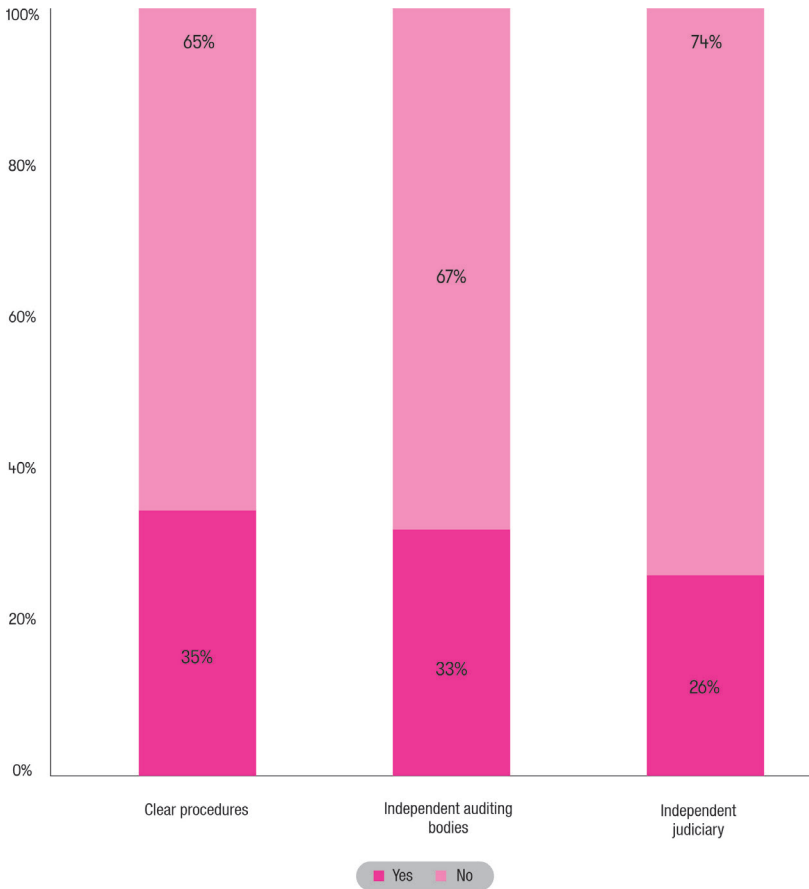
D. Do institutional mechanisms which aim to prevent corruption exist?

The questions from this point on deal with the quality of the institutional mechanisms and units that combat corruption. Questions are designed, first, to identify whether certain practices, organizations and legislations exist or not, and then evaluate the level of effectiveness of these in deterring corruption in the eyes of the participants.

The ninth question asks whether there are strict procedures governing the use of public resources in general. One-third of the participants answered 'yes' (35%) while two-thirds (65%) answered 'no' to this question. Those who answered only 'yes' to this question were also asked a follow-up question, 'To what extent can these procedures prevent the authorities from abusing their positions for their private interests'. Of these, only 21% said these procedures were 'very effective' in preventing corruption, while 45% said they were 'not effective at all'.

In the tenth question, it was asked whether there were 'independent institutions overseeing the administration of public finances'. Similarly, in the eleventh question, it was asked whether there is 'an independent judiciary with the power to try ministers/public officials for abuses?'. A significant number of the respondents to both questions expressed a negative opinion. While 67% of the participants stated that they do not believe that financial audit institutions are independent, the rate of those who believe that the judiciary is not independent enough to try corrupt political power holders reached 74%.

Figure 5: Do legal framework and institutions designed to prevent corruption exist?



Responses to the follow-up questions directed to those who answered 'yes' to the tenth and eleventh questions are also worrying. Only 19% of those who think that there are independent financial audit institutions think that these institutions are 'very effective' in preventing corruption by the authorities, while 49% say they are 'not effective at all'. Although the perception of the deterrence of the judiciary is somewhat better, the situation here is not very en-

couraging either. Only 24% of those who think that the judiciary is independent enough to punish high-level officials find the judiciary 'very effective', 47% do not find it 'not effective' at all.

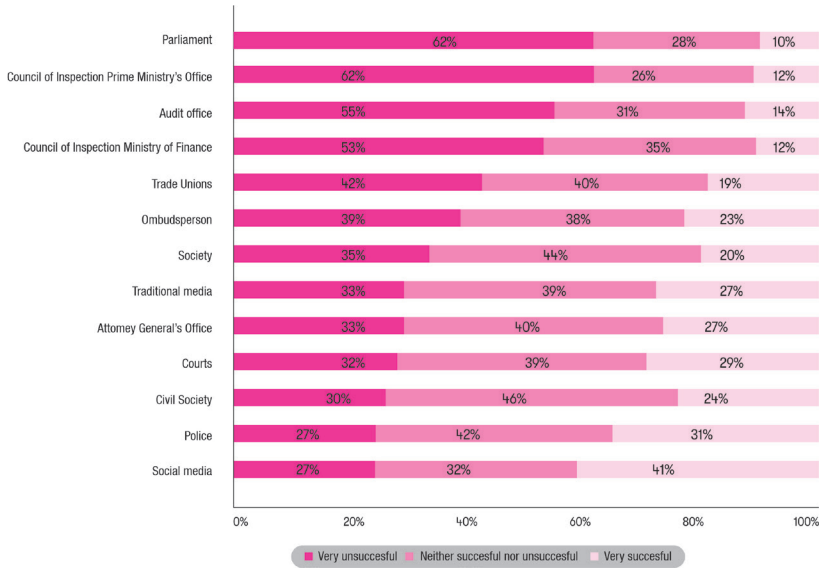
Figure 6: Are legal procedures and independent institutions effective in preventing corruption?



E. How successful are different institutions at preventing corruption?

The last four questions are the ones that we added to better capture the pulse of business people in the northern part of Cyprus.

The twelfth question asked how successful various institutions were in preventing or exposing corruption. The answers are of the kind that will create pessimism.

Figure 7: Are institutions effective in preventing corruption?

The institution that the participants found the most successful or influential was social media this year, as in the first three studies. However, even for the social media, the rate of those who say 'extremely successful/effective' is only 41% of the participants. Police are in second place with 31%. The courts are in third place by a narrow margin (29%). These are followed by the Attorney General's Office and traditional media with 27%. The Ombudsperson (23%) follows them.

The percentage of those who find civil society, society in general, and trade unions 'very successful/effective' varies between 24% and 19%, respectively.

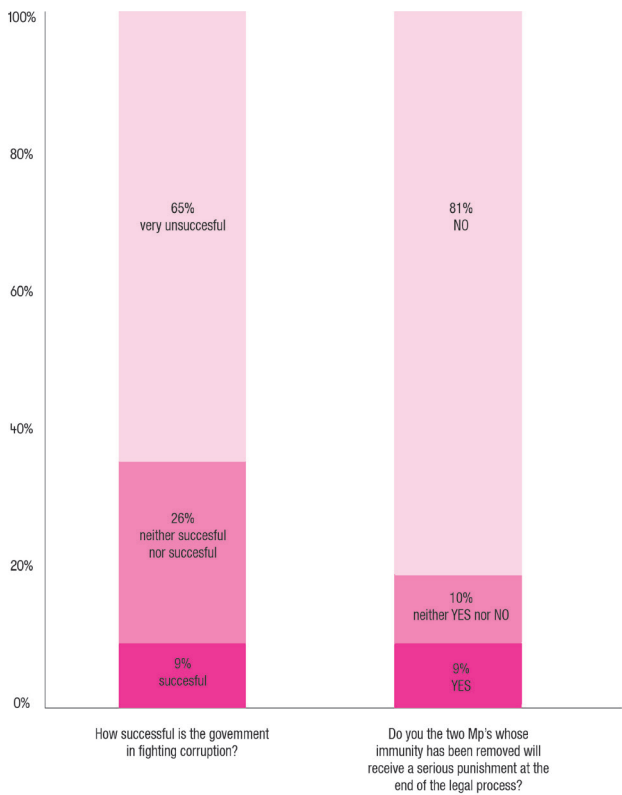
Financial audit institutions in the TRNC, the Council of Inspection and Investigation (under Ministry of Finance), the Audit Office and the Council of Inspection (under Prime Minister's Office) stand out as the institutions perceived as the least successful in the

fight against corruption. The performance of the parliament also appears to be extremely poor. Particularly, the rate of those who say that the Parliament and the Council of Inspection (under Prime Minister’s Office) are not successful at all reaches 62%, while the rate of those who say they are very successful is around 10%.

F. How successful is the government in preventing corruption?

In the thirteenth question, respondents were asked how successful they found the Government in the fight against corruption. While 65% of the participants said that they did not find the government successful at all, only 9% stated that they found it 'extremely successful'.

Figure 8: How successful is the government in fighting corruption?

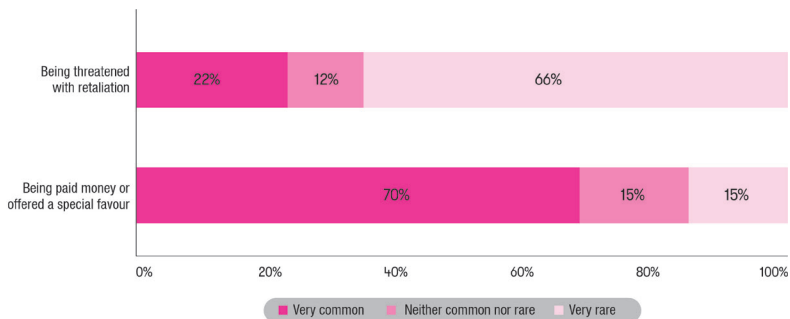


G. Political Corruption

In the fourteenth question, the participants were asked “Do you think that two deputies whose immunity has been lifted and their trial has been opened will receive a deterrent punishment at the end of the legal process?”. While the overwhelming majority (81%) of the respondents stated that they do not expect a serious punishment to be issued at the end of the process, 9% of the respondents stated that they think that the deputies on trial will receive a serious punishment.

The fifteenth question consists of two sub-questions on political corruption. In the first part of the question, the respondents were asked how often “paying the voters to vote in a certain way or promising a special benefit” occurs during the elections held in our country. More than two-thirds of the participants stated that they think this happens frequently. In the second part of the question, we asked businesspeople how often 'voters were threatened with punishment if they did not vote in a certain way'. Two-thirds of the participants answered this question as 'very rarely' or 'never', while 22% stated that this happens frequently.

Figure 9: Political corruption



Chapter 5:

Concluding Remarks and Policy Recommendations

The results of the surveys with the business executives and the experts show that corruption perception in the northern part of Cyprus is quite high.

The results of the survey conducted with the business executives paint a bleak picture. The majority of the survey participants (58%) consider corruption as 'a serious problem'. This is almost the same as last year (57%). Regardless of how the questions were formulated, the proportion of respondents who said that corruption was 'very common' was way higher than the ones who said it was 'not common at all'. For instance, when asked whether 'there is bribing and corruption in northern part of Cyprus', 52% responded as 'very common' while 12% said 'not common at all'. Last year, these rates were 41% and 15%, respectively. This result explains the 5-point decline in the IMD score. In addition, the rate of those who think that corruption has decreased in the last year is only 6%, while the rate of those who think that it has increased is 33%.

The provision of public services such as water and electricity and

influencing court decisions were identified as the areas where bribery was least common. There has not been a big change in these areas compared to the previous year. There is a worsening in other areas that determine the relevant score (WEF). While the rate of those who said that there is no bribery in import and export transactions last year was 41%, this rate decreased to 30% in 2020. A similar deterioration is observed in public procurement. While the rate of those who said that there is no bribery in this field last year was 29%, this rate has decreased to 19% this year. As a result of these, there is a 3-point decrease in the WEF score compared to the previous year.

Despite everything, the WEF score is above the global average (47) (Transparency International 2021). This is of course positive and deserves appreciation. However, there are serious problems in several transactions in the northern part of Cyprus, which we did not include in the calculation of the score because they were not asked by the WEF. That is, as in the previous three studies, the allocation and leasing of public real estate and government incentives stood out as the areas where bribery is most common in 2020. Moreover, there is a serious deterioration compared to the previous year. While last year, 46% and 37% said that bribery is very common in these two areas, respectively, these rates have increased to 53% and 46% this year.

In this report, for the first time, we used a follow-up question to WEF questions; we asked business executives whether they had to pay a bribe to receive any of these services in the past year. 12% of the participants said "yes" to this question. When we asked a similar question to the public for a different study in 2019, the rate of those who answered "yes" was 7% (Sonan and Gökçekuş 2020).

Respondents hold politicians and political parties responsible for corruption. Furthermore, participants' trust in the effectiveness

of institutions and mechanisms designed to combat corruption is quite low. It is understood from this that the independence of institutions that are independent on paper is being questioned in practice.

Based on the responses of businesspeople to our survey, it is possible to say that the situation has deteriorated slightly, if we make a general assessment on the basis of trust in institutions within the framework of the fight against corruption, compared to the previous year. However, the institutions responsible from the detection of corruption to the punishment of wrongdoers are far from satisfying the expectations of the business community. That is, according to the answers given to Question 12, the rate of those who find the financial audit institutions responsible for detecting corruption (Audit Office, Council of Inspection (under Prime Minister's Office), Council of Inspection and Investigation (under Ministry of Finance)) 'very successful/effective' does not exceed 14%; the majority of participants find them not successful/effective at all.

It is possible to see the pessimism reflected in the answers of businesspeople as well as in the answers of the experts. According to experts, it is not possible to talk about a concrete improvement in the institutional framework or in enforcement in the last year. On the contrary, when asked to evaluate the situation in general compared to a year ago, experts pointed to a deterioration. This is particularly evident in the EIU score.

The following striking findings, which emerged in the previous study with experts, remain valid: (1) There are some shortcomings in the institutional infrastructure, which become manifest in one of the following ways: (a) there is no legislation in the area concerned; (b) lack of rules and regulations that make the implementation of legislation possible; or (c) there are loopholes in legislations hindering the full implementation of law. (2) Where there is no shortco-

ming in the institutional arrangements, there are challenges in the implementation process. According to the experts, this is caused by three interrelated reasons: (a) Lack of personnel. Some of the institutions do not have enough personnel to perform their duties; (b) the ones that are obliged to perform inspections or implement laws are reluctant to do so due to highly politicized nature of appointments to higher levels in bureaucracy. Higher level bureaucrats do not duly perform their duties since they either feel gratitude to politicians appointing them or concerned about getting reappointed; (c) the partisan/clientelistic recruitment and promotion practices deteriorates the quality of bureaucracy. In other words, some of the public officials that have a key role in preventing corruption are not qualified. To summarize, public funds become open to abuse because of legal loopholes or problems in enforcement.

In short, the results of this fourth study show that, as in the previous three studies, we are not at the desired point in the fight against corruption.

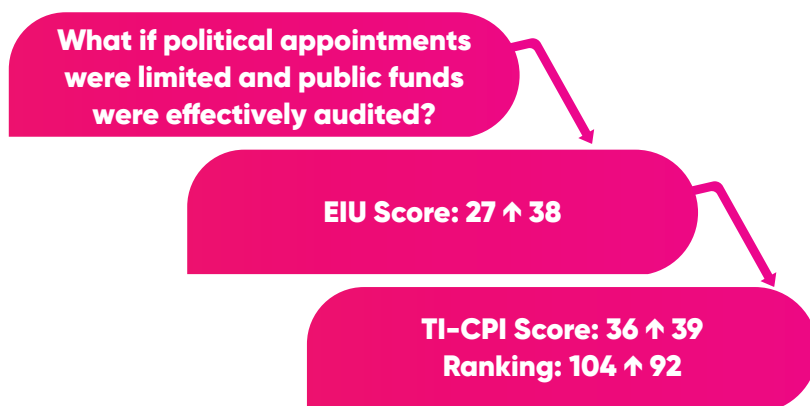
What can be done to change the situation? It is possible to decrease the corruption level in a country through introducing various institutional reforms. As in the previous three reports, this year we focus on the same four concrete proposals. There are two main reasons why we insist on these four suggestions. The first one is the sensitivities and expectations of the wider public. The second is the practicality and relative easiness of introducing them. If all these reforms are implemented, not only our institutional framework to combat corruption will improve, but also as a result of this, the CPI score of the country and the ranking will go up considerably.

Our first proposal is limiting the number of political appointments to the high-level posts in the public service. Limiting the number of political appointments to only one in each ministry i.e., undersecretary position to serve as a bridge between the elected and

career officials, would not only help professionalizing the public sector but also could improve the problem about suspended political appointees [müşavir]. Our second policy recommendation is about discretionary or 'special funds for which there is no accountability'. Our discussion with experts revealed that technically there are not any discretionary funds, which are not subject to auditing and control. Therefore, in this case rather than passing a new legislation or designing a new mechanism, what needs to be done is to enforce the existing rules and mechanisms effectively.

If these two proposals are implemented, the EIU score will go up from 27 to 38, which will translate into a rise in the TI-CPI score from 36 to 39. This would then mean an upward move in rankings to 104th place from 92rd.

Figure 10: What if political appointments were limited and management of public funds were effectively audited?



Making the process of declaration of assets fully transparent and making declarations publicly accessible and complementing it by

declaration of liabilities, would be another major step in combating corruption. Similarly, the effective enforcement of existing regulations facilitating citizen and media access to information would make things better. The implementation of related reforms would increase our Bertelsmann-SGI score from 23 to 45 and make our TI-CPI score from 36 to 42. Such change in the score would move us from 104th to 78th place in the ranking.

Figure 11: What if asset declaration was made fully transparent and regulations facilitating access to information was effectively enforced?

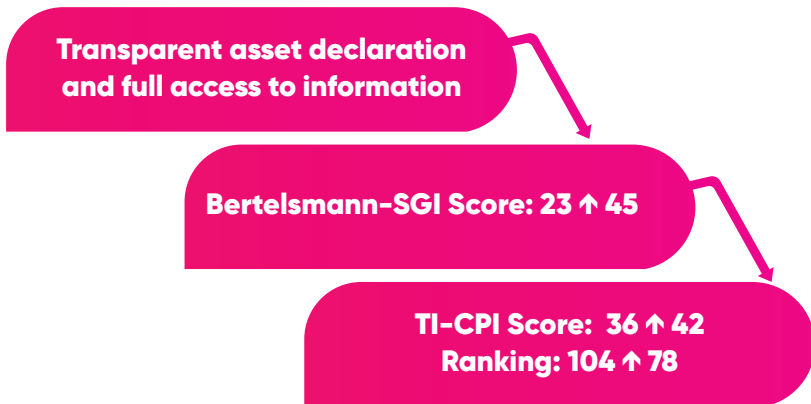


Table 8 summarizes how scores and rankings will change if the four proposed reforms are implemented individually. In such case, the score of northern part of Cyprus would go up to 47 and the ranking climbs 41 places to 63rd place. This score would place us 4 points above the overall average of 43, just below EU countries Slovakia and Greece, and just above Bulgaria, Hungary and Romania.

Table 8: How would scores and ranking change if these four recommendations were implemented?

| Reform | Improvement in score/ranking | | |
|--|------------------------------|-----------------------------|-------------------|
| | Rise in the specific score | Rise in the composite score | Change in ranking |
| • Limited number of political appointments (EIU) | + 11 | + 3 | + 12 |
| • No special funds without accountability (EIU) | + 8 | + 2 | + 10 |
| • Full transparency in asset & liability declaration (SGI) | + 12 | + 3 | + 12 |
| • Full access to information (SGI) | + 10 | + 3 | + 12 |
| • If all four reforms are implemented | + 42 | + 11 | + 41 |

Apart from these, strengthening the financial audit institutions, the chief prosecutor's office, the police and the judiciary, which play an important role in detecting and punishing corruption, and making them more independent appear as tasks that need to be done in the medium term. For these to happen, the shadow of politics must be lifted from these institutions.

With the hope that this study, which aims to hold a mirror to our society, will shed light on the public in the fight against corruption.

Corruption Perceptions Questionnaire for Business Executives (2020)

Good day! My name is I call you from Lipa Consultancy. We would like to get the views of business executives, like you, for our 'corruption perception' study that we are conducting for the fourth time in the northern part of Cyprus.

The most prominent reference source about corruption worldwide is the Corruption Perceptions Index, which is annually published by Berlin-based Transparency International. Our country is not covered in this index; therefore, there is no data available regarding corruption perception in our country. For the sake of starting a debate informed by scientific findings, two Turkish Cypriot academics have started a similar research on this with the support of Friedrich Ebert Stiftung, a German political foundation.

Your answers will be kept strictly confidential. Your or your company's name will not be used for any document regarding this survey. We thank you for accepting to take part in this survey.

Note: The survey will be conducted with business executives!

1. Do bribing and corruption exist in TRNC?

| | | | | | | |
|---------------|---|---|---|---|---|---------------|
| 1-Very Common | 2 | 3 | 4 | 5 | 6 | 7- Not at all |
|---------------|---|---|---|---|---|---------------|

2. How common is diversion of public funds to companies, individuals or groups due to corruption?

| | | | | | | |
|---------------|---|---|---|---|---|---------------|
| 1-Very common | 2 | 3 | 4 | 5 | 6 | 7- Not at all |
|---------------|---|---|---|---|---|---------------|

3. How do you grade the problem of corruption in TRNC?

| | | | | | | |
|-----------------|---|---|---|---|---|---------------------|
| 1-Not a problem | 2 | 3 | 4 | 5 | 6 | 7-A serious problem |
|-----------------|---|---|---|---|---|---------------------|

4. Is there a tradition of payment of bribes to secure contracts and gain favours?

| | | | | | | |
|---------------|---|---|---|---|---|---------------|
| 1-Very common | 2 | 3 | 4 | 5 | 6 | 7- Not at all |
|---------------|---|---|---|---|---|---------------|

5. Has corruption decreased, stayed the same or increased compared with one year ago?

| | | |
|-----------|-----------|-----------|
| Decreased | No change | Increased |
| 1 | 2 | 3 |

6. In TRNC, how common is it for firms to make undocumented extra payments or bribes connected with the following?

| | 1-Very common | 2 | 3 | 4 | 5 | 6 | 7-Not at all |
|---|---------------|---|---|---|---|---|--------------|
| a. Imports and exports | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| b. Public utilities | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| c. Annual tax payments | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| d. Awarding of public contracts and licences | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| e. Obtaining favourable judicial decisions | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| f. Borrowing from government-owned banks | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| g. Allocation or leasing of public land and buildings | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| h. Government incentives | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| i. Land registry | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| j. Customs clearance | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| k. Town planning | 1 | 2 | 3 | 4 | 5 | 6 | 7 |

| | | | | | | | |
|--|---|---|---|---|---|---|---|
| I. Local government / Municipal services | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|--|---|---|---|---|---|---|---|

6b. In the last year, have you had to bribe, give a gift or do a favor to the relevant official to receive any of the above services?

| | | |
|-----|----|-------------------------|
| Yes | No | No answer (Do not read) |
| 1 | 2 | 3 |

7. Are public resources misused by ministers/officials for personal or party purposes?

| | | | | | | |
|---------------|---|---|---|---|---|--------------|
| 1-Very common | 2 | 3 | 4 | 5 | 6 | 7-Not at all |
|---------------|---|---|---|---|---|--------------|

8. How common is corruption among the following groups?

| | 1-Very common | 2 | 3 | 4 | 5 | 6 | 7-Not at all |
|------------------------------|---------------|---|---|---|---|---|--------------|
| a. Politicians | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| b. Political parties | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| c. High level civil servants | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| d. Low level civil servants | 1 | 2 | 3 | 4 | 5 | 6 | 7 |

9. Are there strict procedures governing the allocation and use of public resources and ensuring accountability in our country?

| | |
|------------------|---------------|
| No, there is not | Yes, there is |
| 1 | 2 |

9b. If the answer is 'yes': to what extent do these procedures prevent public officials from abusing their position for personal/private interests?

| | | | | | | |
|--------------------|---|---|---|---|---|--------------------------|
| 1 (Very effective) | 2 | 3 | 4 | 5 | 6 | 7 (Not effective at all) |
|--------------------|---|---|---|---|---|--------------------------|

10. Are there independent body(s) overseeing the administration of public finances?

| | |
|------------------|---------------|
| No, there is not | Yes, there is |
| 1 | 2 |

10b. If the answer is 'yes': to what extent can these institutions prevent public officials from abusing their position for personal/private interests?

| | | | | | | |
|--------------------|---|---|---|---|---|--------------------------|
| 1 (Very effective) | 2 | 3 | 4 | 5 | 6 | 7 (Not effective at all) |
|--------------------|---|---|---|---|---|--------------------------|

11b. If the answer is 'yes': to what extent can the independent judiciary prevent public officials from abusing their position for personal/private interests?

| | |
|------------------|---------------|
| No, there is not | Yes, there is |
| 1 | 2 |

12. How successful/effective do you think the institutions that have to fight or disclose corruption and irregularities are?

| | 1-Not successful/effective at all | 2 | 3 | 4 | 5 | 6 | 7-Very successful/effective |
|--|-----------------------------------|---|---|---|---|---|-----------------------------|
| a. Audit Office | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| b. Council of Inspection (under Prime Minister's Office) | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| c. Council of Inspection and Investigation (under Ministry of Finance) | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| d. Ombudsman | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| e. Courts | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| f. Parliament | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| g. Media | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| h. Social media | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| i. Civil Society | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| j. Unions | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| k. Attorney General's Office | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| l. Police | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| m. Society | 1 | 2 | 3 | 4 | 5 | 6 | 7 |

13. How successful is the current Government in fighting corruption?

| | | | | | | |
|-------------------------|---|---|---|---|---|--------------------|
| 1-Not successful at all | 2 | 3 | 4 | 5 | 6 | 7- Very successful |
|-------------------------|---|---|---|---|---|--------------------|

14. The judicial process regarding the two deputies whose immunity had been lifted two years ago and whose trial has been started is still ongoing. Do you think that these deputies will receive a deterring penalty at the end of this process?

| | | | | |
|-----------------------------|-------------------|----------------------------------|------------------|------------------------------|
| 1-They will definitely take | 2- They will take | 3-They can take, they can't take | 4- They will not | 5- They definitely will. not |
|-----------------------------|-------------------|----------------------------------|------------------|------------------------------|

15. Please tell me how often you think the following things happen during elections in TRNC?

| | Never | Very rare | Sometimes | Often | Very often | FY/CY |
|--|-------|-----------|-----------|-------|------------|-------|
| Voters being paid money or offered a special favour to vote in a particular way | 0 | 1 | 2 | 3 | 4 | 5 |
| Voters being threatened with retaliation if they do not vote in a particular way | 0 | 1 | 2 | 3 | 4 | 5 |

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This report has been prepared to measure the perception of corruption and to raise awareness about the fight against corruption in northern part of Cyprus. The study is based on the Corruption Perceptions Index (CPI) methodology of Transparency International (TI), which is published annually but does not cover the northern part of Cyprus, and is based on two separate surveys answered by business executives and experts. In addition, the report, unlike TI-CPI studies, goes beyond calculating a score and delves into business people's perception of corruption. In this context, business executives were asked questions other than the ones used by Transparency International, and the answers to these questions are shared in detail in the report. The corruption perception score of the northern part of Cyprus for 2020 has been calculated as 36 out of 100. This score is well below 43, which is the average of 180 countries in the 2020 list published by Transparency International at the beginning of 2021, placing us in 104th place. Compared to the previous year, there is a decrease of 4 points in the country score and a 19-digit deterioration in the ranking accordingly. This decline is due to the drop in scores from both experts and business people. The country's score last year was 1 point higher than Turkey's, but this year it fell 4 points behind it. This performance is also well behind the Republic of Cyprus' score of 57, which also went down by 1 point compared to the previous year.