SOCIETY AND CORRUPTION
IN THE KYRGYZ REPUBLIC

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Table of Contents

Preface

This is a brief version of the report[1] that is the outcome of sociological research into corruption in the Kyrgyz Republic initiated by the Bishkek Centre of the Organization for Security and Cooperation in Europe in coordination with the Office of the President of the Kyrgyz Republic.

Like other post-Soviet countries, the Kyrgyz Republic is experiencing a complicated period of transformation. Such periods are always accompanied by the growth of corruption, which is perceived as a painful problem, an insurmountable obstacle, and a source of many other evils both for the country and for citizens. However, this problem is more complicated.

Pain causes suffering. However, pain is not a disease, but only a symptom of the disease, and suffering caused by it should encourage us to identify and cure the disease. There should be a similar attitude towards corruption: it is not a stand-alone problem. It is secondary in nature and is always a signal and a consequence of certain social dysfunction. This is not necessarily only due to inefficient state institutions. In a more general sense, we must address defects in social relationships - between people, between different social groups, and between people and the government (which is just one of the specific social groups).

However, such statements may justifiably seem too abstract, and therefore, useless. One may hear in response: "Proper laws are needed, and everything will work out." This belief prevailed for a long time. Correct theories, especially in social sciences, do not always win. Often the winners are the simple, convenient and easily understood ones. They are still believed in, although they are constantly contradicted by practice. The same happened to the naive faith in the omnipotence of proper laws.

The Nobel laureate Douglass North, one of the luminaries of modern institutional theory, suggests considering an institution not as a set of formal norms governing a certain system of relations, but as a set of formal norms (in particular - laws), informal norms and practices (traditions, habits, informal relations between people, etc.) and conditions for their operation[2]. Among the latter, North attaches much importance to people's perceptions about the surrounding social order[3]. By the way, here he has a very powerful ally – Immanuel Kant, who wrote that any reform must start with reform in people's minds.

And now there follows the most important thing. Douglass North says institutions are effective when all three components - formal norms, informal regulations, and conditions for their operation, all correspond to each other (supplement each other and help each other). This is very important because it explains a lot. For example, if we

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[1] *The full version of the report is available in Russian at : http://www.osce.org/ru/bishkek/140511?download=true*
This brief version has the same structure (and contents) as the full version of the report.
[2] *North D. Understanding the process of economic change / Trans. from English. - Moscow:Publishing House of the State University - Higher School of Economics, 2010.*
[3] *Of course, the conditions for the functioning of formal rules and informal prescriptions are not limited to people's perceptions. These conditions include, for example, other institutions associated with the institution.*

simply introduce a new law, it will not work the way we expect if the norms are contradicted by traditions or people's views.

However, this may also seem insufficiently concrete for using such ideas in practical politics, and such criticism is quite reasonable. The following aspects of basic social relations in society can be considered as an example of concretization.

In democratic societies, horizontal relations (cooperation, competition, horizontal trust, etc.) dominate compared to vertical ones; institutions vested with power and political systems serve, first of all, these types of relationships and are adapted to them. This is the compliance between the dominant horizontal relations in the society and laws (formal institutions), which also serve these relations. It is vice versa in non-democratic societies: vertical relationships (such as governmental domination or subordination, vertical trust) are common and natural, and the state institutions and the political system, normally including laws,[4] primarily serve these vertical relationships.

Now imagine that new democratic institutions, such as independent courts, are introduced in a society with vertical traditions, consciousness, and universal informal practices. Its norms, formally prescribed by the Constitution and laws, are designed to serve these horizontal relationships, including, importantly, horizontal relationships between citizens and government authorities. The outcome can be seen using the example of many post-Soviet countries[5].

Summarizing the above example, it can be stated that a new (or modernized) state institution turns out to be inoperative, despite the expectations brought about by its novelty and effectiveness as demonstrated elsewhere, because it comes into conflict with traditions, citizens' attitudes, informal relations and practices, as well as quite often with other institutions. These contradictions generate new corruption and aggravate the results of the old corruption. The corruption squeezes into the gap, widens it, grows, and increases the inefficiency of the institution.

These considerations and considerable practical experience in modernization inevitably lead to the conclusion that replacing old laws with new ones and replacing bad laws with proper ones is not enough. It is necessary to change the social order; for this purpose one should know this social order. Only in this way can the two coordinated objectives be achieved: reducing corruption and enhancing the efficiency of public institutions. This big theoretical introduction is important for communicating to the readers of this report the two interrelated preconditions that underlie the objectives of this research.

First, this research intends not only to carefully and thoroughly measure corruption in the Kyrgyz Republic, but also to understand characteristics of the social order and mass consciousness of the population that are interrelated with the emergence of

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[4]*Exceptions are known. In the Soviet Union, there were formally enshrined democratic institutions (people's power, elections). But they existed only on paper. They were suppressed in practice and by other formal institutions, first of all - the enforcement institutions, and most importantly – by a thousand-year tradition of vertical social relations and vertical paternalistic consciousness. These contradictions, by the way, were one of the factors of instability of such a political system. Imitation is always short-lived.*
[5]*More information can be found in the book Gorbuzov A. K., Krasnov M. A., Mishina, E. A., G. A. Satarov, Transformation of the Russian judiciary. Experience of complex analysis. - SPb .: Norma, 2010.*

corruption in the country. Secondly, the recommendations proposed in the report primarily aim at transformation in the social order and mass consciousness.

It should be immediately recognized that the combination of these two objectives makes research conducted with limited scarce resources open to objection. There are not any universal tools and it is difficult to thoroughly examine both corruption itself and the state of the society as such. When combining these two fundamental objectives "rolled into one," one has to sacrifice something in order to address each of them, as occurs when developing sociological tools. We tried to compensate for this inevitable genetic defect of the project in two ways. The first one: a method of studying corruption was used that was developed in Russia 14 years ago and has been repeatedly applied since[6]. The second one: in accordance with the above method, quite sophisticated statistical and sociological methods for the collected data analysis were applied that are radically different from the traditional methods used in analyzing the results of public opinion polls.

The report was made possible thanks to the following persons and organizations: SIAR Research & Consulting Agency located in Bishkek; project coordination – Aynura Sagynbaeva; field work coordinator - Elnura Ibrayeva; Altynay Satieva conducted statistical analysis and participated in the preparation of paragraphs 2.1, 2.2, 2.4, 3.1, 4.1, 4.2, 6.2, 6.3, 6.6 and 6.6 in the second section of the report and Annex 3 thereto. Yuri Blagoveshchensky, chief mathematician of the INDEM Foundation, developed new statistical methods for this research reflected in paragraphs 1 - 3 of Annex 2. He also processed data using these methods and conducted statistical calculation of the key characteristics of the corruption markets. G. A. Satarov, President of the INDEM Foundation, conducted the remaining part of the statistical analysis and prepared the remaining text of the report. He was also responsible for scientific management of the research and overall editing of the report.

All project participants would like to express their gratitude to the following Kyrgyzstani experts, whom we consulted while discussing the results of the research before completing its final version: Mederbek Abdullayev, Asan Abdyldaev, Asyl Aitbaeva, Ruslan Akmatbek, Rysbek Bekmatov, Esen Djumanov, Talaybek Djumashevich, Ivan Drobitko, Aydar Kubynachbekov, Erkaiym Mambetalieva, Kairat Osmonaliyev, Yraskeldi Rasbekov, Iskander Subankulov, Askar Sydykov, Aizada Toygonbaeva, Erkina Ubysheva, Gulnara Uskenbaeva, Lira Usubalieva, Adylbek Sharshenbaev, and Adisbek Shekenov.

We hope that our report will be interesting and useful not only to officials and public actors responsible for the implementation of anticorruption policy in the Kyrgyz Republic, but also to students and teachers in social sciences, researchers, representatives of public organizations, businesses and active citizens.

Experience shows that reading the texts devoted to the results of sociological research causes two typical reactions in unsophisticated readers. The first: "Well, you know, my personal experience shows that it is not like that." Second: "Oh, we already

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[6] *Russian corruption: the level, structure and dynamics: the experience of the sociological analysis / ed. G. A. Satarov. - Moscow: Foundation "Liberal Mission," 2013*

knew that before." As for the first reaction, it is appropriate to recall the words of the famous British sociologist Anthony Giddens, the meaning of which is as follows: "Sociology is important, as it makes it possible to put personal experience aside." As for the second reaction, the authors hope that this possibility will not arise upon reading our report.

I. Research methodology

Two sociological surveys of the individuals and businesses polled were conducted as part of this research for the purpose of the independent study of everyday and business corruption. Questionnaires for each of the two categories of respondents in this research include general and specific sections. The general section includes questions common to both questionnaires designed to compare the individuals and businesses. In this research, these questions covered, firstly, dispositions of the respondents (opinions, assessments, judgments and attitudes) with respect to corruption. Secondly, (and for the first time) general questions also included some relating to personal corrupt practices of the respondents and aimed at assessing key parameters of the corruption markets. Specific sections of the questionnaires aim to collect sociological information that can be obtained only from representatives of these categories of the respondents and make sense particularly for them. First of all, this refers to the sample of businesses, as concerns specific features of the respondents' business. Traditional socio-demographic characteristics that are less relevant in studying business corruption are specific for the sampled individuals.

1. Characteristics of corrupt practices

It was noted above that a specific feature of the methodology used in this research is a thorough study of personal corrupt practices of the respondents. This allows the introduction of various characteristics of corruption and of corrupt behavior. Some of these characteristics help describe various corrupt situations, others describe features of different social groups of bribe givers, and others describe different special corruption markets. Below is a set of the **key** characteristics.

Intensity of contacts with government representatives is defined based on answers to the question about the timing of the last contact with the government representatives. The indicator is defined as the intensity of the Poisson distribution, and expresses the average number of contacts per year per one respondent for the entire sample and for some groups of the respondents.

Demand for public services is the share of respondents whose responses to questions about the latest contact with government representatives show that they have had at least one such contact in their life and is determined for the entire sample and for some groups of respondents. As for the respondents as a whole and individual groups of respondents, this indicator has meaning only when its share in the whole sample is less than 100 percent. However, it always has a meaning for different types of services. The demand for a particular service or services of any authority is defined as the percentage

of respondents who reported their last contact with the government representatives and at the same time in answering the following questions mentioned what kind of service (or problem) or state authority it was.

Corruption coverage is the share of respondents whose responses show that they at least once in their life were in a corrupt situation; it is determined for the whole sample or for some groups of the respondents. In our questionnaire, this share is determined as the number of the respondents who gave a positive answer either to the question about whether their latest contact with the government representatives was a corrupt situation, or to the question whether they had previously been in a corrupt situation. This share can be determined for both samples as a whole and for individual social groups.

The risk of corruption is the chance of being in a corrupt situation during any contact with a government representative – for the entire sample, or for some groups of respondents. In our case the situation means the latest contact. This indicator is defined as the percentage of respondents from among all those who indicated the fact of their last contact with a government representative, who said that their last contact was a corrupt situation.

Readiness to pay a bribe means the chance for any random respondent to pay a bribe being in a corrupt situation. It is determined for the whole sample or for some groups of respondents as the share of respondents who reported that they paid a bribe, from among the respondents who were in a corrupt situation.

The share of bribes in the market is the share of bribes per particular special corruption market in a row of homogeneous, comparable and non-overlapping special corruption markets. For example, specific corrupt contact accompanied by giving bribes could be with a representative of only one particular branch of the government. This means we should thoughtfully calculate the share of bribes for different branches of the government. This indicator is calculated as the share of respondents who reported that they gave bribes to a representative of this specific corrupt market, out of those who reported giving bribes.

Corruption intensity is the average number of bribes per year paid by an average briber. A more exact term would be "intensity of bribe giving," but it sounds too cumbersome. It is calculated as the sampling Poisson distribution parameter of the responses to questions about the fact of the latest corrupt situation - only for the respondents who confirmed that they paid bribes during the latest corrupt situation.

The average size of a bribe is defined as the robust mean[7] of the sampling distribution of the bribe size for any general or special corruption market, for any aspects of a corrupt situation, for any territories or groups of respondents, etc. It helps to answer the questions such as "Where is the size of bribes greater?", "Whose bribes are greater?", "For whom are bribes more expensive?", etc.

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[7] *The robust mean for some set of numbers is calculated as the arithmetic average of these numbers after ejecting from this set of numbers a small fraction of the smallest and largest values. This method of calculating the average value can reduce the influence of outliers that may be caused by errors or other unnatural variations from the general trend.*

The average annual corruption fee is calculated as the corruption intensity multiplied by the average size of bribes. It is supposed that this will result in a figure that characterizes the average amount of expenses on bribes per year per bribe giver. This is the case if corruption intensity and the average size of bribes are independent random variables. Independence tests that had been conducted in previous studies by INDEM Foundation have not yet contradicted this assumption.

The normalized average size of bribes and the normalized average annual corruption fee are additional characteristics of the corruption markets, as obtained values of the baseline characteristics depend, for example, on bribe givers' ability to pay, which in turn depends on the economic situation in the country as a whole, in different regions, and on the income of various social groups. It is obvious that this affects the ability to compare the results of the corruption measurements conducted at different times or in different countries. In order to compensate for these defects, normalized parameters are introduced, for this purpose the initial characteristic is divided by the parameter of the official statistics that has the same dimension (for example - money). In the case of the everyday corruption market, the minimum subsistence parameter and the average monthly per capita income are used for normalization. This means that baseline characteristics as a percentage of each of these two parameters are calculated. As a result, new characteristics are dimensionless and are calculated as a percentage. These characteristics are defined and make sense for the same situations as the baseline characteristics. It is a bit more complicated in the case of the business corruption market due to the lack of normalizing parameters such as the above, but is applicable to business entities, however, not to taxpayers.

The size of the corruption market is the amount of bribes paid during the year in the general and special corruption markets; in certain areas; in certain corrupt situations, or by different social groups, estimated based on the respondents' answers. This indicator can be determined as well, because the above-described characteristics provided us with the estimated share of bribe-givers in the sample and the average annual corruption fee. So, if we talk about the size of the general corruption market, we have an estimate of the number of bribe givers in the general population; and by multiplying it by the average bribe fee, we obtain the size of the market. The same approach shall apply in assessing the size of special corruption markets, and to the calculation of other corruption flows generated by a certain corrupt situation or social groups.

The normalized size of the corruption market is a separate characteristic for the same reasons as were mentioned above for the relative average size of bribes and relative average corruption fee. In the case of the everyday corruption market, the households' annual expenses for final consumption and GDP are used, and in case of business corruption, it is appropriate to use GDP and the output (full annual turnover) as normalizing indicators. It is obvious that these relative characteristics are useful for describing general corruption markets and for quite large and influential special corruption markets. This is especially important for comparing the corruption size in different years or in different countries.

Market share is the share of a certain special market of corruption in a number of homogeneous, comparable non-overlapping corruption markets that together coincide with the general market of corruption. It is obvious that this way one can compare any

corruption flows, for example, the share of men and women in the total annual flow of the bribe givers to bribe takers.

2. Implementation of the sampling of individual citizens and businesses

The size of the sample of individual citizens was 2,000 respondents. The sample is distributed proportionally among 7 regions of the Kyrgyz Republic and two cities of national significance - Osh and Bishkek - based on the general population, i.e., the total population in the administrative units. Splitting of the sample into urban and rural population shares was used as the main representativeness parameter. Thus, the most representative factor when sampling citizens for this research was distribution of citizens by type of settlement, so that quotas for sampling maximally corresponded to the National Statistics Committee's data.

The size of the sample of businesses was 1,200 respondents. In contrast to the surveying of citizens, the surveying of businesses was done exclusively in urban areas. Quota-based sampling was carried out in this case. When sampling the businesses, an ownership-based quota – private company, joint-stock company, limited liability company, etc., was not used, as distribution by this parameter is not so important. A more significant representativeness factor is the business's belonging to a specific sector of the economy and its size - large, medium or small. The size of the business when sampling was determined based on the number of employees.

Kyrgyz business is characterized by the high prevalence of sole proprietors or small businesses with less than 5 employees. Therefore, when sampling the businesses, the problem was that when observing representativeness in terms of the field of activity parameter, within it, distribution by size was uneven. To address this problem, we had to choose a more significant parameter of representativeness. So it was decided that a more important parameter is share distribution of enterprises in aggregated industries. The survey was also conducted among businesses in all seven regions of the country and two cities of national importance. In contrast to the sample of individual citizens, this survey covered exclusively businesses in the cities, as business is mostly developed in urban rather than rural areas in Kyrgyzstan. As a result, the sample of businesses was such that 100 businesses were interviewed in each city of regional importance and 250 businesses in the cities of national importance. This is due to greater business development in the two major cities of the republic - Bishkek and Osh - than in other cities of the country. The described method of sampling does not fully follow the requirement for the representative national sample. Therefore, data with the businesses' answers were analyzed using weighted coefficients that compensate for the defects in the sample.

II. Analysis of the survey results

1. The state of the everyday corruption market

1.1. Demand for and satisfaction with public services

Research of citizens' contacts with government representatives in various spheres of public services in the Kyrgyz Republic showed the following areas where people are least satisfied with the contacts (the higher on the list, the lower the satisfaction):

- ➢ courts;
- ➢ police;
- ➢ traffic police;
- ➢ hiring and promotion.

Citizens who have been in a corrupt situation generally provided more negative responses. However, there is a large share of the respondents who positively assessed their contacts in a corrupt situation and negatively assessed the results in a non-corrupt situation. This is due to the fact that their assessments depend not only on whether the contacts produced results, but also on the atmosphere during the contact. The latter is more important. In the courts and police, people are more satisfied with their contacts in a corrupt situation, when it relates to business relationships (getting a job, professional promotion), but satisfaction with contacts in general is the lowest. These are three areas where citizens' dependence on government representatives is very high and observance of ethical norms by officials is not common (as in the health or education sectors). Therefore, it can be reasonably thought that dissatisfaction with contacts in these areas of public services provision is due to the **dominance of traditional hierarchical relationships that lead to a lessening of individual citizens' position in conditions of truly weak and ineffective ethical norms and a dominant paternalistic consciousness**.

Consumption of public services in the Kyrgyz Republic is characterized by a sharp increase in demand for educational services (for example, compared to Russia). This makes it important to pay particularly close attention to the corruption in this field and to keep in mind its extremely negative consequences and their long-lasting devastating effect.

The lowest satisfaction with contacts with government representatives was recorded in the Osh and Jalal-Abad regions. The highest satisfaction was in the Issyk-Kul and Talas regions and in Osh city. However, in case of these sociological data, one should keep in mind that the assessments might be slightly shifted for reasons other than regional patriotism.

Comparison of satisfaction with contacts in different markets of public services with the characteristics of corruption in these services markets provides the following result. The lower the average satisfaction, the higher the risk of corruption and the average size of bribes. Here we are talking about characteristics of the market that depend

on the state rather than individuals. But there is a positive correlation between satisfaction with contacts and readiness to pay bribes. We are talking about characteristics of the corruption that depend on the bribe payers.

This **implies that a significant part of the citizens considers bribes as a normal way of resolving their problems, and corruption and their actions in corrupt situations as a normal social practice**. The corruption is often perceived as a virtue, a sort of social sophistication. **Hence, there is a need to destroy this stereotype through propaganda and anticorruption education**.

This conclusion is supported by the analysis of emotional reactions to corrupt deals. A quarter of the respondents (the respondents were allowed to choose up to three answers) selected the answer "I was relieved that the situation was resolved"; about 20 percent responded - "I felt nothing, as I already got used to it," when describing their reaction from giving a bribe; about seven percent - "Feel satisfaction with myself and my ability to resolve the problems"; and about three percent - "Feel joy that I made an official work in my interests."

However, the share of negative emotions was high. The most common reaction (41.7%) was "Hatred towards the officials"; about 30 percent - "Dissatisfaction with the state system, which puts people in such circumstances"; and more than 16 per cent - "Anger that I was forced to do so."

Analysis of the types of emotional reactions showed that among the respondents whose type is determined based on their responses, in first place are negative asthenic (passive introverted) reactions; in second place (by a large margin) are negative sthenic reactions (active extroverted); and in third place are neutral-positive reactions, while in the last place with a small share of the respondents are socially negative reactions (reactions to potential social control). This means that **legal institutions and informal social norms almost do not work as restrictors of corrupt behavior**.

Recommendation 1. Codes of Ethics. Introduction of ethical codes for officials' conduct is a popular activity in transitional countries. It can have an effect only if conditions that contribute to their effectiveness are created. Some measures are listed below:

1. Ethical norms for officials' activity and conduct shall be communicated to the population through all possible channels, including education. This should include communicating information about sanctions for violation of ethical norms, as well as information about the methods and channels for appealing against actions and behavior of officials.

2. Convenient and accessible channels for appealing against actions and behavior of public officials should be created. Their creation should be widely advocated. Public offices should be equipped with easily accessible information on appeal methods and channels.

3. An appeal should not be made to the supervisor of the official whose behavior is the subject of complaint. Citizens' complaints must be considered by independent bodies, including by a body specifically created for this purpose.

4. Places of contacts between citizens and officials in government offices should not be in isolated rooms where confidential conversations are held.

Recommendation 2. Targeted anticorruption propaganda among the population. Anticorruption propaganda should be of a targeted social and socio-psychological nature and content.

- Asthenic types of people should be helped to change their perception of the social order: it is neither given and firm, like the mountains and the sky; it can be changed, since it is created by people (it would be good to find a folklore tale with an example of changing the social order, such as the emergence of some good tradition). Positive examples of corruption reduction as a result of targeted efforts, especially in Eastern cultures, are very important. There are many such examples in Singapore, Malaysia and the Philippines.

- As for neutral positive emotions, it is appropriate to use their tendency to rely on rational pragmatic motives. This means that propaganda shall include a thorough explanation of the negative effects of corruption, both for an individual and for society – starting from the contribution of corruption to the price of the final product and ending with the degradation in the production of public goods (safety, health, education, housing, etc.).

- On the one hand, the relatively big share of respondents with sthenic negative reaction against corruption is an instability factor (the risk of social and political protest). On the other hand, it is a positive factor (an anticorruption public resource). Sthenic type people should be helped to form channels and tools for conversion of their indignation into legal social action against corruption.

- Among persons with socially negative emotions a large share of young persons was noteworthy. It is necessary to increase their share. This emphasizes the importance of education as a channel for anticorruption propaganda.

1.2. The state of the general everyday corruption market

The research permitted a deep analysis of the **state of the everyday corruption market** from different angles, and citizens' behavior therein.

About half of the country's citizens were in a corrupt situation when contacting a government representative. The chance to be in a corrupt situation when contacting officials (risk of corruption) is slightly below one third. About 72% of respondents, being

in a corrupt situation, give a bribe. **The average size of bribes is 5,237 KGS. The annual size of the corruption market is 4,356.7 mln. KGS**.

It is useful to compare characteristics of the everyday corruption market in the Kyrgyz Republic and Russia.

Table 1.2.1. A comparison of the main characteristics of the everyday corruption market in the Kyrgyz Republic and the Russian Federation[8]

Characteristics	KR-2014	RF-2001
Scope of corruption	44.7	50.4
The risk of corruption	32.1	25.7
Readiness to pay bribes	71.9	74.7
Corruption intensity	1.051	1.19
The average normalized bribe size - 1	120.6	121.0
The average normalized bribe size -2	162.9	59.3
Normalized average corruption fee -1	126.8	144.0
Normalized average corruption fee -2	171.2	70.6
Normalized volume of the everyday corruption market -1	1.21	2.0
Normalized volume of the everyday corruption market -2	1.40	0.95

If the bribes' size is correlated with the average annual per capita income, a Kyrgyz citizen pays about three times more than a Russian citizen. The remaining parameters of the everyday corruption market are quite close.

1.3. The state of special everyday corruption markets

Comparison of various special everyday corruption markets permitted identification of the following leaders (listed below starting with the most corrupted for each characteristic):

➢ Share of bribes in the general market: health care, higher education, traffic police;

➢ risk of corruption: traffic police, courts, police;

➢ readiness to pay bribes: higher education, registration of real estate transactions, police;

➢ corruption intensity (the average number per year per one bribe giver): traffic police, social welfare payments, pre-school institutions;

➢ the average size of the bribe: courts, police, higher education;

➢ annual volume of the corruption market: traffic police, higher education and health care.

For the two most important parameters – the risk of corruption and readiness to pay bribes – a generalized corruption index for various special everyday corruption

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[8] *For tables and figures numbers of the full version of the report are used*

markets was created. The following three leaders were identified using this index (starting with the most corrupted market). At the end of the list there is a health services market, which is not included in the top five, but which is very important due to the highest demand for this type of services and dramatic consequences of this type of corruption. The list is as follows:

- traffic police;
- higher education;
- police;
- courts;
- pre-school institutions;
- healthcare.

Numerous studies have demonstrated the special role of the judicial branch. Although it is not leading in the above list, its condition has a particularly strong influence on corruption and on the performance of other state institutions.

1.4. Regional features of everyday corruption

Similar comparisons were made for all regions of the Kyrgyz Republic along with the cities of Bishkek and Osh. The list below shows the two leaders for each characteristic of the everyday corruption market:

- share of bribes in the general market: Osh, Bishkek;
- risk of corruption: Talas region, Osh city;
- readiness to pay bribes: Osh city, Osh region;
- corruption intensity (the average number per year per one bribe giver): Osh region, Jalal-Abad region;
- the average size of the bribe: Jalal-Abad region, Bishkek;
- the annual volume of the corruption market: Jalal-Abad region, Bishkek.

Application of the summarized corruption index to the regions and cities similar to that used above showed the following three leaders:

- Osh city;
- Osh region;
- Talas region.

Bishkek is slightly below the leaders, as well as the Jalal-Abad region with its record average size of bribes and size of the corruption market.

The observed diversity of the everyday corruption characteristics in both various special corruption markets and in different regions dictates the adaptation of anticorruption policy measures to specific conditions. Universal prescriptions are not always applicable.

Recommendation 3. Specialized anticorruption programs. Planning and implementation of anticorruption policy should include the development and introduction of specialized anticorruption programs for individual government agencies, public

services markets, and regions. Preparation and implementation of these programs should follow the principles below:

- Development and implementation of such programs should not be entrusted to the administrations of the respective regions or state authorities. This should be done by independent specialized agencies.

- Preparation of such programs should be preceded by a many-faceted diagnosis.

- Anticorruption programs should be coordinated with the government agencies' reform programs, methods of managing different spheres of public services, and regional development programs.

- The priorities that determine the order of development and implementation of specialized programs should take into account the results of this research.

2. Citizens' behavior in the everyday corruption markets

2.1. Features of non-corrupt behavior of citizens

In a corrupt situation, a person chooses between the options of giving or not giving a bribe. This research examined aspects of corrupt and non-corrupt behavior.

28% of the respondents **choose not to give a bribe** in a corrupt situation. It turned out that refusal to give a bribe does not depend on the social status of the respondents (age, education, etc.). This means that corrupt behavior is evenly distributed irrespective of social status, which, in turn, indicates that corruption is socially ingrained. At the same time, the researched disclosed a significant and contrasting dependence of the refusal to give bribes on dispositions (attitudes of the respondents). The respondents demonstrating in their answers a systemic understanding of corruption refuse to give a bribe two to three times more often than respondents with a grassroots understanding of corruption. Respondents who have an anticorruption attitude three times more often refuse to pay bribes compared to their opposites. **These facts confirm the importance of anticorruption propaganda and anticorruption education**.

There is a very significant difference depending on geographical location. The difference in frequency of refusal to give a bribe between the Talas region with the highest frequency, and Osh city with the least frequency, is almost fourfold.

The situation is not much clearer even upon a closer inspection of the refusal to give bribes, in particular, in analyzing the reasons why people refuse to give bribes. The diagram below shows the reasons why people refuse to give bribes.
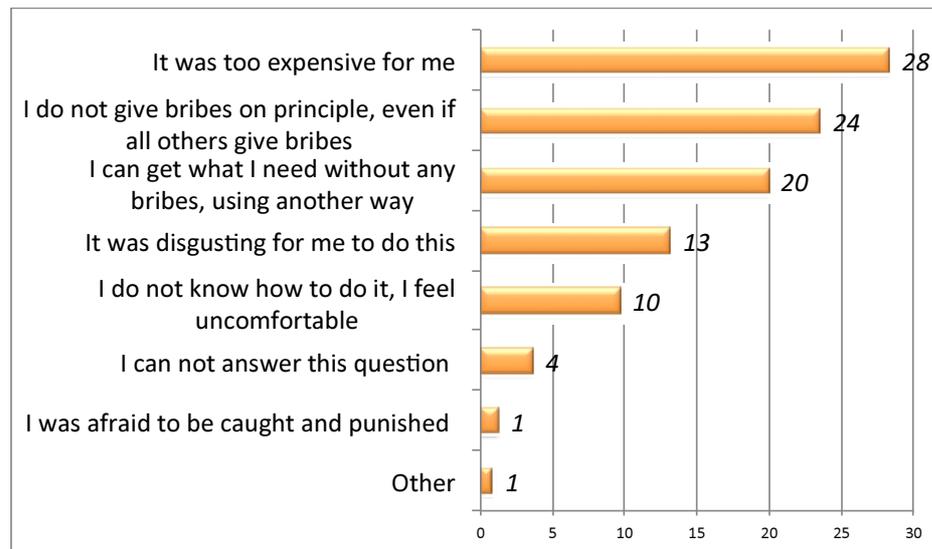
Figure 2.1.2. Responses to question "16. What is the main reason why you did not give a bribe?" (in % of those who responded to this question)

It is hard to doubt the consistency of the responses, as the most common reason is the large size of the bribes (in contrast to Russia, where in first place is the respondent's ability to resolve the problem without bribes). In addition, local dependence is quite important: this reason was more often reported by very poor respondents. At the same time, there is no connection with social variables available in the research.

Another aspect was ability of the respondents who refused to give a bribe to resolve the problem in a non-corrupt way. There is a very contrasting dependence here: the number of those who solved their problem after refusing to give a bribe was significantly higher among those who refused to give a bribe, as they were able to solve their problem without a bribe.

2.2. Features of the corrupt behavior of citizens

Behavior of those 72% who choose paying a bribe depends on who takes the initiative in the corrupt deals. It was found that in almost half of the cases (as in Russia) for those who decided to give a bribe the need to bribe was clear *a priori*. In the remaining cases it was 4:1 (approximately) on the initiative of the bribe taker compared to on the initiative of the bribe giver (in Russia this ratio is about 3:1). A significant dependence on age was found – aged bribe givers are least likely to take the personal initiative, while bribe givers from 45 to 54 years are the least quick to understand, thus making the official take the initiative.

Another important aspect of the corrupt interaction is *a priori* awareness of the bribe size among those who choose to give a bribe. This awareness is quite high in the Kyrgyz Republic. Almost three-quarters of the bribe givers (more than in Russia) stated that the bribe size is "completely clear" or "almost clear."

A bribe is paid to ensure the official's loyal behavior and the desired result. Only in 13% of cases does a bribe not lead to improved actions by an official. However, this cannot be a subject of pride: bribe takers in Russia are more cooperative (only in 6% of

cases did the bribe not lead to improved behavior of bureaucrats). It is interesting to note that this responsiveness varies greatly from one specific everyday corruption market to another. For example, corrupt officials in higher education institutions are more responsive compared to their colleagues at the next lower levels of educational establishment. Urban bribe takers are more responsive than rural ones. Significant geographic differences were also identified. In particular, it is very unreliable to pay bribes in Talas and Issyk-Kul regions.

In this research, potential results of the corrupt deals are as follows: to speed up resolution of the problem, to improve the quality of the problem's resolution, bribery as such (the bribe taker does something that he must do anyway by virtue of his position), and graft (where official duties or laws are violated for the sake of a bribe). Unsuccessful outcomes, when the bribes did not help, were considered as well.
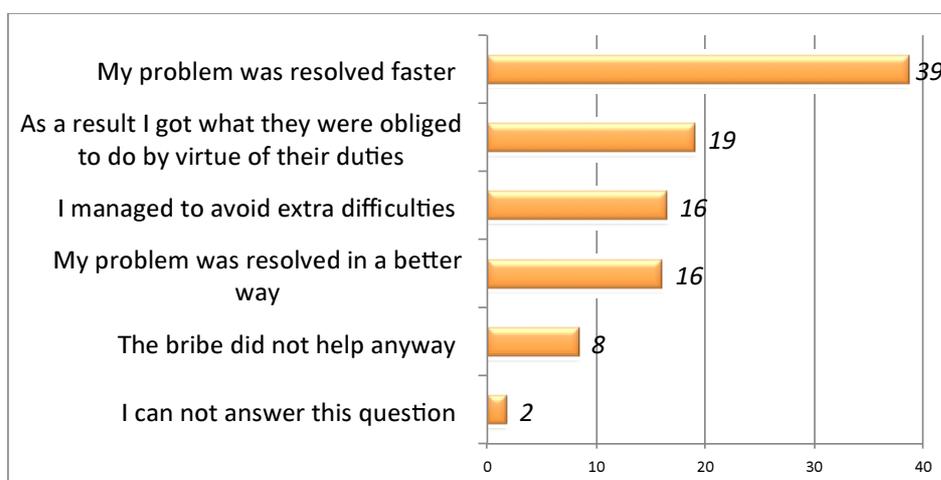
Figure 2.2.1. Frequency distribution of the responses to the question "22. What was the main outcome of the bribe in solving the latest problem?"

About 40% of bribers in the Kyrgyz Republic paid the bribe in order to speed up resolution of the problem (in Russian the leading reason is bribery as such), and about 20% for bribery as such. **In total, nearly three quarters of bribes in everyday corruption are paid to surmount the improper performance of their duties by officials in lower posts. Thus, the lion's share of the everyday corruption can be reduced by proper and consistent actions.**

Recommendation 4. Reducing everyday corruption. One of the obvious resources here is optimization of administrative procedures that would result in accomplishment of the following objectives

- reducing the number of regulatory functions based on their thorough analysis;

- identifying the functions that can be outsourced, and their outsourcing on a competitive basis;

- reducing the number of bureaucrats through decreasing the functions;

- increasing salaries for the remaining officials through reduction in the number of bureaucrats;

- optimization of the procedures for officials' interaction with clients, along with the development of administrative regulations;

- introducing strict control over the quality of implementation of the reformed procedures, primarily by means of external public control, and first of all on the part of the clients.

The above points form a rough outline of the program. But comprehensive implementation of all the above measures and the procedure for their implementation are important as well. For example, stricter control over poor officials without a pay raise will definitely fail. The results of this research can be used as a preliminary benchmark in analyzing and planning optimization of the bureaucratic functions.

The last statement of the above recommendation is based, for example, on the identified interrelation between particular special corruption markets and prevalent types of problems resolved through bribery. For example, people in the secondary education market, first of all, try to avoid unnecessary difficulties (what difficulties is the subject of special diagnostics). In more than half of the cases, bribes to traffic police are paid in order to speed up resolution of the problem. Naturally, contrasting regional differences were also identified.

2.3. Appeals against officials' actions

The analysis shows that the respondents do not criticize officials very much. Of course, dissatisfaction with the officials' performance is quite high, however, only a small number of the respondents officially complain. The reasons for this can vary. First, the respondents are unaware of the control and supervisory bodies where they can file a complaint. To be more exact, they may be aware of their existence, but they do not know what specific actions they must take and where to go. Second, the corrupt behavior is quite common, and in many cases it is initiated by the respondents themselves. Therefore, they are also co-participants in the corrupt transaction and are ashamed to complain about the officials. Third, all respondents answered questions on appealing from actions of the officials, i.e., including those who never got into a corrupt situation, as well as participants in the corrupt situations, so perhaps the majority of the respondents are quite satisfied with the activities of the government agencies.

3. The state of the business corruption market

3.1. Sociological portrait of business

The results demonstrating the use of income by the businesses are quite interesting. The main result is demonstrated by the following table.

Table 3.1. Share of businesses with different types of expenses and savings (as a percentage of the sample)

Types of expenses	%
Business development (investment)	90.5
Taken out and saved	71.7
Wages for employees and workers	89.4
Taxes	92.2
Payment for the so-called "roof" ("protection")	11.9
Informal methods of influence on the officials	18.4
Persistent requests of the officials to help in improving the city, organization of events, equipping of offices of the authorities, etc.	21.0

The structure of average expenses is given in the following table.

Table 3.1.8. The structure of the average expenses based on the answers to the question, "17. Please indicate the average percentage of monthly turnover of your company used for the following expenses and savings"

Types of expenses	Average
Business development (investment)	39.0%
Taken out and saved	20.9%
Wages for employees and workers	29.5%
Taxes	14.8%
Payment for the so-called "roof" ("protection")	4.8%
Informal methods of influence on the officials	11.2%
Persistent requests of the officials to help in improving the city, organization of events, equipping of offices of the authorities, etc.	6.3%
Business development (investment)	3.7%

It is interesting to note that the amount of expenses for three items: "Payment for the "roof" ("protection"), "Informal methods of influence on the officials," and "Persistent requests of the officials to help ..." is almost the same as expenses for taxes. This means that the criminal "tax" on the businesses coincides with the state taxes. Regardless of this, a very important aspect is the extent to which actual data may differ from what was stated by businesses during the interview.

3.2. Interaction with the government authorities and assessing its outcomes

Comparison of the above samples of the population (individuals) and businesses shows that businesses are more satisfied with their contacts with the authorities. Similarly, some businesses are satisfied with contacts with the authorities in a corrupt situation. Here businesses agree with ordinary citizens: **for a significant share of businesses bribery is a part of their life strategy and a conscious choice**.

Recommendation 5: Integrated anticorruption actions This research shows that the choice in favor of a corrupt deal is often a conscious and deliberate choice of the bribe givers. This choice is affected by three interrelated factors: the nature of the

problems to be solved by businesses; character of the business; and beliefs of the businessmen. This means that planning of the anticorruption policy and development of anticorruption measures must take into account all these three aspects:

- *Conditions for business operation.* This is not restricted to the adoption of "good" laws instead of "bad" ones. Such measures should be complemented by changes in the objectives and principles of the civil service's operation, systems and methods of administration, along with the development of administrative regulations, and changing consciousness of the officials.

- *The nature of the business.* This means that anticorruption measures should be targeted and tailored to the features of the business, as well as depend on its level, organizational and legal forms, and the nature of its dependence on the state.

- *Beliefs of the businessmen.* Businesses are not homogeneous in their beliefs. Therefore, awareness-raising activities adapted to characteristics of varieties of businesses should be developed and implemented. Beliefs can be changed through involving businessmen in public anticorruption activity.

When comparing various branches of the government, the executive branch is the one contacts with which mostly satisfy businesses, while the judiciary branch causes the least satisfaction, followed by the police. Businessmen from among manufacturing and individual entrepreneurs are least satisfied with such contacts. Among the regions, the least satisfied are businessmen from the Naryn and Osh regions.

3.3. The state of the general business corruption market

The business corruption market in many of its characteristics does not significantly differ from the everyday corruption market. This can be seen from the data in the following table.

Table 3.3.1. Comparison of characteristics of the everyday and business corruption markets in the Kyrgyz Republic

Characteristics	Everyday corruption	Business corruption
Scope of corruption	44.7	45.4
The risk of corruption	32.1	29.0
Readiness to pay bribes	71.9	65.4
Corruption intensity	1.051	1.296
The average bribe size (KGS)	5,237	67,701
The volume of the corruption market (mln KGS)	4,356.7	8,336.6

Naturally, the average bribe size in the business corruption market significantly – by almost thirteen-fold - exceeds the average bribe size in the everyday corruption

market. (in 2005, this gap was incomparably higher in Russia: 1,400-fold). The sizes of the business and everyday corruption markets differ in the Kyrgyz Republic as well, but not so much: the annual turnover of the business corruption market is 1.9 times higher than that of the everyday corruption market. In Russia, this gap is one hundred-fold. However, in-depth statistical analysis indicates clear signs of reluctance to answer the question about the size of bribes when their size is large. (The portrait of such a typical person is as follows: he is a large businessman who gave a large bribe for winning a tender with the national-level authorities). This assumption is confirmed by the fact that the average bribe was higher in medium-sized businesses rather than in large-sized ones. Statistical anomalies indicate significant cases of bribes in a traditional non-monetary form, which the respondents do not perceive as corruption.

However, in general, the results of the analysis are very consistent. This is confirmed by the responses to the checklist included in the questionnaire.

These data provide important information on the nature of the corruption in the Kyrgyz Republic. In Russia, everyday corruption and business corruption are two different social realities. **In the Kyrgyz Republic, the everyday and business corruptions are a common social space united by the remnants of the traditional system of relations, on which corruption flourishes parasitically.**

Recommendation 6: Changing basic social relations. The parasitism of corruption on the traditional system of social relations can be transformed from a problem into an advantage. This is particularly important, as the corruption is harmful not only in itself, but because it is a consequence of the state institutions' inefficiency and generates new inefficiencies. The institutions are effective only when their underlying formal norms, informal regulations and people's beliefs complement each other. Modernization-related failures and problems in transitional countries were due to the lack of such symbiosis. This factor, along with the facts identified by this research, indicate that **modernization of the Kyrgyz Republic must be a blend of institutional transformations and an increase in the efficiency of institutions, anticorruption measures, and changes in basic social relationships.**

3.4. Structure of the business corruption market

Comparison of characteristics of the corrupt practices in various branches, levels and agencies provided the following results:

1. <u>Of all the branches of government, the executive branch looks the most attractive</u>: the lowest risk of corruption, the lowest readiness to pay a bribe, lowest intensity of corruption, as well as of the specially-introduced indicator - the ratio of share of bribes in this market to the demand for its services. This branch has the largest average size of bribes, but it ranks lower than the legislative branch in terms of the average annual corruption fee from one bribe giver. The executive branch accounts for most of the market, but this is due to

the dominant demand for services of the executive branch and, therefore, the maximum share of bribes relating to this market.

2. <u>The least attractive</u> branch is the <u>legislative branch</u>: the highest risk of corruption, readiness to pay a bribe, corruption intensity, and ration of the share of bribes in this market to the demand for its services, and the average corruption fee from one bribe giver.

It is obvious that speaking about corruption in the legislative authorities, we primarily mean corrupt lobbying - a type of political corruption, no matter at what level of the government it occurs. This type of corruption is dangerous not only for its direct costs, but also for its long-term negative consequences. **Recent constitutional changes in the Kyrgyz Republic have enhanced the role of the Jogorku Kenesh, and reduced the risk of a new personal (family) dictatorship emerging, but have given rise to new problems, including related to corruption, as demonstrated in the results of this research**.

Recommendation 7: Measures aimed at reducing corruption in the legislative branch. These measures are as follows: increasing accountability, transparency and controllability of the legislature. In this case, we must proceed from the fact that the parliament is the place for accommodation of public interests, thus to shield it from external influences means to deprive it of an important part of its reason for existence. Hence, it is necessary to reduce the extent of corruption inherent in these influences. This can be done by increasing the capacity for public control over the work of the Jogorku Kenesh and the legislative (representative) bodies at a lower level. Strengthening public control will not change the established constitutional balance of powers.

1. *Changing the system of parliamentary elections*. The main objective is to increase accountability to the electorate. This is not ensured by the current system. Low accountability is one of the factors contributing to corruption, and first of all, political corruption.

2. *Adoption of the law on lobbying.* Lobbying should be understood as a set of activities aimed at organizing shared interests, and developing and promoting their proposals and communicating them to legislators and the public. Only public legal entities can be lobbyists. Their activities should be absolutely transparent in terms of content, funding and impact. Lobbying is allowed only in legislative bodies.

3. *Ensuring transparent work of the legislative bodies*. Different measures can be mentioned here, of which the most important is introducing open roll-call voting as a standard, so that the electorate could know the voting record of a parliament member on each item. Closed voting should be the exception - either on a specific list of issues, such as appointments or exceptional issues where roll-call voting must be approved by a qualified majority; while voting on approval of the roll-call voting itself should be open and by roll-call. Introduction of this system strongly restricts the possibility of voting against public interests, and therefore, limits political corruption. This

can become a reality on condition that the paragraph below is implemented.

4. Public control over the work of the legislative bodies. For this purpose, there are a variety of methods used in different countries. Public organizations will eagerly use these methods and the mass media will gladly publish the results.

The analysis of the corrupt practices occurring when businessmen try to solve various problems provided interesting results. Two dominant reasons in terms of the risk of corruption were identified:

➢ getting a competitive advantage;
➢ protecting one's own property and business against encroachments of the competitors.

This can be seen from the table below.

Table 3.4.3. Characteristics of the business corruption practices in addressing different types of problems by businesses. 1 - the risk of corruption (as a percentage); 2 - readiness to pay bribes (as a percentage)

Problem	1		2	
	x	r	x	r
1. Start a new business	43.2	7	57.7	13
2. Solve the problem with submission of the reports	15.2	15	64.6	11
3. Speed up resolution of the problem which has to be resolved by the authority anyway	31.0	11	67.5	9
4. Reduce the requirements during the inspections by the controlling bodies	41.8	8	72.6	4
5. Protect one's own property and business against encroachments of the competitors	50.0	2	69.6	7
6. Overcome administrative obstacles to business development	44.3	6	69.9	6
7. Get a state or municipal order	23.3	13	61.1	12
8. Ensure appropriate judicial decision	41.0	9	69.6	8
9. Win in the fight for purchasing certain property	44.4	5	67.5	10
10. Get a competitive advantage in the competition	53.1	1	84.8	1
11. Ensure that a representative of one's own business got a seat in the government	45.2	4	72.7	3
12. Ensure adoption of the appropriate legislative or administrative decision	25.0	12	50.0	14
13. Get the opportunity to rent premises on a concessional basis for work	22.7	14	50.0	15
14. Get ownership or lease of, or renewal of a lease of, a plot of land	35.3	10	75.7	2
15. Get a license or permit for specific activity	48.1	3	71.7	5

A significant coincidence is that here we are speaking about dominance of two of the three basic regulatory functions to be performed by the state in a market economy. The third function - protection of contractual relations - must be performed by the courts.

However, as will be demonstrated in the next section, according to businessmen, the leading factors that create obstacles and problems for business are poor work of the criminal and arbitration courts and corrupt judicial decisions. It is also interesting that the leading reason for readiness to pay bribes is the same - to get a competitive advantage in a competition. This means that corrupt initiative of the businesses is well developed in this area.

Thus, **corruption has infected, first of all, the basic economic and legal functions of the state (not only those of government agencies, but also those of state-society as concerns business), without which the development of an efficient market economy is impossible**.

Recommendation 8. **Reducing corruption in implementing basic economic functions of the state**. When public authorities are corrupt and a lot of time is required to correct this situation, some functions can be transferred to the society. This is the reason for the set of measures proposed below:

- *Increased involvement of businesses in associations*. It is necessary to promote involvement of businesses in various associations. This can (initially) be done when creating certain preferences to associated businesses (the shadow economy will decrease incidentally).

- *Strengthening the role of associations* by transferring a number of functions and powers to them, including the control function. Associations may also be delegated with powers on pre-trial settlement of conflicts (arbitration), and therefore, monitoring compliance with the norms of competition and contractual law, as well as inviolability of private property. Naturally, this should not abolish judicial control.

- *The use of sanctions*. The benefits from being a part of an association should be such that sanctions like expulsion from the association should potentially result in damages to the firm (or entrepreneur) commensurate with severe punishment on behalf of the state.

- *Control of the associations*. When transferring some functions and powers to associations, the government should strengthen control over their activity. Activities of the associations should be extremely transparent, and the state should be able to close them based on a court's decision in the case of any corruption in the activity of the association. This will stimulate mutual anticorruption responsibility in associations.

When comparing different types of businesses, the most reliable characteristics are the risk of corruption and readiness to pay bribes. The analysis showed the following. The highest risk of corruption is in the trade sector, and the highest readiness to pay bribes is in the services sector. There is a clear correlation with the level of development of the business: the higher the level (starting from sole proprietors to large businesses), the higher are the corruption indicators: risk of corruption, readiness to pay, and corruption intensity. Comparison of different organizational legal forms of business

showed that the highest risk of corruption is among business partnerships and companies, and the highest readiness to pay bribes is among state-owned enterprises.

3.5. Regional characteristics of the business corruption market

Comparison of different regions showed the following leaders:

- ➢ <u>corruption coverage</u>: Chui region, Bishkek;
- ➢ <u>share of bribes in the overall market</u>: Chui region, Osh region;
- ➢ <u>risk of corruption</u>: Chui region, Osh region;
- ➢ <u>readiness to pay bribes</u>: Chui region, Talas region;
- ➢ <u>intensity of corruption</u>: Osh region, Issyk-Kul region;
- ➢ <u>the average size of the bribe</u>: Osh region, Osh city;
- ➢ <u>annual size of the corruption market</u>: Osh region, Chui region.

3.6. Business corruption as assessed by the businesses

The questionnaire for businesses included questions relating to corrupt practices, but practices not of the respondents themselves, but rather those of businesses similar to the respondent's business. These questions were less sensitive, and therefore the respondents answered more willingly. These questions were used as control questions to verify main characteristics of the business corruption market. The key end result is important: if for assessing size of the business corruption market, one uses the views of the surveyed businesses about practices of their peers, the final figure would be about two times higher than that obtained when analyzing data about the respondents' own experience.

4. Businesses' behavior in a business corruption market

4.1. Features of non-corrupt behavior of businesses in a corrupt situation

Non-corrupt behavior of businesses in a corrupt situation (refusal to give a bribe) does not display a distinct social or business character, and that makes business kin to everyday corruption and confirms one of the key findings of the research, according to which everyday and business corruption in the Kyrgyz Republic form a single social phenomenon. Features of the business itself or beliefs of the businessmen do not affect the refusal to give a bribe in a corrupt situation.

As usual, exceptions include contrasting regional differences, as well as differences in the frequency of the refusal to pay bribes while solving various problems. The respondents in the Chui and Talas regions refuse to pay bribes more rarely than others and even more rarely when it comes to obtaining competitive advantages. This confirms the conclusion that in these situations a bribe is a part of the businesses' strategy and is paid on their own initiative.

Unity of the business and everyday corruption markets is confirmed by statistically insignificant differences in answers to the question about the reason for refusal to pay a bribe. It is important to emphasize that the least frequent answer in both samples was: "I was afraid of being caught and punished" (1.2% among businesses). **This suggests that**

in the Kyrgyz Republic law enforcement institutions work extremely ineffectively when it comes to corruption, and informal social control is very weak.

Recommendation 9. Strengthening institutions of non-governmental social control. It is doubtful that one can rely on state enforcement institutions in conditions of wide-scale corruption. In such circumstances institutions of non-governmental social control are particularly important. Anticorruption policy in the Kyrgyz Republic must contribute to their formation and enhancement in the following directions:

- enhancing the authority of public organizations and business associations that work effectively, honestly, and transparently, including through constant cooperation with them in planning and implementation of anticorruption policy, as well as policies in the fields of economy, tax policy, etc.;
- enhancing the role of morally authoritative entities (a highly corrupt African country had an interesting experience when it created a small public committee composed of authoritative public figures who had the right to unanimously impose a public veto without reason given concerning the appointment of senior officials to the executive branch);
- implementation of other measures listed above and aimed at accomplishing this goal (this purely formal paragraph emphasizes the obvious complexity of the recommendations included in this section).

It is interesting that the expensiveness of the bribe was the dominant reason for refusal to pay in the Osh region, where the highest average size of bribes was recorded. This is not the only evidence of the fact that businesses from the Osh region are more honest in their responses.

Significant differences were observed between businesses of different levels of development; most of the small businesses refused to pay a bribe due to its large amount; medium-sized businesses mostly do not give bribes in principle; representatives of large businesses often explain their refusal to pay bribes by the fact that they can solve the problem in another way, which is very likely. The most squeamish are representatives of state-owned enterprises - more than half of them refused to pay bribes due to an aversion to corruption.

Most businessmen with a higher education refused to pay bribes due to their expensiveness and on principle. A big share of businessmen with incomplete higher education did not know how to deal with a bribe.

Some interesting connections between the refusal to pay a bribe and the problem being solved were revealed. For example, those who refused to pay bribes in the courts can be split into two equal groups (more than forty percent) - those who do not know how to do it in court, and those who can solve their problem in other ways.

Businessmen a bit more often than ordinary people reported that they have managed to solve their problem by other means after refusing to pay the bribe, but this difference is insignificant. Similarity of the two samples is also due to the fact that those who refused to bribe as they did not know how to solve the problem without a bribe, more often managed to resolve their problems without any bribes. **Thus, both among**

ordinary people and among businesses there is a significant share of those who know how to solve their problems without a bribe and did so once in a corrupt situation after refusing to give bribes. This social practice can be an important resource for fighting corruption.

Recommendation 10. Expand the social practice of refusing to give a bribe and the ability to resolve problems in a non-corrupt way. Presumably, refusal to give a bribe and problem resolution in other ways is a demonstration of a certain social capital of the respondents. In order to expand legal social practices of resolving problems, it is important to thoroughly research these social practices and the related forms of social capital. Only based on this diagnostics, can appropriate measures be developed as part of anticorruption policy.

The greatest chances to resolve one's problems without any bribes were identified in the Issyk-Kul region and in Bishkek; in the trade sector; among sole proprietors and large business; as well as among businessmen with an incomplete higher education.

4.2. Features of the corrupt behavior of businesses in corrupt situations

Research of the corrupt behavior of businesses once again showed the social similarity of the business and everyday corruptions. On the one hand, no statistically significant differences were identified (among bribe-givers) in *a priori* awareness of the respondents in both samples about the size of possible bribes. On the other hand (among bribe-takers), there are no differences in the responsiveness of bribe-takers – the frequency distribution of responses is almost identical. The only significant difference is that businesses significantly more often (28.1%) than individuals (19.0%) give bribes to speed up resolution of their problems. This is natural, as the maxim "Time is money" is more relevant for them.

The similarity of the two corruption markets is especially evident in officials' responsiveness to a bribe, as is clear from the chart below.
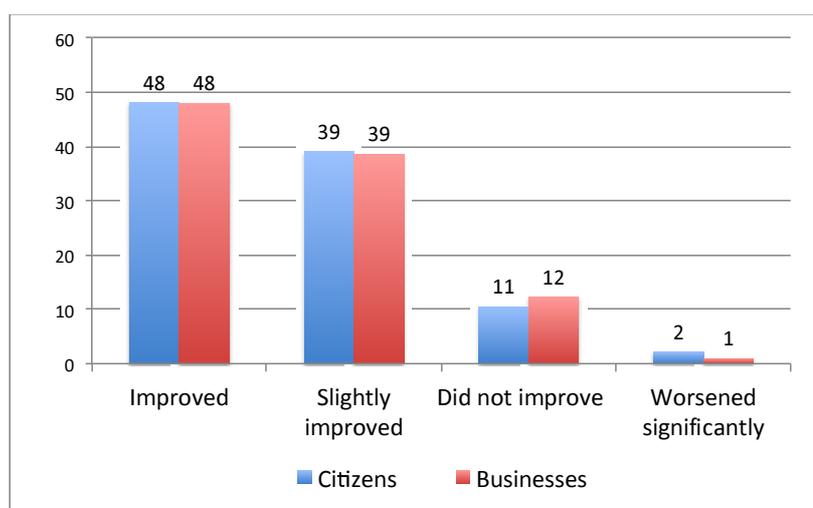
Figure 4.2.3. Responses of ordinary people and businesses to the question, "21 (38). How did actions of officials who were supposed to solve your problems change after your unofficial "fee," i.e., bribe (meaning the speed of their actions, friendliness, efficiency, etc.)?"

4.3. Corruption in the relations between businesses

This section aims to assess the prevalence of this phenomenon based on the respondents' answers, and to compare it with governmental corruption in terms of prevalence and the damage felt. According to businessmen, corruption in companies is lower than governmental corruption both in terms of prevalence and damage. This can be seen, for example, in the diagram below.
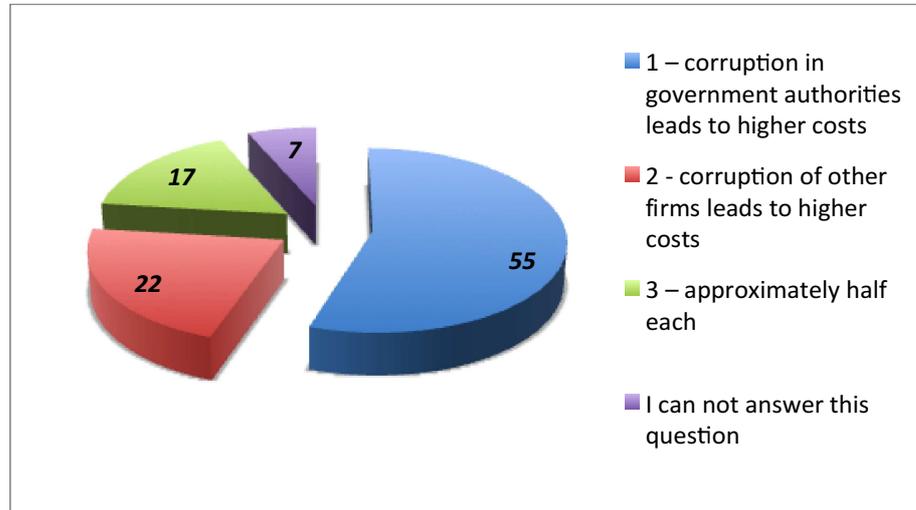
Figure 4.3.1. Responses (as a percentage) to question "52. Which of the two types of corruption will cause higher costs for businesses like yours?"

When interpreting this result, it should, of course, be borne in mind that only one party testified to this effect. This means that further research in this area must be conducted.

5. Problems of businesses

5.1. Obstacles to doing business

Obstacles were researched in two ways: first, obstacles perceived as some abstract properties of the social environment and, second, obstacles created by the authorities.

Comparison of the first type of obstacles as assessed by Kyrgyz and Russian businessmen showed substantial differences. In particular, of first importance in the Kyrgyz Republic is political instability, which is in the middle of the list in Russia. The following three obstacles following the same logic are also ranked as very important in Kyrgyzstan, but placed in the middle of the list in Russia: "expensive loans (high interest rates)," "inflation," and "underdeveloped economic infrastructure." The logic is clear: high interest rates always accompany high inflation. And the latter is rooted, among other things, in the underdeveloped economic infrastructure, the costs of which are compensated for by the price of the end product, similarly to the costs of corruption.

It was discovered that the respondents with different levels of business development specify different problems as the most important ones. Sole proprietors put high energy prices and inefficiency of the judicial system in the fifth and seventh places, respectively. Small business ranked unfair competition and difficulties with obtaining credit as the sixth and seventh most important problems. Representatives of medium-sized businesses ranked inefficiency of the bureaucratic apparatus and high transport costs as the fourth and fifth most important problems. Underdeveloped economic infrastructure and the expensiveness of bribes (the latter is apparently due to the level of contacts and scale of problems to be solved) are in the second and fourth places for large businesses. It is clear that the identification of certain obstacles as specifically important ones by respondents with different levels of business is quite logical and consistent with the nature of business at different levels of development.

It is still more interesting to consider cooperatives and the peasant economy (farms). They are distinguished by the fact that they assess almost all obstacles more critically than other groups of businesses mentioned in this report. Compared to others, the important obstacles for them are crime, high transportation costs, taxes and government control of prices. This is quite a natural set of obstacles for this type of business.

The first three specific obstacles reported by state-owned enterprises are quite interesting: the complexity of the conclusion or renewal of a land lease; the need for and complexity of licensing certain activities, and high-ranking officials' own businesses. It would seem that the state, while controlling certain areas of the economy, is interested in its effective work. Meanwhile, all three of these obstacles are generated completely by insufficiently effective work of the state. Especially striking is the fact that an obstacle for a state-owned business is the businesses of high-ranking officials. This combination must be viewed as very specific and important. It must be taken into account when planning anticorruption policy.

Geographical analysis of the obstacles permitted a ranking of the regions based on how "problematic" they are. The most problematic were the Jalal-Abad, Osh and Batken regions. The respondents in the Chui and Naryn regions complain more moderately about the obstacles.

Important results were obtained when analyzing the types of obstacles by classifying the respondents from among businesses who assessed the following as important obstacles: 1 - high costs of compliance with the law; 2 - high corruption-related expenses; 3 - corruption; 4 - poor quality of administrative procedures; 5 - poor quality of the market infrastructure. The results of assessments by businesses are in the chart below. The chart also includes three types of respondents: those who are not quite sure of their assessments; respondents who are optimistic in their assessments; and respondents who are pessimistic in their assessments.
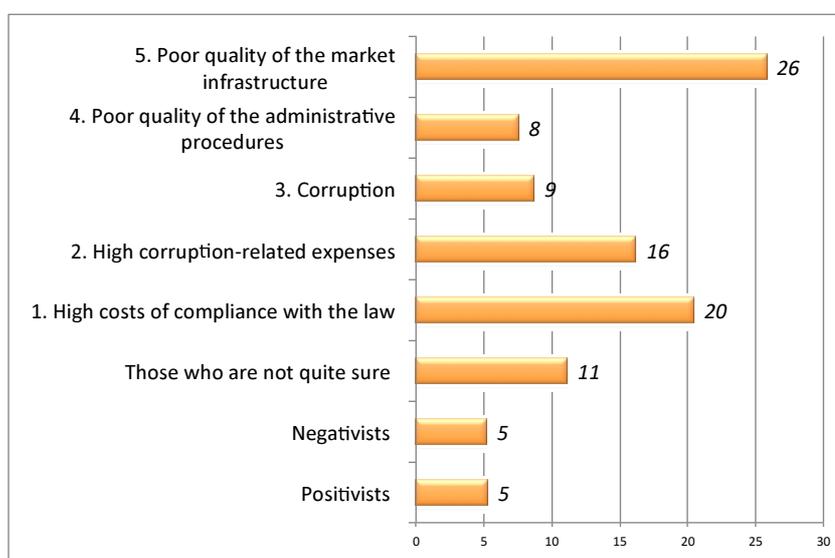
Figure 5.1.1. Respondents' assessments (in percentages) of different types of obstacles

Businessmen from the production sector mostly complain about poor quality of the administrative procedures; sole proprietors complain about corruption; and medium-sized businesses about the poor quality of the market infrastructure. Important differences between state enterprises and independent businesses were identified. The former are burdened by the high corruption-related expenses, and the latter by the high cost of compliance with the law.

There are numerous theories and models that describe corrupt behavior. Most of them are reduced to the thesis that the one who gives or takes a bribe makes his choice (to give or not to give, to take or not to take) comparing costs and benefits of his choice. The results of this research not only provide evidence of these theories, but also lead to an important practical conclusion: **properly-formed anticorruption policy should facilitate a correct choice in favor of legal and anticorruption behavior among all those who may potentially be involved in corruption.**

Recommendation 11.[9] **Stimulation, reduction in cost, and simplification of compliance with the law**. Essentially, we are talking about implementation of one of the fundamental objectives of the anticorruption policy, which can only be achieved by a comprehensive impact on the social environment. Below are aspects that should not be omitted in this area.

- A necessary (but not sufficient) condition for success of the anticorruption policies and accomplishment of the above objective is increasing the risk associated with corrupt behavior (the probability of punishment). This is possible only with a drastic reduction of corruption in the law enforcement system as a whole (police, prosecutors, and courts). Until some real success along these lines has been achieved, it makes no sense to introduce any measures to increase control and responsibility, as these measures work only when the system of sanctions works properly. All other measures should be aimed at facilitating non-corrupt behavior.

- A specific, high-priority and extremely important task is restoring order in the judicial system. With a properly operating judiciary, citizens and businesses are able to solve most of their problems themselves. Public anticorruption capacity can be sharply enhanced through introduction of the principle of the judicial protection of the public interest (the interests of unspecified people) into the legal system of the Kyrgyz Republic, with the recovery of the judicial branch. In this case, it will be possible to shift to society part of the burden related to pursuing corrupt officials through lawsuits.

- Businesses need the creation of a legal and administrative environment that meets the following requirements:

- implementation of only essential control functions of the state;

- implementation of only those control functions where control is feasible and has a positive effect;

- business associations should assume control functions which they can perform more effectively;

- control functions that can be performed on a competitive basis by non-governmental organizations should be outsourced.

- Both citizens and businesses need:

- the exclusion from administrative practice of the requirement that clients must receive a document in one public institution for its submission to another one (citizens should not work as postmen for government offices); this ban will inevitably lead to a reduction in the unnecessary flow of documents;

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[9] *Recommendations 11 and 12 in the brief version of the report were swapped compared to the full version.*

- simplification of the procedures related to imposition and payment of penalties;

- revision of the penalties scale - large penalties in a corrupt environment contribute to the growth of corruption, but do not lead to a decrease in the number of administrative violations;

- the maximum simplification and accessibility of the procedures for appealing the actions and conduct of officials (see Recommendation 1).

- A special set of measures should be introduced to facilitate legal conduct of officials, both bureaucrats and politicians. However, a separate diagnostics of the state and municipal services, as well as of the policy area, should be conducted for the development of important recommendations in this area. One has not yet been conducted.

- There is a need for a responsible and independent body authorized by the law to implement anticorruption policy, which would work transparently and in cooperation with civil society, as well as assume responsibility for achieving objectives of the anticorruption policy, including the above. For this purpose, it must have the capacity and authority to protect citizens and businesses whose attempts to enter the legal field or counteract corruption create problems and burdens for them.

5.2. Government authorities as a hindrance to business

Research into the second type of obstacle – obstacles created by authorities – produced the following results. Comparison of the ratings of obstacles as assessed by Kyrgyz and Russian businesses showed that the highest-ranking were actions of the government authorities, which in both countries have common cultural and historical Soviet roots. Another important and common feature is dissatisfaction with the judiciary. There are some positive differences in favor of the Kyrgyz Republic. Obstacles such as "Participation of officials in the fight for ownership on the side of 'their' firms," and "Participation of officials in the management of companies with a share of state or municipal ownership in the property," are in the leading places in Russia, while Kyrgyz businesses are much less concerned by those.

At the same time, for representatives of the trade sector these problems are a matter of concern more than for others in the Kyrgyz Republic. However, the respondents from the production sector, compared to other sectors of the economy, are more concerned by pressure on them to force them to choose the "right" product suppliers or customers.

The Soviet legacy is particularly experienced by large businesses, which complain about "Participation of officials in the management of companies with a share of state or municipal ownership in the property," and "'Protectionism' in favor of 'their' or controlled firms." Sole proprietors suffer, first of all, from poor protection of private property - another Soviet legacy (see Recommendation 8 above). Medium-sized

businesses are constrained by "Pressure on them to force them to choose the 'right' product suppliers or customers," and "Participation in artificial bankruptcies."

State-owned enterprises also experience specific problems. As for the two leading obstacles - "Excessive pressure from the control and supervisory bodies," and "Poor work of the courts of general jurisdiction," the state-owned enterprises agree with other businesses, but this is followed by an interesting specificity.

Of course, representatives of state-owned enterprises complain about poor protection of private property to a much lesser extent than others. However, below are interesting obstacles that are of priority for them:

> the creation of tax and similar benefits for certain firms;
> the participation of officials in the management of companies with a share of state or municipal ownership in the property;
> the creation of artificial monopolies for "their" firms.

This set of obstacles for state-owned enterprises is surprising. A possible explanation may be an "intra-species" struggle – a struggle for property, budget and sales markets. In addition, in line with Soviet tradition, enterprises with a state share are deemed to be state property together with all their assets and income. That is why state-owned enterprises, unlike others, emphasized and ranked as the third most important obstacle the requests for payment of fees not provided for by law into various funds created by the authorities. This means that many officials perceive enterprises with state ownership as cash cows.

Non-state enterprises tend to quite negatively assess obstacles; according to them, a common feature of these obstacles is that they distort the competitive environment. Dissatisfaction of sole proprietors with excessive licensing –a procedure requiring serious legal efforts – is quite understandable.

Since this research applies two approaches to the analysis of problems that hinder the development of business, this permitted checking specific communicative behavior of the respondents in answering questions. It was found, firstly, that the respondents are less frank when they have to assess problems of the second type, as the source of problems here is government authorities. Analysis of the regional features showed interesting differences in strategies of avoiding radical assessments in different regions.

5.3. Ways to compensate for corruption-related losses

Compensation for corruption-related costs is an issue that has not yet been properly studied. Bribes paid by businessmen to officials in the case of large-scale corruption and continuous corrupt practices are a type of production cost for businesses. Like any costs, they must be compensated for. This research for the first time studied this issue using quantitative sociological methods. First, the respondents assessed the prevalence of seven different ways of compensating for corruption-related costs. At least one of these practices was rated as very common by more than half of the respondents, indicating a very wide use of compensation practices. The diagram below compares

different practices in terms of their prevalence (the share of the respondents who think that a certain practice is very common or common).

Figure 5.3.1. *Prevalence (as a percentage) of various practices of compensating for the corruption-related costs*

The most common practice was to increase the final price of goods or services. More than 30 percent of respondents reported that it is very common. This practice is the most widespread in the industrial sector and especially among agricultural producers. A reduction in the number of employees hired is also used. The use of compensation practices is particularly prevalent among businesses, which build their relations with the authorities on a cynical and pragmatic basis and take the initiative in corrupt practices. Geographically, the leaders in frequent use of compensation for corruption-related costs are the Osh, Naryn and Issyk-Kul regions, and in terms of the number of businesses involved in such practice the leaders are the Osh and Chui regions and Bishkek.

An assessment of the effectiveness of cost recovery is very important, i.e., what share of the corruption-related costs businesses are able to compensate for. About 10 percent of the respondents (with almost half of the respondents unable to answer this question) believe that they manage to get almost full compensation. The most optimistic assessments of effectiveness were provided by agricultural producers and cynical and pragmatic businessmen. Geographically, high effectiveness was reported by the businessmen in Bishkek, and the Jalal-Abad and Osh regions.

The respondents' answers permitted us to restore certain statistical regularities that enabled us to roughly establish that all businesses together may get compensation for approximately half of their total annual losses, i.e., of the volume of the business corruption. But it is about twice as large as the everyday corruption market. **This means that because of the corruption in the country, Kyrgyz citizens pay twice: once – through their bribes, and then pay the same amount again in the form of direct and indirect losses for bribes paid by businesses.**

Compensation for corruption-related costs is not a harmless phenomenon. When it occurs on a large scale, it becomes an important factor in the economy's degradation due to a combination of reducing the quality of the end product, combined with an unjustified increase in its price, and deterioration of the social environment due to this price growth accompanied by a decrease in wages and growth in unemployment. **Compensation practices are also dangerous, because they help businesses adapt to corruption and reconcile themselves to it. In fact, the practice of compensation for corruption-related costs constitutes an informal collusion between government authorities and businesses that victimizes people and the country.**

Recommendation 12: Countermeasures against practices of compensating for corruption-related costs. Addressing this problem cannot be separated from anticorruption measures as a whole. Active steps taken by the authorities against compensation practices will be immoral and will fail if the government does not more actively oppose corruption in its own agencies and ensure the credibility of their actions. In addition, it is difficult to detect compensation practices, as they are easily camouflaged. Therefore, it is useful to implement countermeasures against the practice of compensation in the following two ways.

- It is appropriate to entrust countermeasures against compensation for corruption-related costs to businesses through their associations. But this will be justified and effective only with full implementation of recommendation 8.

- It is necessary to actively use for educational and promotional purposes information about the losses to the end users--i.e., citizens--caused by the practice of compensation for corruption-related costs. This information should contribute to the destruction of the stereotype of indifference towards corruption.

5.4. Strategies for adaptation of businesses to an aggressive environment

When the institutional environment in which business operates is imperfect and corrupt, business is forced to seek behavioral strategies that help it to adapt to problems posed by this environment. One of the private strategies--getting compensation for the corruption-related costs--has already been discussed above. This research examined them more generally, in three aspects:

➢ selecting a strategy when interacting with the authorities;
➢ selecting a strategy in general social terms;
➢ use of tools to oppose the corruption environment.

It was proposed to select a strategy of interaction with authorities from among the following three alternatives:

1. I try to deal with the authorities as little as possible. For this, I have to follow our laws, which are imperfect and often hinder my business.

2. I feel quite free. If I have to break the law, there are some informal methods to avoid conflict with the authorities.

3. I use any means to influence the authorities, I must be sure that they will work in my best interest.

More than 60 percent of businesses in the Kyrgyz Republic prefer the first strategy; it is about 10 percent less than in Russia. A bit more than 10 percent of the respondents select the third strategy in both countries. The second – the corrupt and pragmatic strategy – is selected by business in the Kyrgyz Republic more often than in Russia.

The following statistically significant differences in preferences of different strategies among different strata of business were identified. Businesses operating in the industrial, construction and transport sectors select the second pragmatic strategy more often; so do medium-sized business and agricultural producers. Businesses operating in the services sector try to avoid interaction with the authorities. The third strategy is more often selected by traders and sole proprietors. Regional differences contrast sharply. The strategy of keeping a distance from the state is selected by businesses in the Talas region, Bishkek and the Chui region. Businesses in the Osh and Jalal-Abad regions prefer the pragmatic strategy. The third strategy is often recorded in the Issyk-Kul region.

When analyzing adaptation strategies, the respondents were asked to make a multiple choice from a set of behavior practices. The first three most frequently selected practices were the following:

> ➢ I receive help from some officials, whom I sometimes help (in Russia this practice was ranked second).
>
> ➢ As much as possible, I contribute to improving bad laws, in the meantime I have to suffer from it (ranked eighth in Russia)
>
> ➢ I find a strong partner in our country (ranked fifth in Russia).

Further analysis was based on classification of those respondents who tend to select either set of interrelated practices. More than half of respondents did not demonstrate a consistent logical choice (which corresponds to the nature of things). Most respondents (30.8%) fell into the class of the "pragmatists", who do not disdain opportunistic and corrupt behavior. (The result is close to that in Russia). In second place (10.9%) is the class of "legalists" and in third place (5.3%) are "collectivists."

Rural producers often demonstrate the opportunistic behavior of pragmatists, which is a way for them to survive. Pragmatists are more common in the industrial sector of the economy, and legalists in the services sector. Large businesses more often than others can also afford to be legalists. The same tendency is observed among representatives of business who believe that their activity became less successful.

Contrasting regional differences were identified as well. Collectivists are often found in the Naryn region, legalists in the Issyk-Kul region, and pragmatists in the Jalal-Abad region and Osh city. The Osh region is characterized by a high share of legalists and pragmatists.

When analyzing methods of combating corruption practiced by businesses, the respondents were offered a list of 13 practices of interaction and asked to select the

practices they use. The most striking result is that the Kyrgyz businesses use anticorruption practices on the average twice to two and a half times more often than their Russian peers. This could be treated with suspicion, but another surprising fact is that the rankings of popularity of different practices in the two countries are almost identical.

The respondents were classified based on the degree of their use of various counter-practices. It was found that the higher their social intelligence, the more active the businesses are. A dependence on the type of problems/obstacles which businesses consider important and their adaptation strategies was identified. In particular, the most active businesses are more common among collectivists and legalists, while pragmatics are often passive. Contrasting regional differences were identified as well: it is easy to find passive or weakly active businesses in the Jalal-Abad region and Bishkek; moderately active and active businesses are more often found in the Osh, Issyk-Kul and Talas regions.

6. Corruption: respondents' opinions and estimates

6.1. Problems in the country that are a matter of concern for the respondents

Both the individual and business respondent samples were asked to select not more than three out of 15 problems in the country that are of utmost concern for them. The choice made by the respondents from both samplings is striking in its similarity. With a small difference between the first two places, the top five problems that were selected most often fully coincide:

➢ increase in prices;
➢ unemployment;
➢ poverty, low pay;
➢ greed, bribery of officials;
➢ weakness and helplessness of the government authorities.

Corruption is only in fourth place with half as many "votes" as either of the first two places. However, more important is that the respondents' choice of corruption as an important problem in the country from their point of view is practically not correlated with other variables. This equally relates to both samples. **This means that corruption as a problem is not one of the important components of the mass consciousness**. For example, it is not linked to other problems of citizens and businesses. **Perceptions of corruption are not correlated with social practices of the respondents**, such as a choice whether to give or not to give a bribe (by citizens and businesses), or the extent of activism of the business in the anticorruption field. There are some reasons to believe that the respondents selected corruption as one of the important problems in the country in response to the above question almost accidentally, since the problem of corruption is intensively discussed in the information space.

The analysis of why the respondents selected similar answers to this question allowed an understanding of respondents' typology, which characterizes why they tend to select similar problems as important. Nearly two-thirds of citizens and almost half of the

businesses perceive social problems as the most important ones. About 14 percent of citizens and 28 percent of businesses are concerned about ideological and political problems. In both samples, about three percent of the respondents emphasized crime as a problem. The remaining respondents in both samples did not make any systematic choice.

The typology is more strongly linked with other variables than selection of answers from the list with the problems. Perception of different categories of problems as important ones strongly depends on the geographical area as shown in the table below.

Table 6.1.3. Respondents' choice of different types of problems – for respondents from the sample of individuals living in different administrative areas (as a percentage). 1 - "Unsystematic choice"; 2 - "Social problems"; 3 - "Crime"; 4 - "Reform trajectory and culture"; 5 - "Ideological and political problems". Confidence level is equal to 5.07E-18

Region (city)	1	2	3	4
Bishkek	27.9	54.7	4.8	12.5
Chui region	19.1	69.1	0.6	11.3
Issyk-Kul region	8.0	66.0	11.1	14.8
Naryn region	11.2	71.9	3.4	13.5
Talas region	16.7	62.8	0.0	20.5
Osh	16.0	51.0	2.0	31.0
Osh region	16.1	70.1	1.0	12.7
Jalal-Abad region	23.2	62.3	4.5	10.1
Batken region	11.8	69.9	0.7	17.6

Responses of residents from different regions and cities showed that respondents in the Issyk-Kul region reported crime as a problem more often than others, and respondents from the city of Osh emphasized ideological and political problems. The geography of concerns among businesses is different. Businessmen in the Naryn and Jalal-Abad regions are more concerned by social problems; in the Issyk-Kul region and Osh city, by crime; while businessmen from the capital and Talas region more often than their peers from other regions expressed their concern about ideological and political problems in the country.

Analysis of this typology's correlation with other variables demonstrated a significant difference between the individual and the business respondents. In the first case, there is not any significant correlation with the positional and dispositional variables. There are reasons to believe that there is a gap between the problems perceived and assessed by the population and other important dispositions, primarily corruption, in the structure of mass consciousness. On the other hand, this result suggests that **perception of the problems by <u>individuals</u> is local and regional in nature and is generated by specific situations in the locality. A common understanding of the problems in the mass consciousness of the population (i.e., of individuals) does not yet exist**.

A different picture is observed in the case of businesses. There is a rich structure of correlations between the typology of actual problems with various positional and dispositional variables. This is not surprising, since the habit of the businesses with certain needs forces them to more broadly orientate in social space, and adequacy of this

orientation is one of the competitive factors. Businessmen's perceptions of the country's problems are embedded in a developed structure of perceptions about the surrounding world. However, it is typical that among these numerous interconnections there is no link between the problems in the country and corruption. **This fact once again confirms the importance of anticorruption education.**

The results presented here have more general and important implications. The identified gap in the structure of mass consciousness of the population in general and businessmen in particular is a symptom of an important problem relating to the social structure of the Kyrgyz Republic.

Due to the nature of their activities, representatives of the social group of businessmen are more dynamic in their movements, their connections, and in seeking solutions to problems. In modern institutional theory language, their success depends largely on their bridging social capital. Boundaries between the regions and cities and other traditional social boundaries are less significant for them. These circumstances not only shape the specific mass consciousness of businessmen, but also make them a force cementing the society due to the abundance of horizontal links.

The social structure of the population as a whole (for the most part) is more traditional. A bonding social capital dominates here. Horizontal mobility is extremely low. Social connections rarely cross inter-regional borders and other traditional social barriers. Horizontal communication is limited. This is evidenced by the identified geographical determination of problems. **This traditional social structure contradicts the modern political organization of the government and society, thereby preserving sources of social tension, as is confirmed by the nature of the recent social unrest. This tension is a significant obstacle for both anticorruption activity and for institutional modernization in general.**

Recommendation 13: Modernization of the social structure of the society. This concerns a more complicated task, which requires a lot of time and effort, but without its accomplishment, the resolution of other problems in the country, including that of corruption, will always be hampered. The goal is gradual transition to a modern system of social relations. For this purpose the following must be done:

1. Consider findings of this report as a hypothesis, and conduct an in-depth and comprehensive diagnostic of Kyrgyz society. We must not let ourselves fall into the situation that Andropov once expressed with the overdue self-diagnosis, "We do not know the society in which we live."

2. Promote enhancing the influence and authority of the public organizations implementing inter-regional programs.

3. When planning measures for accomplishing this task, it is useful to rely on inter-regional business associations.

6.2. Attitude towards corruption

Analysis of other important dispositions of the respondents largely confirms the results of researching attitudes to the problems in the country and the conclusion that business and everyday corruption form one single social space.

Businessmen of the Kyrgyz Republic are characterized by a more negative attitude towards corruption than the population as a whole (in Russia it is vice versa). The attitude towards corruption in both samples is characterized by distinctive and interesting regional contrasts. For the individuals, there are significant differences between urban and rural areas: a negative attitude towards corruption is more common for urban areas. The higher the social intelligence, the more negative the attitude is towards corruption. In the case of the businesses, the same dependence on the organizational legal form of enterprises was identified: a negative attitude towards corruption is more common among representatives of state-owned enterprises and farms. But this is the only correlation. In general, the conclusion is that the **attitude towards corruption is not an important disposition in the structure of the mass consciousness of the residents in the Kyrgyz Republic**.

6.3. Assessing the level of corruption

Assessment of the corruption level is an important disposition that was analyzed in the research from different angles. First of all, the respondents' assessment of the overall prevalence of corruption at the highest level of government authorities was analyzed. Answers to this question in both samples (in the tables in the Annexes) are very similar (the biggest difference is 1.2%). Approximately 60% selected the answer, "The majority of people at the highest level of the government take bribes." About 25% selected a compromise answer: "Neither, about 50/50." The remaining 15% of the respondents almost equally selected the answers "1. A minority of persons at the highest level of the government take bribes," and "It is difficult to answer." Differences in the assessments by the population depending on the regions show that the most negative assessments were by the population in Bishkek and Osh. In the Chui region, negative assessments were provided by the businesses. In both samples, answers depended on whether or not the respondents were in a corrupt situation: respondents who had been in a corrupt situation gave a more negative appraisal, as is quite natural. This connection is the only factor that shows that this disposition is embedded in the structure of mass consciousness.

In the individuals' assessment of corruption of different government authorities, the government authorities of the highest level with whom citizens normally do not have any personal experience of interaction received the worst assessments. When businessmen assess the level of corruption in different political periods of the country's recent history, there is a simple pattern: according to the respondents, the more recent the period, the more corruption. Analysis and comparison of the social and psychological mechanisms of synchronic and diachronic assessment led to the following conclusion. For the mass consciousness of the residents in the Kyrgyz Republic, the current government authorities are an abstract and distant entity to which negative properties are attributed, and which is not trusted. However, **any government authorities can defeat corruption only in partnership with society, and society can become a partner only**

if there is confidence in the government--if not emotional, then at least pragmatic confidence. This can be done only under conditions of full transparency and permanent interaction on this matter.

Recommendation 14: Ensure transparency of the government authorities and effective interaction with society. Part of the above recommendations are aimed at accomplishing this task. For example, recommendation 7 includes measures ensuring the transparency of legislative activity. However, ensuring transparency of the government authorities is one of the most important tasks which must be addressed comprehensively, embracing the entire anticorruption policy and constituting an integral part of all regional programs or programs of the agencies.

These measures should be complemented by changes in the scope, methods and style of interaction with public organizations and business associations. It is necessary to overcome the major obstacle, i.e., how numerous boards operating under different government agencies are constituted. The current practice of comprising boards convenient to the government authorities drastically reduces their effectiveness and society's confidence in them. The norm providing that the boards shall be formed by civil society institutions must be strictly adhered to. Other approaches may be used only for the formation of the boards that perform expert functions.

6.4. Causes of corruption

The understanding of the reasons for corruption was analyzed using table-type questions. The respondents in both samples were to assess the list of possible causes, ranking them as important or unimportant. It was found that the respondents' assessments in both samples are not structured well. They tend to attribute high importance to all causes in the list. At the same time, there are some differences in the assessments, and their rankings by citizens and businesses are very similar with a few natural exceptions. In both samples, the respondents believe that the most important cause was "Corruption of the government authorities at the highest level," which is not so much a cause, but a syndrome, which ensures the preservation of corruption rather than its emergence. Nevertheless, this fact of the mass consciousness should be taken into account by the government authorities: **no anticorruption policy will be trusted in if it is limited to combating only grassroots corruption.**

Recommendation 15. Combat political corruption. An important advantage of the anticorruption campaign in the Kyrgyz Republic is open recognition of the problem of political corruption at the highest levels of the government. However, this advantage will result in more damage if statements are not complemented by actions. Even more important is open and consistent combating of political corruption; this is an indispensable condition for the formation of confidence in anticorruption policy as a whole. Fragments of the potential program of anticorruption policy are in previous recommendations (e.g., recommendation 7). However, combating political corruption should be an important comprehensive program as part of the anticorruption policy measures. This program should include, at a minimum, the following components:

- preventing influence of the political and administrative entities on judicial decisions;

- changes in the electoral legislation;

- improving the conducting of elections and the voting process, including public monitoring procedures;

- preventing fraud and bribery of voters;

- improving the legislative process;

- preventing criminal lobbying;

- ensuring a high quality of preparation of political decisions;

- preventing trade in posts;

- creating a system of legal, political and public sanctions for politically corrupt officials.

More sophisticated methods of data analysis permitted the classification of causes of corruption that different groups of the respondents assessed as very important, and the respective classification of the respondents who view these groups of causes as extremely important. The list of categories is as follows:

1 - "Poor quality of the civil service institutions";

2 - "Moral degradation of the government authorities";

3 - "Overregulation of businesses' activity";

4 - "Trajectory of the reforms";

5 - "Culture-related problems";

6 - "Defects in legal institutions."

Distribution of the respondents by classes outlined in this classification is in the table below. It also includes a class of the respondents who did not choose any causes of corruption.

Table 6.4.5. Classification of the respondents (as a percentage) from among individuals and businesses based on their selection of different types of causes of corruption

N	Class	Population	Business
0	Inconsistent choice	4.6	2.8
1	Poor quality of the civil service institutions	55.0	39.6
2	Moral degradation of the government authorities	6.4	8.7
3	Overregulation of businesses' activity	10.6	15.4
4	Trajectory of the reforms	5.0	16.2
5	Culture-related problems	7.2	0.4
6	Defects in legal institutions	11.3	16.8

The absolute leader is the first cause: "Poor quality of the civil service institutions," stated by 55% of the individuals and 40% of the businesses. By a large margin, in second and third place are "Defects in legal institutions," and "Overregulation of businesses' activity."

The respondents with high social intelligence from among the sample of individuals believe that among other important causes are "Poor quality of the civil service institutions," and "Moral degradation of the government authorities." These are exactly the reasons that are from time to time discussed in the mass media and in everyday communication. In this way the publicly discussed causes of corruption are usually narrowed to form one group of causes related to problems in the civil service. More importantly, they are backed up by conceptions of the corruption-combating methods concentrated around the same problems. This narrowing of the range of the anticorruption policy-related issues increases the chances for failure of the policy. All of the above is one of the justifications for the need to introduce anticorruption education, one of the mandatory tasks of which should be expanding understanding of the causes of corruption. Naturally, contrasting regional differences were also identified.

Classification of the respondents based on their selection of different causes of corruption is much more embedded in the mass consciousness of businesses, as evidenced by the variety of the identified correlations with positional and dispositional variables. The selection of causes of corruption is affected by the scale of the business, and by its organizational and legal form, as well as by various dispositional variables. But most interesting is **that correlation between the problems of businesses and the causes of corruption is not identified (or is weakened or distorted). This gap in the structure of the mass consciousness is an obstacle to understanding the phenomenon of corruption; it hinders the thoughtful and productive participation of active businesses in the implementation of anticorruption policy. This once again underlines the importance of anticorruption education and one more aspect of its content: the relation between the causes and consequences of corruption, including the specific problems people have arising from corruption.**

6.5. *How to combat corruption*

The understanding of anticorruption methods is another important disposition that characterizes the mass consciousness in perceiving corruption. In order to explore this disposition, the respondents from among the sample of individuals were asked two questions during the research. First, the respondents were asked about how to combat corruption: corruption can be combated by the joint efforts of citizens and government authorities; nothing will help; and, corruption can be combated only if the president wants it. In the second question the respondents were asked to answer a question on strategy: a punitive strategy, personnel replacement, or elimination of the causes of corruption; as well as a pessimistic answer, "nothing will help."

As for the ability to combat corruption, more than half of the respondents chose the answer: "Corruption can be combated only by the joint efforts of everyone. Government authorities and all citizens must fight against it." At the same time, more

than half of the respondents when answering the second question chose one of two strategies - either a punitive strategy, or personnel replacement. "Elimination of the causes of corruption" was chosen by a little more than one fourth of the respondents from among businesses.

People from different regions have different ideas as to how to combat corruption. Residents of the Issyk-Kul region rely on the president more frequently than people from other regions. The most pessimistic are residents of the Osh region, while people from Osh city believe that corruption can be combated by joint efforts of everyone. This viewpoint is most often supported by persons with higher education.

The most contrasting and interesting correlation with disposition is the attitude towards corruption. The respondents who believe that corruption is "an essential part of our lives, nothing can be done without it," adhere to patriarchal views about the immutability of the surrounding social order. If it can be changed, then only by the "highest powers," so they more than others rely on the President as a sort of highest power. Pragmatic respondents believe that corruption "can be avoided, but it is easier to do business with bribes," and that it is impossible to defeat corruption (therefore, it is necessary to adapt). This is a typical symptom of removing cognitive dissonance (as was mentioned above), when one's own immoral behavior is justified by the unchanging sordidness of the surrounding social order. Finally, opponents of corruption more often tend towards the need to fight corruption "by joint efforts of everyone." This natural correlation is a positive resource.

Selection of a strategy is also region-specific; there are some differences on the axis "North-South": in the south there is a higher concentration of pessimists, and in the north, "punishers." Supporters of a systemic approach can more often be found in the Talas and Jalal-Abad regions.

There is also a correlation with other positional variables. People with higher education more often choose the answer, "First of all, it is necessary to eliminate the conditions that give rise to corruption." Respondents with minimal income often rely on the emergence of honest leaders (paternalism), while quite wealthy people believe that it is important to eliminate causes of corruption. Interesting correlations with dispositional variables were not identified.

The analysis identified two important facts. First, understanding of the corruption and ways to combat it are very important dispositions that are closely embedded in the space of social positions, and are significantly correlated with other dispositions. They no doubt are more important for the mass consciousness than assessing the level of corruption. Secondly, in many ways these dispositions are quite archaic, and they lack a modern understanding of corruption, its nature, and methods of combating it.

In many respects, the cause is in the nature of the public discourse towards corruption. It is dominated by resentment and the exposure of facts. There is practically no information about investigations and court decisions accompanied by an analysis of the causes of corruption. The discussion of methods of combating corruption, and the analysis of successes and failures in various countries, are very weak. There is thus a large space for anticorruption education and propaganda.

6.6. Attitude towards anticorruption policy in the Kyrgyz Republic

Citizens and businesses were asked to answer two questions in order to assess their awareness of the anticorruption efforts of the President of the Kyrgyz Republic and the effectiveness of these efforts from the perspective of the respondents.

The respondents in both samples are mostly aware of the hotline for citizens to inform about facts of corruption. Businesses are also well aware of the mass media's involvement in promoting anticorruption activities. The respondents are totally unaware of measures aimed at increasing government officials' competence in the field of anticorruption activities. In general, the respondents from among the sample of individuals demonstrate such awareness only approximately half as often compared to the businessmen.

When assessing effectiveness of the anticorruption measures, opinions of citizens and businesses were largely the same. Both groups of respondents mostly responded that the fight against corruption lacks a systemic approach. In the second place, as mentioned by the individual respondents, is the answer, "only the first results of the fight against corruption have appeared," whereas businesses' answer was, "it is only a political statement of the President with no real results." Thus, businesses are more skeptical with regard to the President's initiative on elimination of corruption.

The data obtained suggest that the political course of the president is correct, because corruption has been one of the pressing problems in Kyrgyzstan for many years now. However, according to the respondents, the pace of the fight against corruption is slow, given that it continues to spread in the markets of consumer and business services. The population still does not see any expected results and therefore does not believe that the authorities are making efforts to eliminate corruption.

Businesses were also asked about their willingness to participate in the implementation of anticorruption policy. 45% of the respondents chose the answer, "I will try to take part." Even if we assume that half of them would like to look good before the interviewers, the remainder of almost a quarter of the whole sample is a powerful anticorruption resource. **This suggests that the recommendations to rely on businesses as a public lever in implementing anticorruption policy are not just words**.

The most important conclusions:

1. The overall level of corruption in the Kyrgyz Republic is lower than in Russia.

2. However, citizens of the Kyrgyz Republic are subject to a heavier corruption-related burden than citizens of Russia.

3. There is not a significant gap between everyday and business corruption. They have a homogeneous social nature, although in absolute terms businesses pay more.

4. Corruption in the Kyrgyz Republic flourishes parasitically on the traditional social relations; the Soviet roots of corruption are very influential.

5. The highest contrast as concerns the level of corruption and practices, as well as in the respondents' perception of them, is observed in various regions of the Kyrgyz Republic, including in the cities of Bishkek and Osh.

6. Methods of compensating for corruption-related expenses are widespread in the Kyrgyz Republic; this leads to a burden on citizens commensurate with the scale of everyday corruption.

7. The mass consciousness of citizens and businesses is characterized by a gap between the perception of their problems and the linking of these problems with corruption.

8. Kyrgyz society has community resources to combat corruption, which should be sought out and developed in businesses and in actively and independently operating public organizations.

Conclusion: Monitoring and next steps

In conclusion, it would be useful to go back to the medical metaphor mentioned in the Preface, and above all to the idea that corruption is not a disease, but a pain. Corruption is a symptom of imperfection, of a defect in social institutions, first of all in institutions of public governance, like pain is a symptom of a disease. To continue the metaphor, it is useful to remember that if you do not treat the disease, but just try to get rid of the pain, this can be fatal. The same is true with corruption: just pursuing corrupt officials is like trying to get rid of the pain. Pursuing corrupt officials must be complemented by the continuous improvement of institutions, identification of problems and their removal, and then switching to the next emerging problems. Like diseases in persons, diseases of the social institutions should not be neglected.

Here the metaphor ends and there begin more complicated tasks than treating human diseases. The thing is that perfect, ideal and infallible institutions simply do not exist. Any institutions, including those that we think have been working quite well for some time, sooner or later show new defects and create new problems for us that give rise to new corruption or exacerbate existing corruption.

In the process of social evolution, institutions are formed as proper regulation tools existing at the time of current social relations between people. But life changes, as well as culture, knowledge, technology, perceptions and people's needs, and so do the relationships between them. At some point, institutions supported by laws and powerful organizations lag behind: there appears a gap between formal norms and informal prescriptions, as well as between formal institutions and the conditions for their operation. As a result, institutions are no longer as efficient as before, and moreover, at the time of their creation, no man-made institutions based on people's thoughts and practices are perfect, and at the moment of their creation they always contain the germs of future problems, for example, in the form of unintended negative consequences of quite rational and deliberate actions of people driven entirely by good intentions. It is

simply the case that social life is much more complicated than we think, even if our thoughts are very sophisticated.

The above-described irresolvable problem leaves us only one way of minimizing its negative consequences for society: it is necessary to keep a "hand on the pulse" of state institutions and record their condition. In this case, corruption can be a help: since corruption is the result of inefficient institutions, by measuring the corruption level and structure, we make records of the level of institutional deterioration and even localize certain defective areas.

So, the conclusion is obvious: **ongoing monitoring of corruption is essential to ensure that life proceeds under conditions in which institutions can function**.

However, it is important to keep in mind one more factor. The authorities implementing anticorruption policy must have feedback tools. First of all this means sociological monitoring of corruption similar to that presented in this report. Corruption-related data provided through such research are incomparably more reliable than any criminal statistics, even when such statistics are provided by an effective and only slightly corrupt state. Indeed, research such as this is nothing but a special case of victimization studies that are now regularly conducted in many countries whose authorities are really concerned by crime, regardless of its size.

Undoubtedly, such studies conducted on a regular basis are costly. It is difficult to overcome rooted stereotypes, and start spending more on them. In order to understand the need for such costs, one should overcome two traditional misconceptions.

The first one is from a well-known category of misconceptions with respect to which there is a popular expression: "Everyone considers himself an expert in medicine and pedagogy." To an even greater degree and with much more devastating consequences this misleading opinion exists in the area of the management of social processes: to be a member of society is normally considered as a sufficient basis to believe that one really understands how it is structured and how to manage it, as well as how to manage social changes. (Similarly, the ability to produce a child makes a person consider himself *de facto* a specialist in child psychology).

The second misconception is due to the limited ability to compare today's expenses with tomorrow's costs. But in fact, **expenses for monitoring corruption are incomparably less than losses from the lack of reliable and comprehensive sociological information about it**.

The minimum sociological 'diet' for authorities concerned about feedback channels and in implementing active and thoughtful anticorruption policy is as follows:

- once every seven or eight years – a deep sociological diagnostics of the state of the society;
- every three to four years – a deep sociological diagnostics of corruption;

- annually - monitoring of the corruption level and structure, limited in terms of instrumental scope.[10]

Rather uncomplicated indicators, such as those used in this report, are quite applicable for the purpose of monitoring. Procedures for analyzing the collected data can easily be technologized.

In addition to ongoing monitoring of corruption, implementation of the recommendations in this report includes the following measures:

1. Preparing a full list of regulatory and supervisory functions of state authorities and their analysis and revision.

2. A diagnostics of the state of society in the Kyrgyz Republic.

3. Preparing a list of priority departmental anticorruption programs and development of these programs. Based on this research, this list could include the following areas of public services:

   - the rule of law (judiciary);

   - police functions (police and prosecutors);

   - education;

   - health care.

4. Development of political corruption reduction and prevention programs, including in the legislative branch.

The listed measures should be considered as important parts of the anticorruption program developed for the short-term based on the strategy of the anticorruption policy in the Kyrgyz Republic.

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[10] *According to the Hamburg score, this study is something intermediate between the second and third items in the above list.*