

CORRUPTION PRONE AREAS IN TURKEY

Transparency International is the global civil society organization leading the fight against corruption. Through more than 100 chapters worldwide and an international secretariat in Berlin, we raise awareness of the damaging effects of corruption and work with partners in government, business and civil society to develop and implement effective measures to tackle it.

TI-Turkey (Uluslararası Şeffaflık Derneği) was founded in 2008 by voluntary efforts. The association aims to set the rule of transparency, integrity and accountability principles in all segments of the society for the democratic, social, and economic development of the country. TI-Turkey predicated on collaboration of public sector, businesses, unions, universities, professional chambers, and non-governmental organizations in the scope of its anti-corruption efforts. It expects legibility, integrity, legal conformity, accountability, and traceability from all individuals and institutions in society who constitutes the social structure and/or holds public power, and conducts its activities within the frame of these principles. TI-Turkey shares the principles and visions of Transparency International (TI). TI-Turkey is the national representative of TI, the global coalition against corruption which has national chapters in more than 100 countries.

Authors: E. Oya Özarlan, Batuhan Görgülü

Design: Kurtuluş Karaşın

© 2016 Uluslararası Şeffaflık Derneği. All rights reserved.

TI-Turkey extends thanks and appreciation to E. Sevi Fırat for her contributions to the research. The authors would also like to thank Yalın Hatipoğlu and Melike Odabaş whose help has been invaluable in the preparation of this report.

Every effort has been made to verify the accuracy of the information contained in this report. All information is believed to be correct as of October 2016. Nevertheless, Transparency International cannot accept responsibility for the consequences of its use for other purposes or in other contexts.



19 Mayıs Mah. Operatör Raif Bey Sk.

Niyazi Bey Apt. No:30/3 Şişli İstanbul

Telefon/Faks: +90 212 240 52 81

www.seffaflik.org



CONTENTS

1 Introduction	5
2 Executive Summary	7
3 Overview – Turkey Country Profile	10
Brief Overview	10
Turkey’s Economic Landscape.....	10
Legal Profile	13
Corruption Profile	15
4 Surveys	17
International Surveys and Indices.....	17
a) Transparency International.....	17
b) The World Bank.....	23
c) Global Integrity	24
d) OECD.....	25
National Surveys and Indices.....	26
a) Transparency International Turkey.....	26
b) Economic Policy Research Foundation of Turkey (TEPAV)	31
c) Turkish Industrialists’ and Businessmen’s Association (TÜSİAD)	32
d) TESEV/SELDI	33
5 Statistical Data	35
Challenges to Obtain Statistics on Corruption	35
Ministry of Justice.....	37
Turkish National Police Department of Anti-Smuggling and Organized Crime (KOM) ...	39
Data Obtained Through the Law on the Right to Information	41
6 Analysis	42
Issues and Risk Factors	42
Risky Transactions, Crimes, and Corruption Prone Areas	43
7 SWOT Analysis	46
8 Conclusion and Recommendations	47
9 Annex-1: Comparison of Anti-Corruption Action Plans	49

1

INTRODUCTION

Corruption is a major and challenging issue around the world, occurring at all levels ranging from local and national governments to private companies and civil actors. Despite efforts from parties at varying levels of authority and control, corruption is persistent and widespread. In countries where corruption is widespread, it disrupts the mechanisms of the free market and hinders economic development.

Despite the ubiquity of corruption and corrupt behavior, identifying and measuring the phenomenon presents a difficult task due to the lack of consensus on what constitutes corrupt behavior. Because corruption is usually a covert activity, and perhaps more importantly because reliable information is difficult to obtain, measuring corruption is “more an art form than a precisely defined empirical process.”¹

Corruption is defined by Transparency International as “the abuse of entrusted power for private gain. Corruption can be classified as grand, petty, and political depending on the amounts of money lost and the sector where it occurs.”² Corruption impacts societies in a multitude of ways. In the worst cases, it costs lives. Short of this, it costs people their freedom, health, or money.³ This definition covers a wide breadth of actions that may be defined as corruption and includes bribes, facilitation payments, and collusion agreements.

It is clear that systematic and proactive approaches are needed for effective anti-corruption efforts. As such, identification of corrupt behavior and effective development of strategies to manage the risks are central to preventing corruption for governments and any other levels of institutional framework.

As is the case for most other countries, especially among emerging market economies, corruption remains one of the most significant problems in Turkey. It adversely affects public trust in the system and poses an impediment to fair allocation of limited public sources to the society. Even though Turkish Criminal Code criminalizes various forms of corrupt activity, corruption is widespread in Turkey’s public and private sectors according to a number

¹ June, R., Chowdhury, A., Heller, N., Werve, J. (2008). A user’s guide to measuring corruption. http://www.undp.org/content/dam/aplaws/publication/en/publications/democratic-governance/dg-publications-for-website/a-users-guide-to-measuring-corruption/users_guide_measuring_corruption.pdf

² Transparency International. (2009). The anti-corruption plain language guide. http://files.transparency.org/content/download/84/335/file/2009_TIPlainLanguageGuide_EN.pdf

³ Transparency International (2016) <http://www.transparency.org/what-is-corruption/>

of studies. The wide gap between law and practice and the loss of control that the legal framework is supposed to provide are the main challenges for Turkey's anti-corruption efforts. Recent endeavors to put an end to corruption have either failed, or failed to find popular support.

A true understanding of corruption risk exposure for public institutions is the key and necessary first step in building effective anti-corruption policies. Diagnosing for corruption risks allows institutions to properly design mitigation strategies and strategically allocate resources to combat potential instances of corruption. Recognizing the importance of spotting weaknesses in anti-corruption efforts provides advantages for policymaking in corruption prevention. With such an approach, public officials and policy makers can improve the quality of public service and minimize the associated costs in the budget.

This study attempts to provide an overview of Turkey's anti-corruption efforts, vulnerabilities, and areas for improvement with a particular focus on identification and measurement of corruption. In order to improve transparent and accountable practices for sustainable economic growth and development, this project proposes to devise a strategic framework for increased transparency in the private and public sector, and their interaction with the state institutions in charge of organizing anti-corruption efforts. By doing so, we aim to identify the main areas with high corruption hazard and provide suggestions for improved conditions of transparency, competitiveness and prosperity in Turkey.

2

EXECUTIVE SUMMARY

This report presents a comprehensive discourse on corruption prone areas in Turkey utilizing international and national surveys and administrative data. The report centers on identification of corrupt behavior and areas in need of reform. To do so, we focus on areas in need of reform at the different levels of government, point out the deficiencies in reporting corruption through an analysis of results from studies, and utilize sectorial experiences and the expertise TI-Turkey has obtained through past projects.

A brief outlook at Turkey's political and economic landscape reveals that the country is at a crossroads with regards to its fragile political position. Having survived through a relatively long period of political and economic instability over the past three decades, Turkey enjoyed a short-lived term of economic upturn through the latter half of the 2000s. As the administration rode the wave of global political stability, reforms were made with the prospect of joining the EU, which proved to be instrumental particularly for anti-corruption efforts. Nevertheless, this period was cut short by the early 2010s; political tension rose both within the region and in the country, and the democratic process slowed to a halt. Coupled with the worldwide recession, the period of reforms gave way into one full of breaches of fundamental rights, weakening rule of law, and quashing of any dissenting opinions through illegitimate means.

In such a bleak political and economic environment, it is becoming more difficult than ever to talk about robust anti-corruption initiatives. The flaws in Turkey's administrative integrity system translate into weakened efforts to prevent corrupt behavior. Although previous reforms had effectively reduced the number of cases that may be classified as petty corruption, it seems like the scope of corrupt behavior has shifted to favor corruption at higher levels. Companies with ties to the government are usually on the winning side of public tenders. Large scale construction projects that are the driving force of Turkish economy have the same names under lists of contractors. The ruling government has rescinded the Anti-Corruption Strategy that had been designed to coordinate efforts under one single strategy. Turkey's status in international and regional groups that work toward accountable governance is being put on hold. With serious breaches to personal freedoms and the increasing pressure on the right to access information, Turkey continuously finds itself among worse performers in global reports.

In that vein, identifying corruption prone areas is a difficult task when the state apparatus is lacking the political will necessary to combat corruption. State institutions need to com-

mit the appropriate level of resources in taking measures to develop the necessary public policies. Nevertheless, this report should serve as a starting point for these efforts. In the study, we underscore the following outcomes that need to be addressed for effective anti-corruption efforts:

- The most pressing issue for Turkey is the overarching influence of the executive over other institutions. Anti-corruption efforts entail perfect adherence to the principles of separation of powers, and the deference of the executive body to the Constitutional framework and the boundaries drawn therein. As such, unless the institutions that oversee anti-corruption efforts such as the Judiciary, Court of Accounts, Ombudsman's Office, Inspection Boards are free from the influence of the executive body, Turkey's anti-corruption efforts cannot be considered effective.
- The wide gap between laws and practices is a central issue in anti-corruption efforts. Turkey went through drastic changes to its legal system during the early 2000s with the EU accession protocol. Existing laws were amended and new ones were devised when deemed necessary without public approval, or at best, without support from public. Although these changes were considered improvements, the legal framework that had been formulated to promote transparency and accountability changed over time, and thus demonstrated vulnerability to corruption in practice.
- This research illustrates that there is a clear need for a better right to access information framework in the public sector. The deficiencies in the legal framework, and perhaps more importantly, the lack of adherence to the law in practice have been clear and determining factors during the conduct of this research. The responses received from state bodies that we have applied to for the purposes of this project indicate that either state institutions do not collect such data, or that they are not shared with other institutions despite the predications of the law. This reluctance in sharing data that should be publicly available is one of the major obstacles in identifying corruption prone areas and shows the lack of political will for anti-corruption efforts.
- The number of publicly available official sources are only a few and unorganized in terms of identifying corruption prone areas. Some of the items such as geographical division of crimes, institutions that are involved in corruption, title of the perpetrator and amount of money changing hands were not available from public sources at all. In the cases in which such data is shared publicly, they are lacking in terms of comparability with other administrative data. Scattered and inadequate information and not having a sufficient central database are impediments to a thorough research on corruption prone areas of a country.
- Sectorial experiences reveal that municipalities are clearly singled out with the highest corruption hazard. The information presented in the report point out that municipalities are at the top among state bodies that are open to corruption. Not only in indices and surveys, but also data from administrative sources directly point out the rising corruption risk for municipalities. Considering that local governments are the public offices that face-to-face interactions with the electorate and the government happen

on a daily basis, corruption at the municipality level could impact the daily lives of the population much more than other institutions.

- Construction, extractive industries, real estate, utilities, and transportation have been identified to be the leading sectors in corruption allegations. Whether it's allocation of building permits by local governments, oversight of public procurement processes for the *mega projects*, or regulation of unlicensed construction workers, corruption is rampant within the sector.
- Public services that used to be perceived as the most corrupt, such as the police, tax offices, and land registry offices have declined in the rankings of the most corrupt sectors. This might be because transactions in these sectors are mostly related to petty corruption and online transactions, and the transition to e-government may have affected these results. This shows that elimination of the number of agents involved in a transaction and reduction in bureaucratic steps are of utmost importance in the fight against corruption.
- The multifaceted nature of corruption should be emphasized when analyzing corruption prone areas. Studies and interviews with public officials indicate that some transactions inherently include possibility of wrongful action compared to others due to sectorial vulnerabilities or lack of control mechanisms in that transaction type. The following transactions are considered as high risk areas: (i) Public Procurement and State Contracts; (ii) Granting Permits & Licenses; (iii) Government Benefits; (iv) Mediations and Lowering Taxes and; (v) Customs Transactions. These transactions should be reviewed more carefully and specific control mechanisms targeted to these transactions should be created.
- The legislation governing public procurement has been one of the most salient issues in TI-Turkey's recent reports. The fact that Public Procurement Law has been crippled for the last 14 years has great effect on the public tenders, leaving a significant number of the bids out of the scope of the legislation.

3

OVERVIEW - TURKEY COUNTRY PROFILE

BRIEF OVERVIEW

Located between Europe and the Middle East, Turkey lies at a geopolitical crossroads between the East and the West. Founded by Mustafa Kemal Atatürk in 1923 out of the remnants of the Ottoman Empire, Turkey still stands as a secular democracy despite the domestic challenges to the regime and international conflicts in the region.

Turkey is a founding member of the United Nations and participates in assembly, commissions and programs in a dedicated manner. Turkey has also acted as a non-permanent UN Security Council member between 2009 and 2010.

Turkey is a founding and permanent member of OECD, contributing to the policies in an active manner. Turkey is an observer to the Development Assistance Committee under OECD.

Since becoming a candidate country in 1999, Turkey has strengthened its efforts to become a member country to the EU. Although not concluded, and even halted for a time for more than a decade, ventures to become a permanent member state continue, where conforming laws and regulations had been enacted and issued to satisfy EU criteria. Recently, there has been a shift away from the EU centric policies of the ruling party Justice and Development Party (AKP), which it upheld during the earlier years of their tenure in the government, due to the changing domestic and international political landscape.

The long lasting tensions between Turkey and the EU during the refugee crisis, the anti-democratic practices Turkey has been adopting such as silencing the opposition through control of the media, imprisoning journalists and taking control of businesses and municipalities through questionable means, and ultimately the EU member states' somewhat apathetic attitude towards the Turkish government in the face of the attempted *coup* have all contributed to the decreasing levels of involvement of the government in the EU membership path.

TURKEY'S ECONOMIC LANDSCAPE

For the most part of its early history, the underdeveloped Turkish economy relied heavily on statist policies due to low industrialization and insufficient private capital. Despite a rap-

id recovery after the cessation of hostilities by the end of the 1920s, Turkish economy suffered from a series of disruptions in the following decades which shook the foundations of the system; international and domestic external shocks such as World War II, the 1973 Oil Crisis, and intermittent military *coup d'états* have sharply impacted growth. During this period, Turkish economy was plagued with high government spending, current account deficits, hyperinflation and high unemployment, and a rise in external debt.

1980 marked a major shift in the economic approach of the government with the adoption of a liberal reform program designed by then Undersecretary of the Prime Ministry Turgut Özal. This shift foresaw replacing the import-substitution policies that had been in effect since the early days of the Republic in favor of an export-oriented approach. The plan was beneficial for growth rates but failed to overcome inflation and unemployment, which would continue to pose problems in the 1990s amidst escalating tensions in the Middle East, ethnic civil war with the PKK, coalition governments and political instability, corrupt state apparatus, and an unsupervised banking system.¹

A decade of bad governance and weak regulations, high inflation, a sizable foreign debt, and budget deficits would culminate in what was the most severe economic crisis in Turkish history in 2001. By the end of February 2001, the daily average overnight interest rates had shot up to 4000 percent levels, TRY/USD exchange rate skyrocketed as the Turkish Lira lost 40% value, and two-figure monthly inflation rates became a common sight. At the end of the year, the gross national product fell to USD 148 billion from USD 201 billion in 2000, placing a burden on the economy in monetary credibility and bringing forth a deep contraction.² After the crisis of 2001, Turkey imposed austerity measures, and agreed to a new economic program under the auspices of the IMF.

The main focus of the program was to curb the hyperinflation that had been constantly at the two-digit levels in the 1990s via continuation of the liberalization program and granting autonomy to the Central Bank. The banking regulation systems were overhauled in conjunction with other measures, which helped Turkey weather the great recession of 2007-2008 with relatively low economic damage. Turkey was one of the few countries to remain almost unscathed due to its strong banking regulations.

Although Turkey enjoyed strong growth was until 2013 and still is considered to be a developing market economy, the country faces challenges insofar as transforming into a modern industrial country, securing investment, and although not completely absent, establishing legal and physical infrastructure.

Liberalization of markets is still an ongoing process in Turkey. To that end, removing barriers to market entry through bilateral conventions and providing incentives for Foreign Direct Investment inflows have been fruitful. As such, Turkey has achieved better cooperation between domestic and foreign partners and secured foreign investment in key sectors such as manufacturing, finance and insurance, information and communication technol-

¹ Öniş, Z. (2006). "Varieties and Crises of Neoliberal Globalization: Argentina, Turkey and the IMF." *Third World Quarterly*, 27(2), pp. 239-263.

² Candemir, A., and Zalluhoğlu A. E. (2011). "The effect of marketing expenditures during financial crisis: the case of Turkey." *Procedia - Social and Behavioral Sciences*, 24, pp. 291-299.

ogies and energy. According to the UNCTAD 2015 World Investment Report, Turkey has become the largest recipient of FDI in West Asia with USD 16.5 billion.³ The countries of the European Union, the Gulf States and the United States are among the main investors in Turkey.

With a strong yet mainly unskilled labor force, the driving forces of the Turkish economy are construction and real estate, tourism, agriculture and manufacturing.

Construction has undoubtedly been the most lucrative sector for the past few years. Aside the booming real estate market and the gentrification policies of local governments that favor urban transformation, large scale infrastructure investments dubbed *mega projects* have been at the forefront of these efforts. These large scale construction projects include the 3rd Bosphorus Bridge in Istanbul, Istanbul-Bursa-Izmir Highway, and the new airport in Istanbul among others. Public bidding contractors and private contractors have been investing heavily in this sector, both in domestic projects and abroad.

Nevertheless, construction is also one of the leading sectors in corruption allegations. Whether it's allocation of building permits by local governments, oversight of public procurement processes for the *mega projects*, or regulation of unlicensed construction workers, corruption is rampant within the sector. The findings from the 2016 survey conducted by TI-Turkey also suggest that public perception is along the same lines. The responders to the survey have identified public procurement and planning and zoning as the top two sectors that are prone to corruption.⁴

Tourism sector has also been an invaluable contributor to the Turkish economy for creating windfall gains for other sectors such as agriculture, transportation, and health. Foreign tourist arrivals had started to increase by the 2000s and placed Turkey in the top-10 tourist destinations in the world. Businesses in popular destinations such as Istanbul and the Turkish Riviera have enjoyed the positive financial effects of increased tourist inflows. However, the escalation of conflict in the Middle East, especially with the security threat of the Islamic State and PKK, which carried out a number of suicide bombings around the country, and the rising tension between Russia and Turkey had deeply affected the sector by the end of 2015. A further contraction of the sector is expected for 2016, until the security risks are resolved.

Political instability is another lead contributor to the pessimistic outlook for Turkish economy. The rising political tension reached its zenith with the attempted coup of July 15th, which resulted in further reductions in Turkey's economic outlook scores. Turkey's credit scores have been lowered by credit rating agencies in the aftermath of the recent political developments. Investments are riskier than they have ever been since the last major crisis, and will continue to be so until political tensions are resolved and a resolution is reached.

³ United Nations Conference on Trade and Development (2015). World Investment Report 2015: Reforming International Investment Governance, p. 52-55. http://unctad.org/en/PublicationsLibrary/wir2015_en.pdf?lien_externe_oui=Continue

⁴ Transparency International Turkey (2016) Corruption in Turkey Why? How? Where? The results of the public opinion survey. <http://en.seffaflik.org/wp-content/uploads/2015/05/Uluslararası-Şeffaflık-Derneği-Yolsuzluk-Araştırması-ENG.pdf>

Aside the perceived corruption in key sectors and the political instability, dependency on energy imports, deficiencies in diversifying the economy, and global economic forecasts resulted in a decline in Turkey's image as a stable and reliable emerging market. With the central bank restrained by the government, pressure on the judiciary, and lack of transparency in government affairs, Turkey's image has yet to improve.

Given the current circumstances, including major regional conflicts, geopolitical atmosphere, corruption issues and an ever-growing deviation from the rule of law, Turkey is facing severe challenges to climb the modern state ladder in the short run.

LEGAL PROFILE

After the dissolution of the Ottoman Empire after World War I, Republic of Turkey was established as a unitary, democratic, secular and constitutional republic in 1923. Turkey adopted a parliamentary system, in which the president with limited powers also plays a role in approving laws among other administrative authorities. The extent of presidential powers in the executive branch has surfaced as a matter of contention in recent years.

Turkey has adopted the continental European law system in forming its legal structure. To that end, various codes of European countries were adapted to fit the political and social structure of the country. Civil law, criminal law, and administrative law form the fundamental legal branches of the judiciary.

Primary sources of Turkish law are the constitution, laws, statutory decrees, international treaties, regulations, by-laws in a hierarchical structure.

Given the long history of military *coups*, the Turkish Constitution has been amended and rewritten numerous times, the latest being the Constitution of 1982. Since its adoption, more than a hundred amendments have been introduced to the Constitution. Search and debate for a new "civil" constitution currently dominates the political agenda. Under the current system, laws are "subject to abuse due the gaps and exceptions, and democratic processes appear to be obstructed and freedoms have been highly threatened."⁵

In terms of political structure, separation of powers principle is maintained despite serious concerns over the influence of the executive over other branches of government. Legislative power is vested in the Grand National Assembly (TBMM), which cannot be delegated to other branches. Executive power and function is exercised and carried out by the President of the Republic and the Council of Ministers in conformity with the Constitution and the law. Judiciary power is exercised by independent courts on behalf of the Turkish Nation.

Fundamental rights and liberties are secured by the Constitution as well as numerous international treaties in which Turkey is a signatory party. "Rights and duties of the individual", "social and economic rights and duties", and "political rights and duties" are the main classes of rights and duties covered by the Constitution. Although such rights are included

⁵ Transparency International Turkey (2016) National Integrity System Assessment, TI Turkey: Istanbul, Turkey. pp. 18 <http://en.seffaflik.org/wp-content/uploads/2016/04/NIS-REPORT-EN.pdf>

in the Constitution, restrictions are also imposed under certain conditions, in which conditions pertaining to the restrictions are sometimes construed broadly. At the time of the writing of this report, Turkey is under a state of emergency (OHAL) following the attempted *coup* which gives the Council of Ministers, meeting under the chairpersonship of the President of the Republic, the right to “issue decrees having the force of law on matters necessitated by the state of emergency.”⁶

TBMM exercises the power and function to enact laws and the Constitutional Court is authorized to review laws by their form, process of enactment and their compliance to the Constitution. The Constitutional Court is not authorized to review laws by their content. Besides the Constitutional Court, there are three types of courts in Turkey: military, civil and administrative, where Military Court of Appeals, Court of Appeals and Council of State are at the top of the hierarchical pyramid. In civil and criminal cases, the Court of Appeals is the highest level a case can be brought. In administrative cases, the Council of State has the same function as the Court of Appeals, however the Court of Appeals, under certain circumstances, shall act as the Court of First Instance and the highest level in overseeing administrative cases.

The High Council of Judges and Prosecutors (HSYK) and the President of State appoints the members of Council of State, and the HSYK appoints the members of the Court of Appeals. Although theoretically an independent council, the HSYK convenes under the presidency of the Minister of Justice and Deputy Minister of Justice. This structure, among other elements, render the High Council’s autonomy open to debate, as this structure carries a high risk of political interference in the judiciary.

From a private sector point of view with respect to criminal liability and compliance issues, there are several topics of debate. Corporate criminal liability is non-existent in Turkish law, and only security measures can be imposed on the corporations. Internal investigations are also not a requirement, however the number of national companies introducing mechanisms similar to those existing in the US and EU for compliance is growing. This is also driven by national courts’ extra-territorial jurisdiction in prosecution of corporate crimes and economic crimes, as authorized by multilateral and bilateral treaties to which Turkey is a signatory of. The aforementioned treaties include 1970 HCCH Convention on the Taking of Evidence Abroad in Civil and Commercial Matters 1970 (Hague Evidence Convention) and the 1979 European Convention on Mutual Assistance in Criminal Matters. In addition, Turkey is party to more than 20 bilateral treaties regarding mutual legal assistance, including the USA, where assistance is practiced through gathering evidence, obtaining suspect statements and notification of judicial documents.

Turkish legal system has recently been subject to heavy criticism from the European Union, OECD, as well as other international organizations due to deviation from independence from the executive branch and violation of fundamental human rights, despite implementation of modern and relatively sufficient legislation.

⁶ Constitution of the Republic of Turkey, Article 121. https://global.tbmm.gov.tr/docs/constitution_en.pdf

CORRUPTION PROFILE

Although some progress has been made in the development of anti-corruption policies in the early 2000s, especially driven by the EU accession process and the signing of the *acquis*, the reform process has reversed in recent years as amendments to the legal framework have weakened rather than strengthened anti-corruption efforts. The deadlock in Turkey's EU accession process has become a concern for the sustainability of anti-corruption reforms, which could be attributed to a lack of continued interest on the part of the government.⁷

The "Action Plan on Increasing Transparency and Enhancing Good Governance in the Public Sector," which was initiated with the 2002 Council Decree was the first step towards consolidating the anti-corruption actions initiated by the state. The plan included "disciplinary and criminal sanctions against public officials involved in corruption, and measures aimed at modernizing the auditing system of the public sector, improving transparency in public administration and in election campaign financing and strengthening the fight against money laundering"⁸

In 2009, the anti-corruption efforts of the government culminated in the "2010-2014 Increasing Transparency and Strengthening the Fight against Corruption Action Plan," which envisioned an Anti-Corruption Commission, an Executive Committee, and a Monitoring Group working in unison to oversee the 28 articles that were introduced with the action plan. These articles ranged from prevention of corruption and enforcement of anti-corruption laws to increasing public perception about anti-corruption efforts. The articles included reform packages in various state institutions and private sector such as improving the Political Parties Law, completion of regulations on political ethics, empowering the ombudsman's office, implementing oversight mechanisms for local governments and their subsidiaries, promoting transparency in the private sector.

Despite the proposed improvements, implementation of the 2010-2014 Action Plan was largely kept out of the public eye and lacked the transparency and integrity measures it had been designed to counter. Furthermore, a recent analysis by TI-Turkey has shown that out of the 28 articles in the 2010 Action Plan, there have been improvements in only six, and the remaining 22 saw little to no improvement despite the planned duration of the actions have been 24 months or less and more than twice that time has elapsed since the adoption of the plan.

In early 2016, the Turkish Prime Ministry attempted to introduce a new Action Plan that was unveiled during the EU-Turkey visa deal process that would have granted Turkish citizens visa-free travel in the Schengen zone. The new action plan was widely considered to be a list of actions that have not seen visible improvements in the previous Action Plan. However, the process has stalled following the change in the government with the resignation of

⁷ Barysch, K. (2010) Turkey and the EU: Can stalemate be avoided? Centre of European Reform Policy Brief https://www.cer.org.uk/sites/default/files/publications/attachments/pdf/2011/pb_turkey_eu_barysch_dec10-182.pdf

⁸ Chêne, M. (2012) Overview of corruption and anti-corruption in Turkey. U4 Expert Answer <http://www.u4.no/publications/overview-of-corruption-and-anti-corruption-in-turkey/downloadasset/2705>

Ahmet Davutoğlu from office less than a week after the Action Plan was announced. The program of the new Government, announced by Prime Minister Binali Yıldırım omitted any references to anti-corruption efforts, instead focusing on efforts to draft a new constitution and combating terrorism.

The long incumbency of the Justice and Development Party (AKP) has allowed the formation of a ruling elite within the party, which in turn created concerns pertaining to the consolidation of power by that elite. The cadre formation, also referred to as a cult of leadership within Turkey around President Recep Tayyip Erdoğan has been the defining feature of this movement.

The National Integrity System Assessment for Turkey (NIS), published by TI-Turkey earlier in 2016, also underscores this proposition. The key finding of the report suggests that;

“the overarching systematic challenge for Turkey’s national integrity system is the failure to adequately separate powers and keep the executive in check. Anti-corruption efforts entail perfect adherence to the principles of separation of powers, and the deference of the executive body to the Constitutional framework and the boundaries drawn therein.”⁹

The emphasis on the uncontrolled power of the executive drives the main narrative of the failure of anti-corruption efforts in Turkey. The consolidation of power by the executive branch undermines the checks and balances system and harms the rule of law. As described in the previous section, the independence of the judiciary is questionable due to the changes to the HSYK and the legislature is subject to similar pressures due to political polarization and ineffective control mechanisms. Further exacerbating the situation is the prevention of civil actors (business, media, civil society organizations) from performing their duties in effectively participating in anti-corruption measures in place.

Results and findings from international and national studies back these claims. An overview of data from worldwide indices of institutions such as the World Bank, OECD, UN, and Transparency International, and national surveys and perception studies by Turkish institutions suggest that Turkey’s anti-corruption efforts are generally unsatisfactory and the integrity of institutions that actively combat corruption weak. The next sections of this report provide a review of these studies.

⁹ Transparency International Turkey (2016) National Integrity System Assessment, TI Turkey: Istanbul, Turkey. pp. 12

4

SURVEYS

As discussed earlier in this report, measuring and reporting corruption is a difficult task due to the lack of consensus on what constitutes corrupt behavior. Methods used primarily for measurement of corruption are perception based indexes, evidence or experience based surveys, government statistics, and official audits and investigations.

Perception based methods are valuable for anti-corruption efforts, but cannot simply be utilized as the main indicators of corruption trends as they cannot produce specific information on corruption propensity. On the other hand, experience or evidence based measurements, though considered non-subjective and more scientific, have some disadvantages about the reliability of the data due to the reporting bias that is inherent in these types of statistics.

Business surveys are another resource to focus on for identification of sectors that are prone to corrupt practices; it should be taken into account that corruption mostly occurs when there is actual interaction between citizens and civil servants.

INTERNATIONAL SURVEYS AND INDICES

a) Transparency International

Transparency International's 2015 Corruption Perceptions Index (CPI) ranks Turkey 66th among 168 countries with a score of 42 out of 100.¹ Turkey is reported to be one of the worst performers in the world for the two consecutive years. According to the CPI 2015 score and ranking, along with Bulgaria, Turkey is moving away from Europe as it falls behind the EU states.

The Corruption Perception Index draws on data sources from 12 different studies by 11 international institutions specializing in governance and business climate analysis for 168 countries, and reflects the opinions of experts and businesspeople on public sector corruption. The Index has a scale from 0 (perceived to be highly corrupt) to 100 (perceived to be very clean) in order to rank the countries.

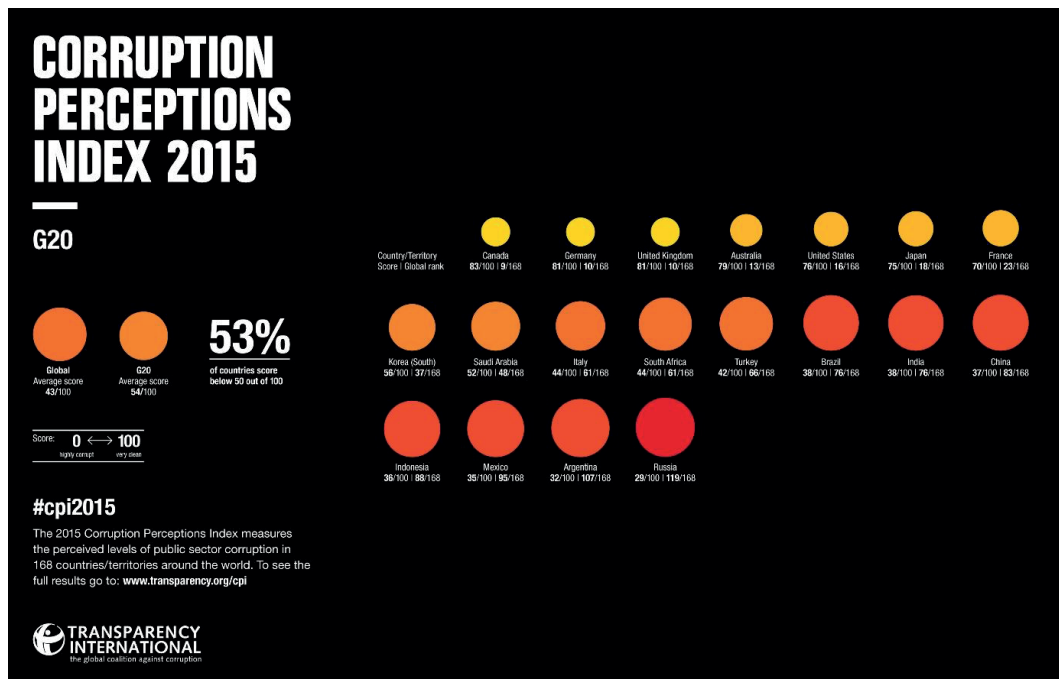
Turkey's 2015 score was identified by the contents and results of 8 surveys out of these 12 international surveys. These 8 surveys are: World Economic Forum EOS, Bertelsmann

¹ Transparency International (2016) Corruption Perceptions Index 2015 <http://www.transparency.org/cpi2015/results>

Foundation TI, IMD World Competitiveness Yearbook, Bertelsmann Foundation SGI, World Justice Project ROL, PRS International Country Risk Guide, Economist Intelligence Unit, and IHS Global Insight.

The sustained decline in Turkey's score over the years can also be interpreted as a global response to the strict restrictions on the freedom of speech and expression, increasing censorship on the internet and social media, the visible pressure on judiciary, and unlawful exercises in Turkey. In the social and political sense, the results of the 2015 Index emphasize that the issue of corruption has become a question of freedom of democracy, speech and expression. In this context, Transparency International states that fast growing economies, a categorization Turkey belongs to, have been developing a culture of impunity and calls them to embrace a "culture of transparency," which is indispensable for a democratic and accountable society.

Figure 1. CPI 2015 scores of G20 countries

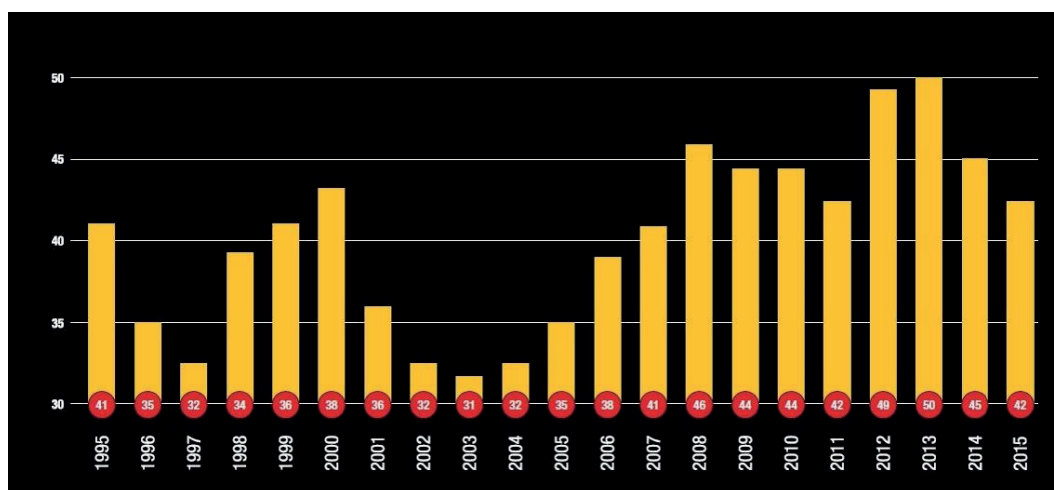


According to the 2015 CPI results, compared to states in a strict economic cooperation and/or competition with Turkey, Turkey's sustained downturn places the country below the averages. (see Figure 1). Despite scoring higher than BRICs, a group of countries Turkey commonly finds itself in comparison with, Turkey is still below the global mean score of 43 and well below the G20 average of 54. If Turkey continues this trend and experiences further reductions in its score, it could impact national and multinational corporations operating in Turkey directly due to the increased perceived risks. One has to keep in mind that in states where corruption perceptions are high and culture of transparency doesn't exist, poor economic growth and high-cost production are unavoidable, thus harming domestic economy and the people.

Looking at the year-over-year progress of Turkey in the Corruption Perception Index re-

sults since the inception of the index, it is clear that the country has been at a standstill for the last 20 years (see Figure 2). The change over the past 5 years is also meaningful; Turkey had a 4.4 score out of 10 in the 2010 CPI, ranking 56th out of 178 countries.² Having obtained the same score with 44 points out of the total 100, Turkey now ranks 66th among the 168 countries in the index. This finding shows that despite having received the same score, Turkey is comparatively at a worse spot due to the rising global averages.

Figure 2. Turkey's scores in the CPI since 1995



We have touched upon the political and economic crisis of 2000-2001 in the Economic Outlook section of this report, and the developments in the aftermath of the crisis has manifested as the lowest scores Turkey has ever received in the CPI. The rise in the scores in the latter part of the decade took a hit following the corruption probe in 2013 and the scores have been on the decline ever since. TI-Turkey believes that major policy changes are required to bring Turkey out of the stagnant scores it has recorded over the past 20 years.

The methodology has changed over the years and researchers should exercise caution in comparing scores between years with different data-gathering methods. Nevertheless, the results demonstrate that corruption and problems with transparency have become deep-rooted issues specific to public sector in Turkey and reveals that necessary steps for improvement have not been taken.

Transparency International also releases the Global Corruption Barometer (GCB), surveying “the experiences of everyday people confronting corruption around the world” since 2003. The GCB surveys are conducted face to face using a Computer-assisted personal interviewing (CAPI) approach. The sample is distributed across the regions of the country proportionate to population size and respondents are selected at random from all adult members of their household. The samples are weighted to be nationally representative.

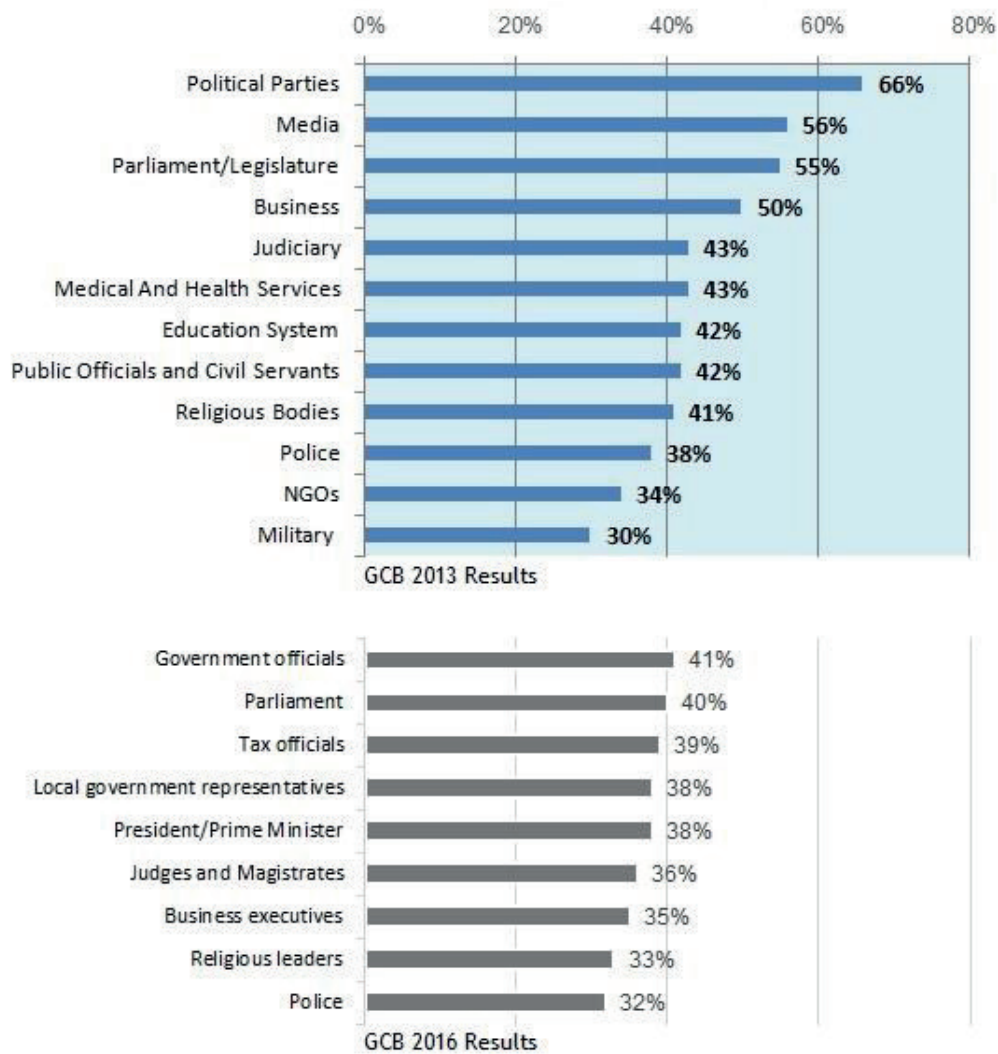
The 2016 GCB is yet to be publicly released at the time of the writing, however the results for Turkey has been shared with TI-Turkey and are included in this report. A cursory look at

² Transparency International (2011) Corruption Perceptions Index 2010 <http://www.transparency.org/cpi2010/results>

the latest results in this study will be from 2013, with a comparison of 2016 results. Please note that the 2016 GCB results represent research in progress, and may not reflect the final results that will be published later in the year.

According to the 2013 Global Corruption Barometer, 54 % of respondents said that corruption had increased in the past two years.³ Respondents identified political parties (66%), the media (56%), the parliament (55%) and business (50%) as the most corrupt institutions. Furthermore, 68% felt that corruption was either a problem or a serious problem in the public sector: 27% reported paying a bribe for education services, 23% to the police, 22% for land services, and 20% for registry and permit services. Significantly, 84% declared that government was “somewhat” or “entirely” run by a few big entities acting in their own best interests.

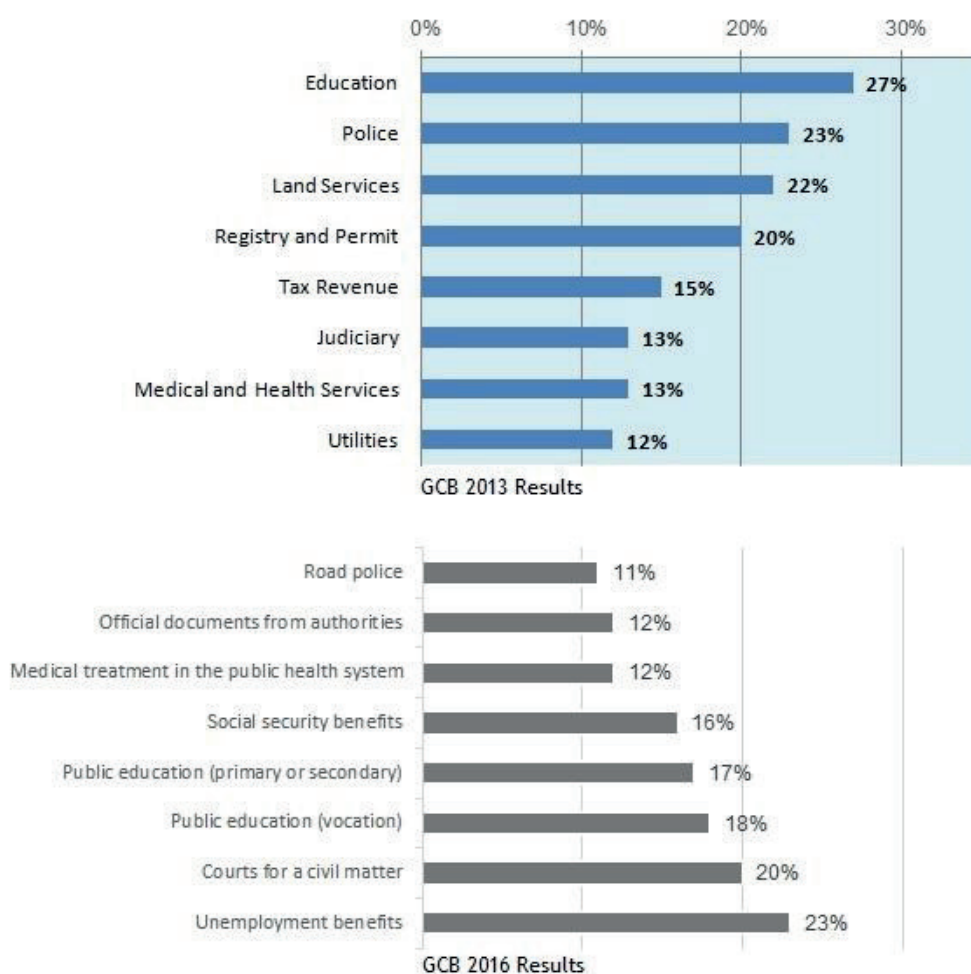
Figure 3. Percentage of respondents who felt these institutions were corrupt



³ Transparency International (2013) Global Corruption Barometer 2013 <http://www.transparency.org/gcb2013/report>

2016 Global Corruption Barometer results reflect similar tendencies by the respondents to the 2013 results. In the 2016 survey, the question has changed from institutions to individuals, however the intent of the question remains the same. Respondents identified government officials (41%), the TBMM (40%), tax officials (39%) and government representatives (38%) as the most corrupt state officials. Although the overall percentages of people who think that corruption in the institutions have dropped over the three years, this may be explained by the increased exposure to the corruption cases in Turkey by the end of 2013. Additionally, the ordering of the perceptions seems to support our claim that the executive branch is becoming increasingly controlling of other branches of the government.

Figure 4. Responses to the question “Have you or anyone in your household paid a bribe to one of these services in the last 12 months?”

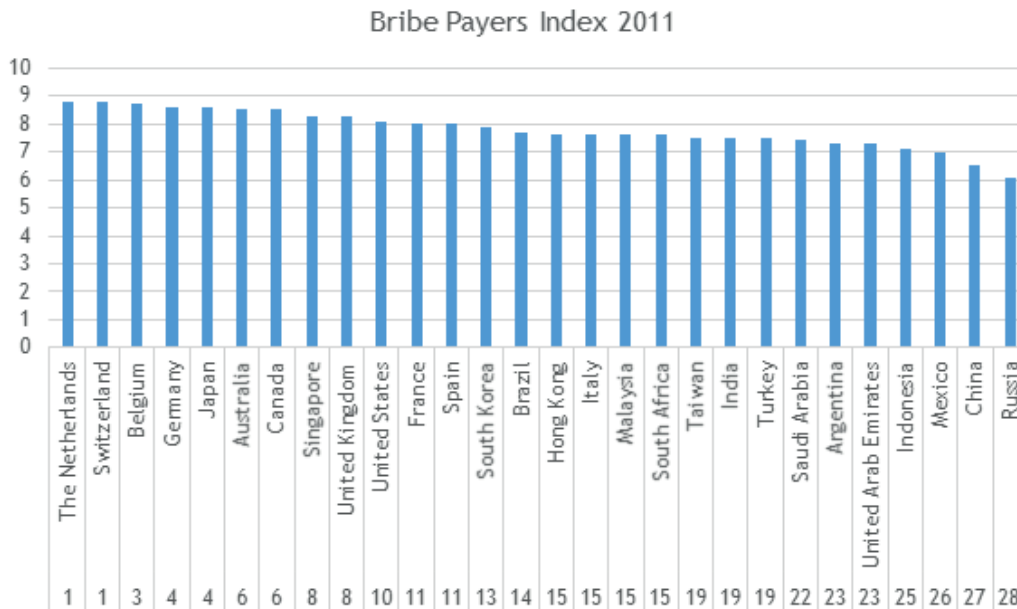


The 2013 and 2016 Global Corruption Barometer results also reflect whether the respondents had to pay a bribe to various services. As can be seen in Figure 4, the 2013 GCB results indicated that education (27%), police (23%), and land services (22%) were the institutions with the highest incidence of bribery. In the 2016 results, the highest three are unemployment benefits (23%), civil courts (20%), and public education (18%). Like the first

question explored above, due to the changes to the question and the answer schemes, one-to-one correspondence between the two surveys isn't possible. Nevertheless, the results illuminate the areas that are more open to petty corruption. One significant finding is the meaningful reduction in the bribes given to the police forces, which can be attributed to either effective anti-corruption measures taken by the national police, or -perhaps more speculatively- the increase in the usage of automation in traffic fines that may have been driving the high bribery hazard at that level.

Finally, Bribe Payers Index (BPI), released by Transparency International, "ranks the world's wealthiest countries by the propensity of their firms to bribe abroad and looks at which industrial sectors are the worst offenders." The BPI provides analysis from the perspective of business sectors and highlighting corruption risky industries.⁴ Similar to the GCB, Bribe Payers Index has not been published recently, therefore a brief look at the 2011 BPI results will be in the scope of this report.

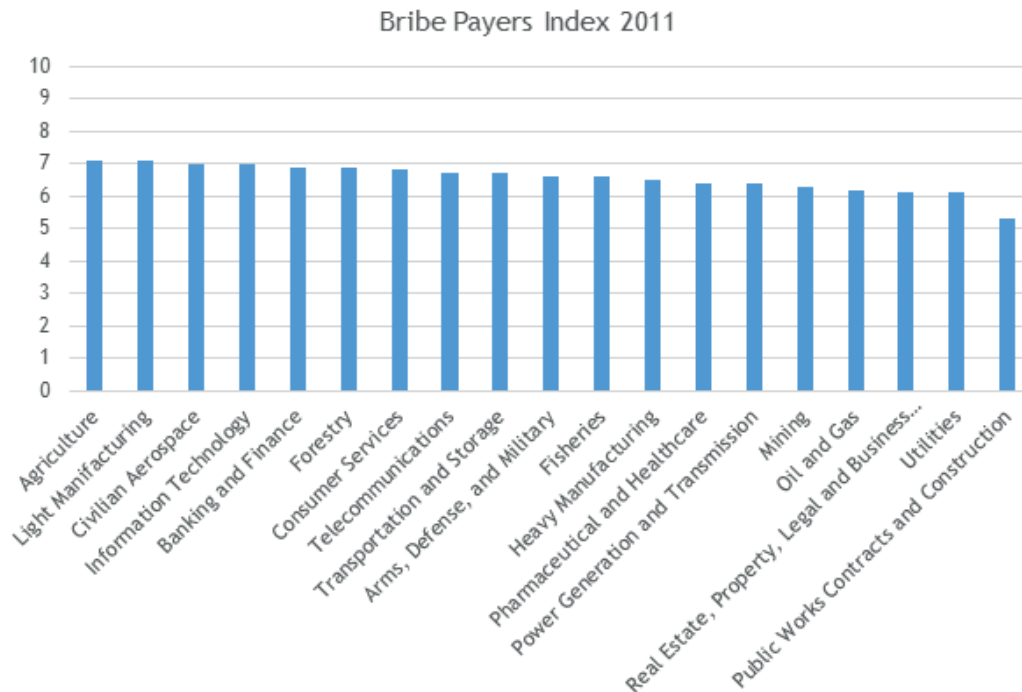
Figure 5. Bribe Payers Index 2011 country rankings and scores



IN BPI 2011, Turkey ranked 19th out of 28 countries with the score of 7.5. With this score, Turkey is ranked only above Russia, China, Mexico, Indonesia, UAE, Argentina and Saudi Arabia. As for the corruption prone sectors, the weakest industries are respectively, public works contracts and construction; utilities; real estate, property, legal and business services; oil and gas; and mining (see Figure 6). Once again, it has to be noted that this survey focuses on only bribery, not other corruption types.

⁴ Transparency International (2011) Bribe Payers Index 2011 <http://www.transparency.org/bpi2011/result>

Figure 6. Likelihood of companies to bribe abroad, by sector (10 corresponds with the view that companies in that sector never bribe and a 0 corresponds with the view that they always do)



b) The World Bank

The World Bank conducts the project Worldwide Governance Indicators (WGI) combining “the views of a large number of enterprise, citizen and expert survey respondents in industrial and developing countries.”⁵ Within the context of this project, six dimensions of governance are taken into consideration in order to evaluate individual governance indicators for 215 economies over the period 1996-2014.

The World Bank uses a wide variety of variables to calculate the governance scores, including the level of diversity in public funds, irregular payments, accountability, frequency of corruption, and anti-corruption policy. Based on this, countries are then given a percentile rank, with higher scores indicating better control of corruption.

⁵ World Bank (2015) Worldwide Governance Indicators <http://info.worldbank.org/governance/wgi/index.aspx#doc>

Figure 7. WGI indicators for Turkey for the years 2004, 2009, and 2014

Indicator	Country	Year	Percentile Rank (0 to 100)
Voice and Accountability	Turkey	2004	48
		2009	45
		2014	38
Political Stability and Absence of Violence/Terrorism	Turkey	2004	20
		2009	16
		2014	12
Government Effectiveness	Turkey	2004	60
		2009	64
		2014	67
Regulatory Quality	Turkey	2004	57
		2009	61
		2014	66
Rule of Law	Turkey	2004	58
		2009	58
		2014	60
Control of Corruption	Turkey	2004	51
		2009	60
		2014	54

Along the WGI dimensions, Turkey's percentiles for 2009 and 2014 are respectively; in Voice and Accountability 45 and 38, in Political Stability and Absence of Violence/Terrorism 16 and 12, in Government Effectiveness 64 and 67, in Regulatory Quality 61 and 66, in rule of Law 58 and 60, and in Control of Corruption 60 and 54. Although Turkey showed some improvement with regards to these indicators, it was still significantly below the EU-27 average. The same research also suggested a slight improvement in regulatory quality and government effectiveness.

c) Global Integrity

Global Integrity published a yearly report between 2006 and 2010 evaluating "both anti-corruption legal frameworks and the practical implementation and enforcement of those frameworks" and "whether citizens can effectively access and use anti-corruption safeguards."⁶ Global Integrity has put the project on hold in 2011.

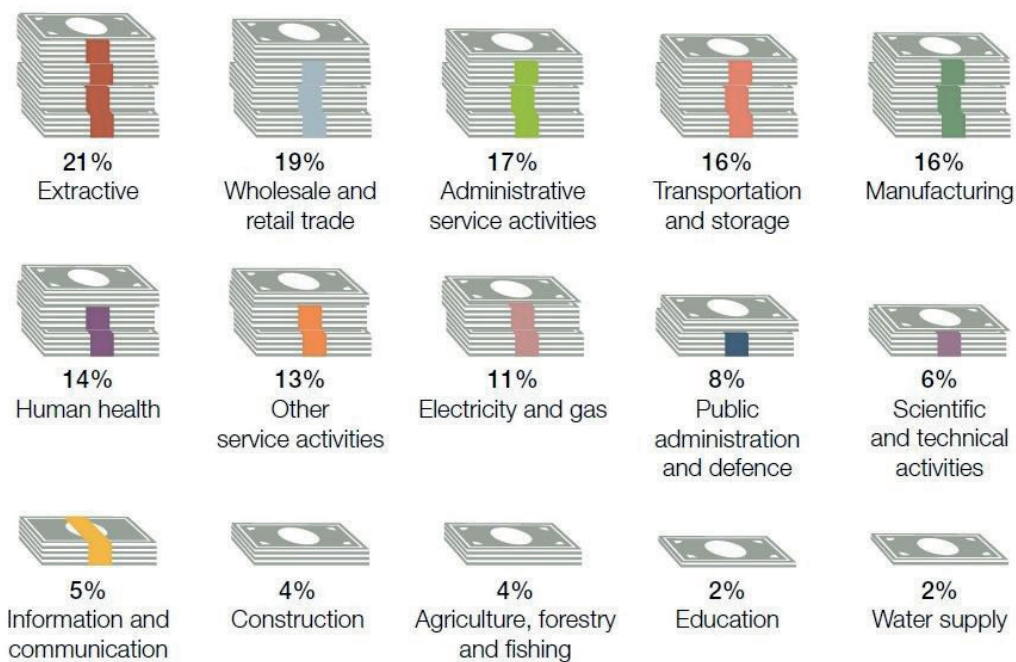
2010 Global Integrity report assessed Turkey's integrity as weak.⁷ Particularly problematic areas were transparency in political financing, conflict of interest safeguards, and checks and balances in the executive, legislative and judicial branches. In general, while the legal framework in Turkey was considered moderate; implementation thereof was assessed as very weak state as in the previous years. These results align perfectly with the National Integrity System Assessment for Turkey and point to the deficiencies in practice even when the legal framework is somewhat in place in Turkey.

⁶ Global Integrity (2010) Global Integrity Report <http://www.globalintegrity.org/research/reports/global-integrity-report/global-integrity-report-2010/>

⁷ Ibid.

OECD Foreign Bribery Report (“OECD Report”) analyzes all foreign bribery action enforcements since the inception of the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions. Even though this report is only related to the cases of foreign bribery, for the purposes of this research, it should be considered as one of the important factors in assessing inward foreign bribery cases and the impact on public sector in Turkey.

Figure 8. OECD Report, Bribes as a percentage of the transaction value per sector



Phase 3 of the research was completed in 2014, and the “Phase 3 Report On Implementing the OECD Anti-Bribery Convention in Turkey” points out this link between private and public sector as “almost half of the cases involved bribery of public officials from countries with high (22%) to very high (21%) levels of human development.”⁸

In the report, the most corruption sanctioned business sectors abroad were highlighted as extractive industries (19%), construction (15%), transportation and storage industries (15%), information and telecommunication (10%) and manufacturing (8%) industries. Figures indicate that almost two-thirds of corruption occurred in these four big sectors. Therefore, in order to assess the impact of these results in and out of the country, transactions of these sectors should be considered to be prone to corruption.

⁸ OECD (2014) Phase 3 Report on Implementing the OECD Anti-Bribery Convention in Turkey <http://www.oecd.org/daf/anti-bribery/TurkeyPhase3ReportEN.pdf>

NATIONAL SURVEYS AND INDICES

a) Transparency International Turkey

The “National Integrity System Assessment Turkey” (NIS) report published by TI-Turkey in April 2016 presents a holistic picture of Turkey’s institutional landscape with regard to its capacity to function, its compliance with good governance principles, and its performance in the fight against corruption.⁹ Although not a survey in a strict sense, but more a joint observational and interview-based study, the NIS identifies weaknesses and shortcomings affecting the whole system, as well as institution-specific areas of concern.

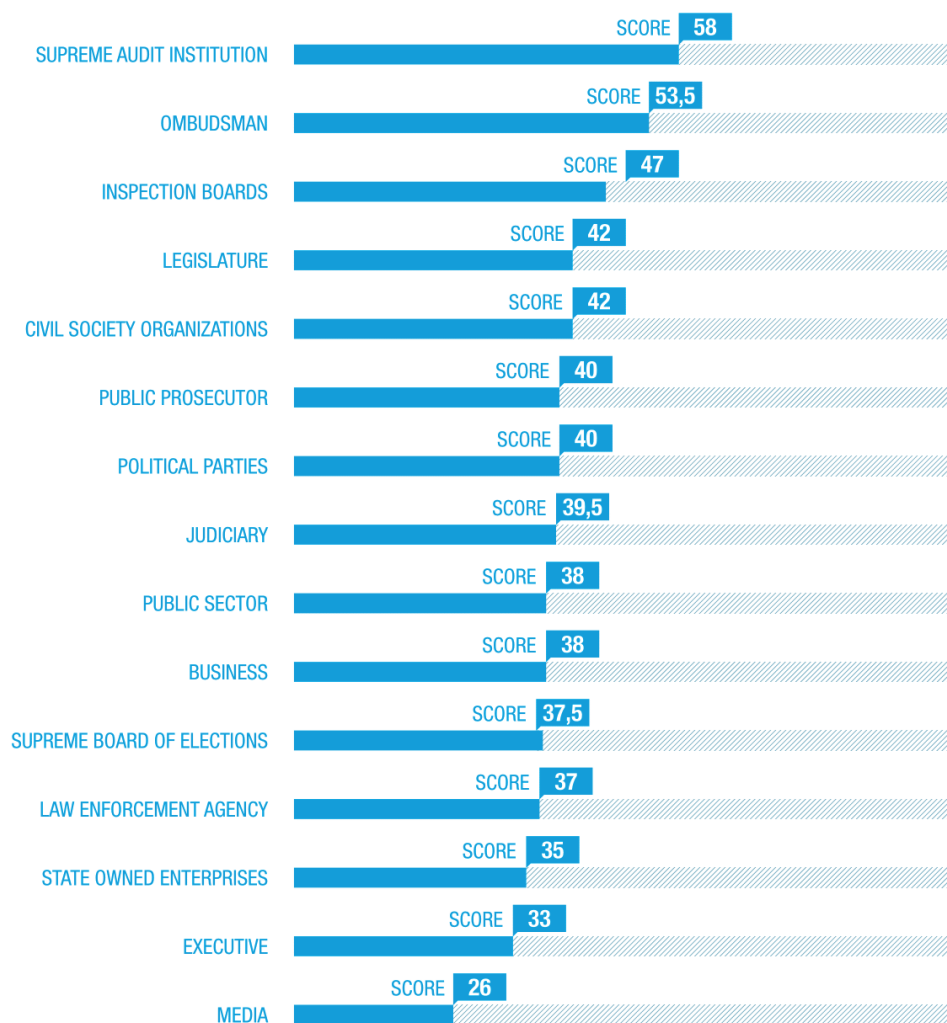
Developed by Transparency International Secretariat and conducted in over 100 countries, the NIS assesses a country’s anti-corruption efficacy sector by sector. For the study, 15 key ‘pillars’ of Turkey’s governance system were evaluated through expert interviews, legal reviews, and desk research. The institutions were analyzed both in terms of their internal corruption risks and their contribution to fighting corruption in society at large. The research culminated in the most extensive study in Turkey to date with the publication of the report.

The main finding of the report is that examined institutions are far from constituting a strong framework in the fight against corruption in Turkey. Only 5 institutions (Supreme Audit Institution, Ombudsman’s Office, Inspection Boards, Legislature, and Civil Society Organizations) were able to find a place in the scoring scale designated as “moderate,” and the remaining 10 are classified as “weak.” The weakest pillars are the executive and the media (see Figure 9 for individual scores).

The NIS analysis reveals that institutional weaknesses are affecting the system as a whole. The analysis also indicates that advocacy actions are as important as, if not more than, the preparation and publication of the report. The underlined key issues in the report suggest that an extensive series of advocacy actions are needed to create the public and political will to implement the policy recommendations and to ensure that the laws and regulations in place are being adhered to.

The areas chosen for advocacy actions are in line with the corruption prone areas identified for this report. The key areas chosen for the NIS advocacy actions are: Separation of powers, freedom of the press, public procurement practices, political parties, right to information law and open government practices, the culture of impunity and immunity, and public audit practices. From these key areas, we can infer that public procurement, political parties, and the media require extensive institutional rework to minimize the corrupt practices in place.

⁹ Transparency International Turkey (2016) National Integrity System Assessment, TI Turkey: Istanbul, Turkey. pp. 18 <http://en.seffaflik.org/wp-content/uploads/2016/04/NIS-REPORT-EN.pdf>

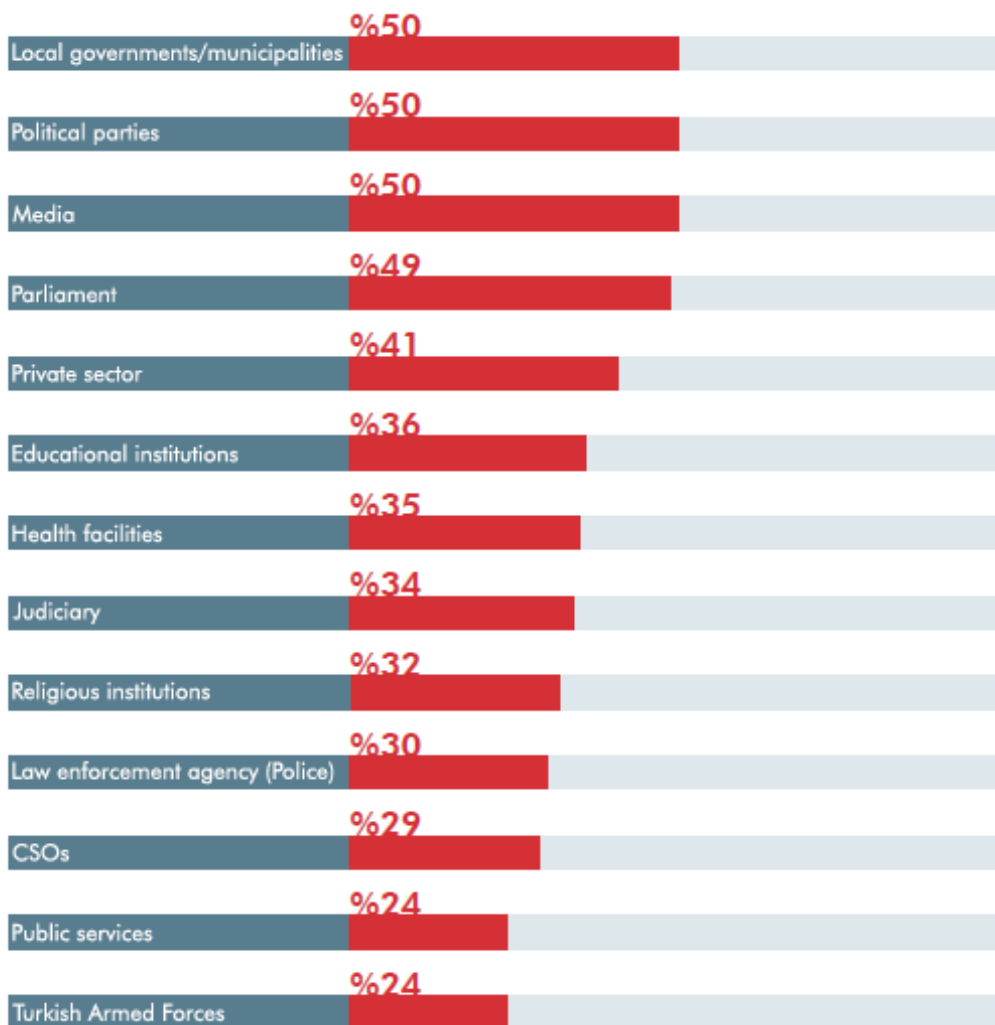
Figure 9. Pillars of the NIS assessment (out of 100)

Conducted under a separate project by Transparency International Turkey in early 2016, “Public Opinion Survey: Corruption How, Where and Why” is the second edition of the public opinion surveys done by TI Turkey.¹⁰ The research was conducted with 2000 people over the age of 18 through computer-assisted telephone interviewing (CATI). The results were weighted along gender, age, and education levels to represent the population in accordance with TurkStat’s address-based population registration system.

The results of the survey indicate that 55% of the respondents believed that the level of corruption had increased in the past two years, whereas only 28% believed it had decreased. When asked how the levels of corruption will change in the following two years, a mere 34% of respondents believed corruption would decrease, compared to the 41% that believe it will increase. Such results can be explained by the fact that 39% found the government’s efforts in the fight against corruption ineffective.

¹⁰ Transparency International Turkey (2016) Corruption in Turkey Why? How? Where? The results of the public opinion survey. <http://en.seffaflik.org/wp-content/uploads/2015/05/Uluslararası-Şeffaflık-Derneği-Yolsuzluk-Araştırması-ENG.pdf>

Figure 10. Responses to the question “Which institutions I will read to you do you believe are corrupt?”



Common and petty corruption is on the decline in Turkey, yet the same claim cannot be made for grand corruption cases. This claim, which has been alluded to in academic studies and field researches in the recent years also finds support in this study. When asked to identify the public operations with the highest corruption hazard, the participants have responded with public procurements (50%), planning and zoning (48%), and customs and foreign trade operations (44%), which reveal that the public does not trust such bureaucratic operations with high risk of corruption and fraud (See Figure 11 for the respondents' scores for these operations).

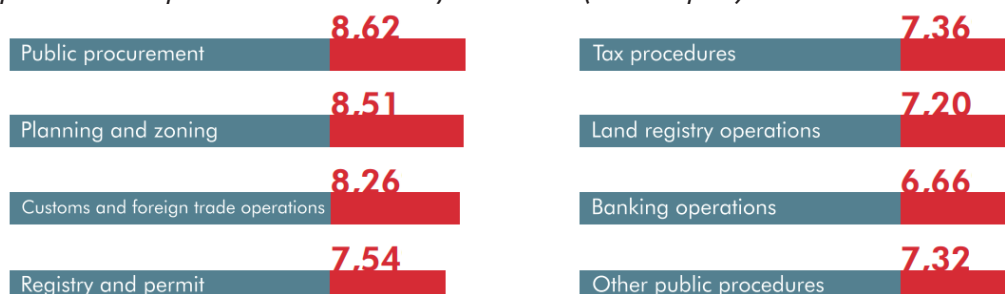
Another finding of the survey that supports this argument is that 81% of the respondents with the belief that the private sector is unsusceptible to such cases of fraud. As mentioned in the introductory paragraph “the relationship between politics and the private sector” (48%) and “public procurement practices” (48%) among reasons that increase corruption also demonstrates that the public does not believe cases of grand corruption can be effectively identified.

Figure 11. Responses to the question “Could you evaluate the level of corruption in public operations and procedures on a scale of 0 and 10?” (2016 Report)



Compared to the previous year’s public perception survey published under the same title, the public perception of corruption has decreased in 2016. The responses to the 2015 survey showed that 67% of the respondents believed that corruption had increased over the past two years, while 18% answered that it had decreased. The question about their outlook over the next two years revealed that 54% of the respondents think corruption will increase.¹¹ This contrasts with the 41% who had responded as such in 2016. The decrease in these values over a year should not be treated as improvements, but more a function of the decay in the public perception of corruption that rose to peak levels following the 17-25 December 2013 corruption probes. The answers to the 2015 included the probe in their timeframe, whereas it was out of the scope of the 2016 survey.

Figure 12. Responses to the question “Could you evaluate the level of corruption in public operations and procedures on a scale of 0 and 10?” (2015 Report)



A look at the level of corruption in public operations and procedures in the 2015 report reveals a similar ordering of the openness of public transactions to corrupt behavior. Public procurement (71%), planning and zoning (69%), and customs and foreign trade operations (65%) were at the top with the highest levels of perceived corruption. Again, the values are higher compared to the 2016 results, but the inflation of the results for these bureaucratic operations with higher risk of corruption stem from the 2013 corruption probe.

Another study done by TI Turkey is the “Transparency in Corporate Reporting – A Research on BIST-100 Index Companies” in March 2014. The main purpose of the study was to understand how transparent were such companies in reporting their anti-corruption programs.

¹¹ Transparency International Turkey (2015) Corruption in Turkey Why? How? Where? The results of the public opinion survey. <http://en.seffaflik.org/wp-content/uploads/2015/05/yolsuzluk-ara%C5%9Ft%C4%B1rma-soru%C3%A7lar%C4%B1-ingilizce.pdf>

26 questions were asked in the areas of Anti-Corruption Programs, Organizational Transparency and Territorial Reporting and all companies within the context of the research were evaluated in accordance with their responses.

The average score of BIST-100 companies regarding the transparency of anti-corruption programs is 28%.¹² As per the research of Transparency International, which was conducted in 2012, the average of 100 companies taking place in emerging markets was 46 %, and as per the research conducted in 2014, the average of multinationals was 70 %. The difference between BIST-100 companies, emerging market companies and multinationals indicates the fact that Turkey must take new actions regarding transparency in reporting of anti-corruption programs.

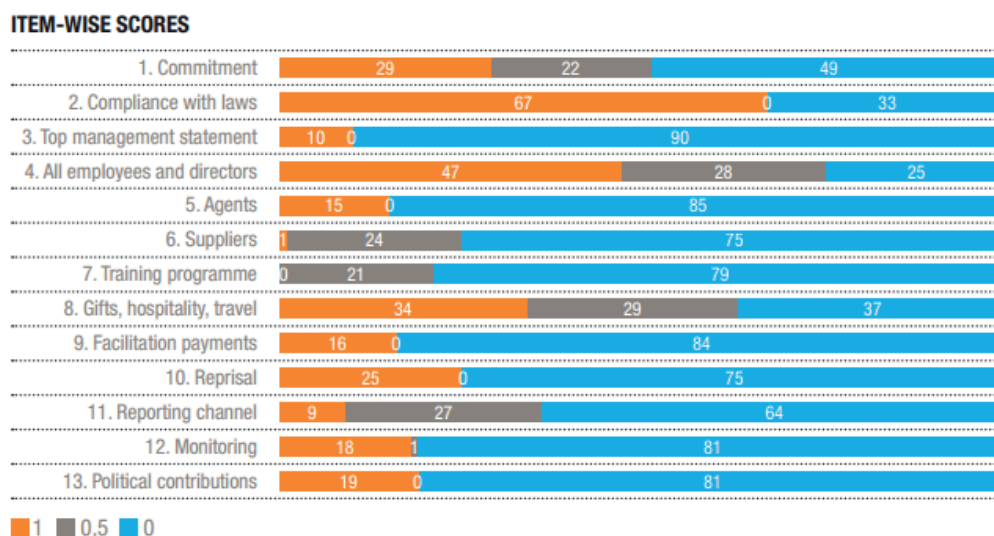
It should be of particular interest that even for the question with the highest average score among the reporting for anti-corruption programs dimension, only two-thirds of the companies in the study disclosed that they would act in full compliance with the laws. As for inquiries regarding third parties in contract such as non-company employees, advisors acting on behalf of the company and company's suppliers and subcontractors, less than a quarter of the BIST-100 Index companies have scored more than zero points. This value also is salient for the question on facilitation payment, and points to the larger issue at hand, that is making corruption ordinary and commonplace. "It is known that persons making the facilitation payments usually do not name them as corruption because the amounts of such payments are "small". Indeed, many companies call the facilitation payments "tips / gratuities."¹³

TI Turkey has also released "Private Sector Anti-Corruption Guide" in mid-2016 with the purpose of designing an anti-corruption program for the companies in order to increase the competition power and efficiency in private sector in the international arena and to enable companies to become more corporate and accountable.¹⁴

¹² Transparency International Turkey (2015) Transparency in Corporate Reporting: Assessing Borsa Istanbul BIST-100 Companies <http://en.seffaflik.org/wp-content/uploads/2015/05/Transparency-in-Corporate-Reporting1.pdf>

¹³ Ibid. pp. 14

¹⁴ Transparency International Turkey (2016) Private Sector Anti-Corruption Guide <http://en.seffaflik.org/wp-content/uploads/2015/05/Private-Sector-Anti-Corruption-Guide.pdf>

Figure 13. Item-wise analysis of questions on reporting on anti-corruption programs

b) Economic Policy Research Foundation of Turkey (TEPAV)

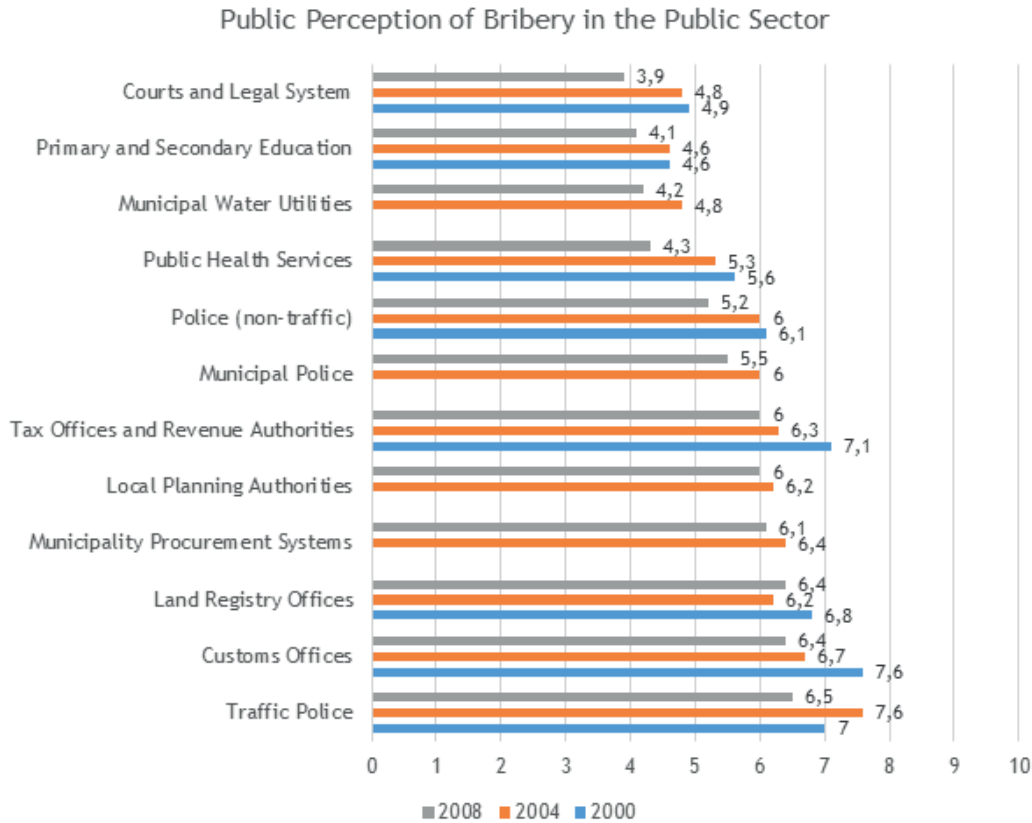
According to a study by the Economic Policy Research Foundation of Turkey (TEPAV) based on the World Bank's Worldwide Governance Indicators, there was a strong performance in the control of corruption between 2002 and 2010.¹⁵ The indicators used to evaluate the level of control of corruption include public trust in politicians, transparency, and the level of corruption.

TEPAV's Households Research Surveys on Corruption in Turkey were done in 2000, 2004 and 2008. Traffic police, customs, land registry offices, municipalities and tax offices were perceived to be the most corrupt institutions by the public.¹⁶ While these results do not perfectly align with those from TI-Turkey's public opinion surveys, it should be noted that the decrease in petty corruption cases since the conclusion of TEPAV's project is driving the differences. A comparison of perception and experience based questions reveal distinctive differences for certain institutions: Public hospitals, land registry offices, and primary and secondary education are the services with the highest prevalence of "type-1 bribery," which is defined by TEPAV as improper payments or gift-giving to facilitate and/or expedite services that institutions are already required to provide. This is in contrast to "type-2 bribery" that incorporates bribery as a form of compensation for the state official to overlook an otherwise illegal activity (e.g. paying off a cop to avoid a traffic fine). As illustrated by the example, the highest prevalence of this type of bribery occurs in the police force (traffic, non-traffic, and municipal police in decreasing order, respectively).

¹⁵ TEPAV, "High-quality governance requires a new constitution" <http://www.tepav.org.tr/en/kose-yazisi-tepav/s/2965>

¹⁶ TEPAV, (2009) Hanehalkı gözünden kamu hizmetleri ve yolsuzluk <http://www.tepav.org.tr/tur/admin/dosyabul/upload/kamuhizmetleri.pdf>

Figure 14. TEPAV Household Survey results for the years 2000, 2004, and 2008 (0 corresponds with the view that there is no corruption and a 10 corresponds with the view that there is widespread corruption)



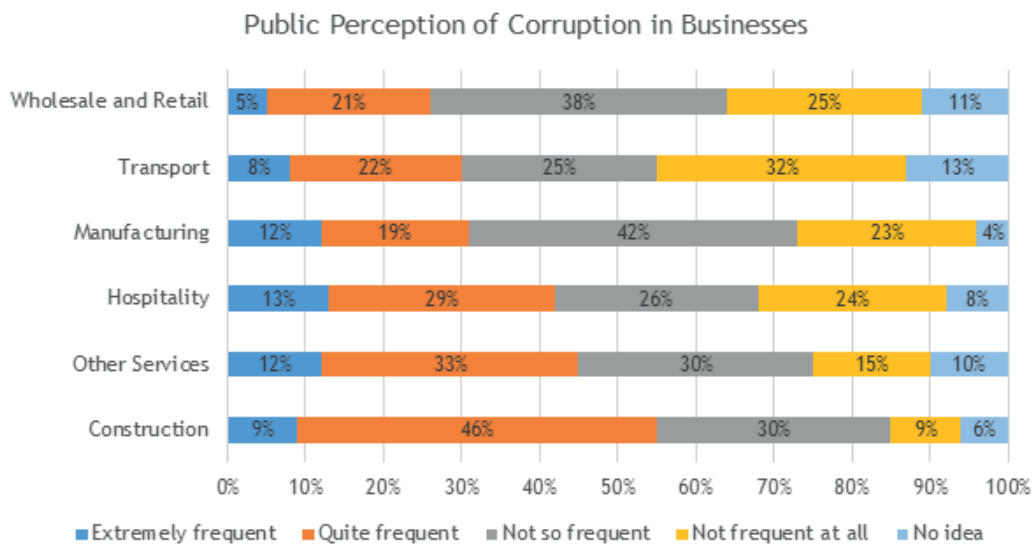
c) Turkish Industrialists' and Businessmen's Association (TÜSİAD)

TÜSİAD conducted the research titled “Corruption in Turkey from the Viewpoint of Business World” in November 2014.¹⁷ Within the context of the research, a sample survey was conducted for 801 respondents who represent the business world in Istanbul and besides face-to-face interviews in Istanbul, three focus group trainings in Denizli, Gaziantep and Antalya were conducted in order to form a basis to the questionnaire.

According to the interviews, the major concerns of the business world are determined to be the high tax amounts, labor costs and hidden economy. Mid-level concerns are stated as bribery and corruption, economic stabilization and energy costs. While transportation and communication sectors were identified as the sectors which perceive corruption as a significant concern, construction sector does not seem to have a similar perception. Highest perception of corruption is in the construction sector and the lowest is in retail business. Although a higher percentage of respondents have listed hospitality with an extremely frequent incidence of corruption, more than 55 percent of the responders have identified construction with higher prevalence of corruption overall (see Figure 14 for the detailed breakdown of the survey results for these sectors).

¹⁷ TÜSİAD (2014) The Perception of Corruption in Turkey: A Business Perspective <http://tusiad.org/en/news-events/item/8327-the-perception-of-corruption-in-turkey-a-business-perspective-seminar>

Figure 15. TÜSİAD Corruption in Turkey Survey business perception of corruption in sectors

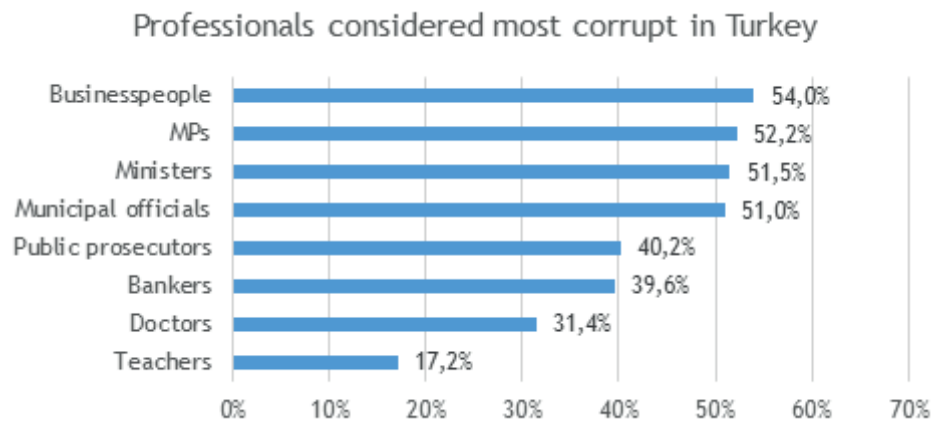


46% of the participants were of the opinion that corruption will increase in Turkey, 28% said that it will remain unchanged, and 16% said that it will decrease. The research indicates that the occurrence of economic effects of corruption are based on unfair competition and abuse of investor's confidence.

d) TESEV/SELDI

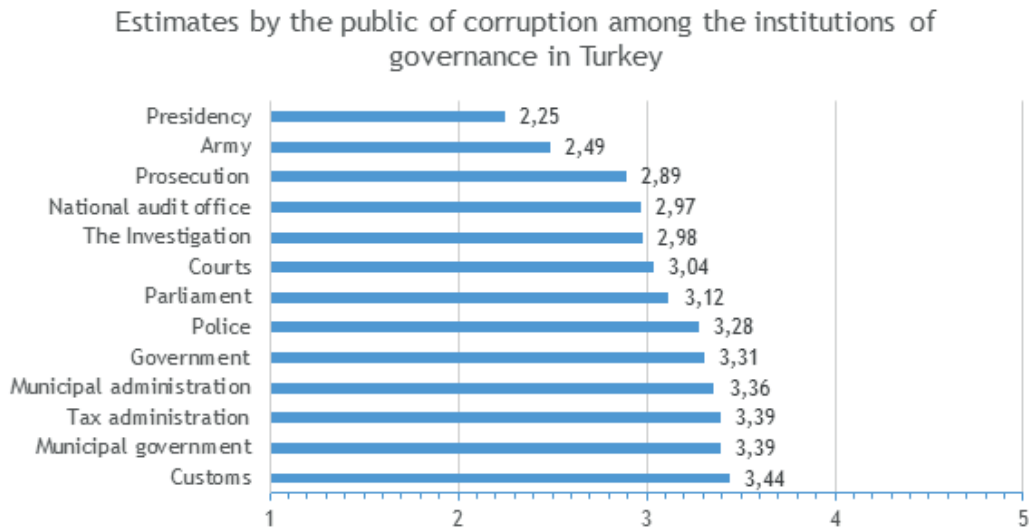
TESEV, as part of the regional anti-corruption initiative of The Southeast Europe Leadership for Development and Integrity (SELDI), has conducted a research on corruption and governance gaps in Turkey in 2014. Even though this research was focused on knowledge-driven anticorruption policies, there were some aspects of the research related to how corruption is realized in Turkey.

Figure 16. SELDI/CSD Corruption Monitoring System



TESEV-SELDI report also makes an assessment of the various professions from the society for their involvement with the corruption. The results show that businesspeople are considered to be the most corrupt in Turkey. MPs, ministers, municipality officials, and public prosecutors were perceived to be among those that are more prone to corrupt behavior.¹⁸

Figure 17. SELDI/CSD Corruption Monitoring System (on a scale of 1 to 5, 1 being the least corrupt)



The report concentrates on the experience side of the corruption, the involvement of corruption by the public, and pressures by the government officials asking for a bribe. As for corruption prone areas and risky transactions, customs, municipal governments, tax offices, central government and police were perceived to be the most corrupt institutions in Turkey.

¹⁸ TESEV-SELDI (2014) Anti-corruption reloaded: Assessment of Southeast Europe http://tesev.org.tr/wp-content/uploads/2015/11/SELDI_Regional_Assessment_Report_2014.pdf

5

STATISTICAL DATA

Surveys are essential in measuring public opinion formation on corruption, but are limited in their scope to the extent that they are tools to answer specific classes of research or public policy questions versus fulfilling an administrative function. Surveys also differ from administrative data in their statistical structure, conceptual framework, and content. These differences between surveys and administrative data should not be considered disadvantages for our purposes, but rather something that helps identify corruption prone areas using different methods.

Administrative data may generally be described as “data which are derived from the operation of administrative systems (e.g. data collected by government agencies for the purposes of registration, transaction and record keeping).”¹ These data can be derived from a wide range of administrative systems such as those used in education, healthcare, taxation, housing, or vehicle licensing. Due to the nature of administrative statistics, statistical errors may carry over periods of observation. Nevertheless, despite the reporting bias, administrative data may be used to gather specific information on corruption and identify corruption trends in any given area.

Effective detection and prevention of corruption is possible when the administrative bodies take a more proactive role. The Judiciary, Court of Accounts, Ombudsman’s Office, Inspection Boards among other state institutions should work in coordination with each other to identify areas where corruption may be present. These bodies gather their own administrative data and implement measures that are within the scope of their regulatory boundaries. By pinpointing the transactions in which there is an inherent risk of corruption, can these institutions be effective in monitoring and preventing corrupt behavior.

CHALLENGES TO OBTAINING STATISTICS ON CORRUPTION

One of the most salient issues with gathering and compiling statistics on corruption-related crimes and their criminal justice processes is that there is no central collection and organization body. The Turkish Statistical Institute (TUIK/TurkStat) is authorized by law to “to compile, evaluate, analyze, and publish statistics in the field of economy, social issues,

¹ Connelly, R., Playford, C. J., Gayle, V., and Dibben, C. (2016) The role of administrative data in the big data revolution in social science research. *Social Science Research*, 59, pp. 1-12.

demography, culture, environment, science and technology, and in the other required areas.”² As can be inferred from the Law, TurkStat collects statistics not only on corruption crimes, but on all other matters about the country. The Ministry of Justice also has its own data collection framework, with a particular focus on corruption cases; with disaggregated data on prosecutions, indictments, and convictions. There is a separate data collection on violations and sanctions in public administration by the Ministry of the Interior.

Collection of data by separate administrative bodies creates challenges for data-driven anti-corruption efforts by third parties. The main problem TI-Turkey has identified in previous studies is the difficulty in obtaining comparable data. This is mainly driven by the incompatibilities between administrative bodies in their data collection methods. While most indicators provided by TurkStat allows for clustering at different administrative levels thanks to its collaboration with EuroStat, statistics on corruption crimes is not disaggregated for the data provided by TurkStat. Such statistics may be obtained from the Ministry of Justice and Ministry of the Interior, but those are usually incompatible for comparative analyses due to the different levels of collection.

To illustrate, the Bureau of Organized Crimes and Smuggling (KOM) releases annual reports on offenses like organized crime, drug trafficking, counterfeiting, forgery, illicit trafficking, cybercrime, smuggling of arms, ammunition, and nuclear substances, and financial crimes including money laundering. It is almost impossible to match these with the public data released by the Ministry of Justice that would allow for methodically sound and unbiased statistical analysis. While parts of the corruption prone areas appear to be randomly selected and are provided in reports disclosed to the public, the remaining parts are not shared publicly. Furthermore, sectorial divisions of such crimes may be found in KOM’s dataset but are missing from others, adding to the mismatch between these datasets.

These concerns would have been alleviated by a functional Right to Information Act that provides access to judicial statistics with information on other variables such as geographical division of crimes or institutions that are involved in corruption.

The Law on the Right to Information no. 4982 was adopted in October 2003 and put into force in April 2004. The law predicates all public administrative bodies to provide information to citizens, including the statistics collected by TurkStat, the Ministry of Justice, and the Ministry of the Interior. Citizens are required to give their correct names, ID numbers and addresses in order to proceed with their application. The public institutions are obligated to provide requested information in no more than 15 days. In case of a rejection to provide information, the applicants may apply to Board of Acquisition and Assessment of Information in 15 days. The Board is also obligated to settle on a decision in 30 days.³

The Law has described certain exceptions on where government will not provide information and administrative investigations has been explicitly stated as an exception in Chapter 4 of this Law. These exceptions range from state secrets and confidential business infor-

² Statistics Law of Turkey No. 5429. <http://www.turkstat.gov.tr/UstMenu/yonetmelikler/StatisticsLawOfTurkey.pdf>

³ Özhabeş, H. (2011) *Yolsuzlukla Mücadele Kriterleri: Yargı, Yasama ve Kamu Yönetimi Türkiye İzleme Raporu*. Transparency International Turkey: Istanbul, Turkey

mation to national intelligence information. Although these exceptions may be considered to be valid grounds for denial, the vague definition in the Law allows the state bodies in question to reject applications on the basis of the Law without appropriate justification.

MINISTRY OF JUSTICE

In Turkey, the criminal cases reported to law enforcement authorities are aggregated and made public by the Ministry of Justice. The data is shared on the Ministry of Justice website on a yearly basis by the Directorate General for Criminal Records and Statistics under the Ministry of Justice with indicators on the number of people involved in crimes related to corruption, as well as the number of the people convicted thereof.

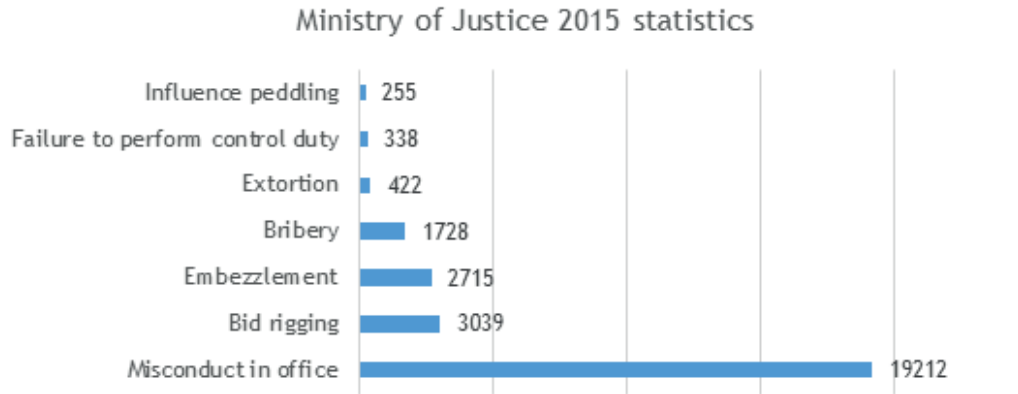
The National Judicial Network System (UYAP) is an e-justice system developed in order to ensure a fast, reliable, soundly operated and accurate judicial system. It is used by courts, policy-makers, other judicial bodies, and includes all courts, public prosecutors' services, prisons, other judicial institutions and government departments. UYAP provides information and statistics such as the number of files, verdicts, pending cases, and the average duration of the cases.

However, the UYAP data that is shared in the Ministry of Justice annual reports is inadequate as only the finalized court decisions are included in the database of the Ministry of Justice. Therefore, the information collected from the Turkish governmental statistics is far from complete for the purposes of identification of corruption prone areas.

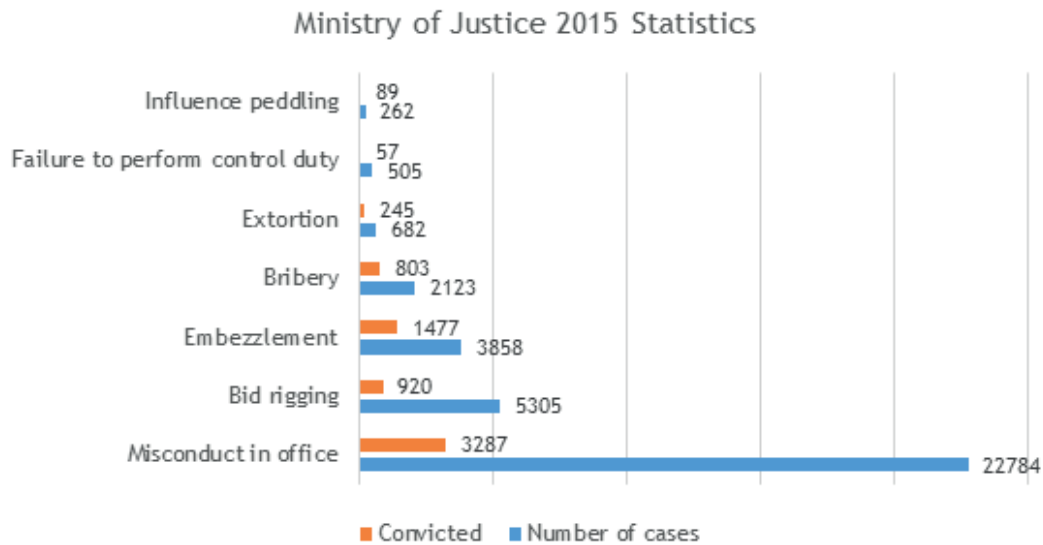
Since there is no central Anti-Corruption Agency in Turkey in charge of collecting and disseminating all types of corruption statistics, there is limited information that can shed light on the corruption prone areas from the statistics of Ministry of Justice. The only information available from the statistics of Justice was the year the crime was committed. Statistical data provided by the Ministry of Justice on a yearly basis show demographic information and the type of a specific crime under Turkish Criminal Code.

The Third Chapter Ninth Section and the Fourth Chapter First Section of the Turkish Criminal Code (Law No. 5237) define the Offenses in the Fields of Economy, Industry and Trading and Offenses Against Nation and State and Final Provisions. These include offenses such as bid rigging, extortion, embezzlement, bribery, etc. In 2015, a total of 59.772 cases were brought to criminal courts. In many cases, the proceedings take a long time, and as such, the following statistics reflect only the number of cases opened during 2015. According to the Ministry of Justice statistics,⁴ the number of people brought to court for crimes related to the corruption are as follows:

⁴ (Turkish) http://www.adlisicil.adalet.gov.tr/istatistikler/1996/genel_tck_a%C3%A7%C4%B1lan2015.pdf

Figure 18. *The number of people brought to court for crimes related to the corruption*

The number of cases and people convicted for the crimes are also reported by the Directorate General for Criminal Records and Statistics under the Ministry of Justice. The statistics for 2015⁵ are as follows (these figures should be analyzed independently from the figures above, as they include the ongoing cases from previous years):

Figure 19. *The number of ongoing cases and the number of convictions by 2015*

The 2015 figures show that misconduct in office, bid rigging, embezzlement, and bribery are the corruption crimes that are reported the most. The conviction rate for misconduct in office suggests that there is mismatch between the law and public perception. Comparing these figures with previous research on the Ministry of Justice statistics by TI-Turkey, the most reported corruption related crimes have stayed the same over the past 5 years, and there is a slight increase in the number of reported cases, though not statistically significant.

⁵ (Turkish) http://www.adlisicil.adalet.gov.tr/istatistikler/1996/genel_tck_karar2015.pdf

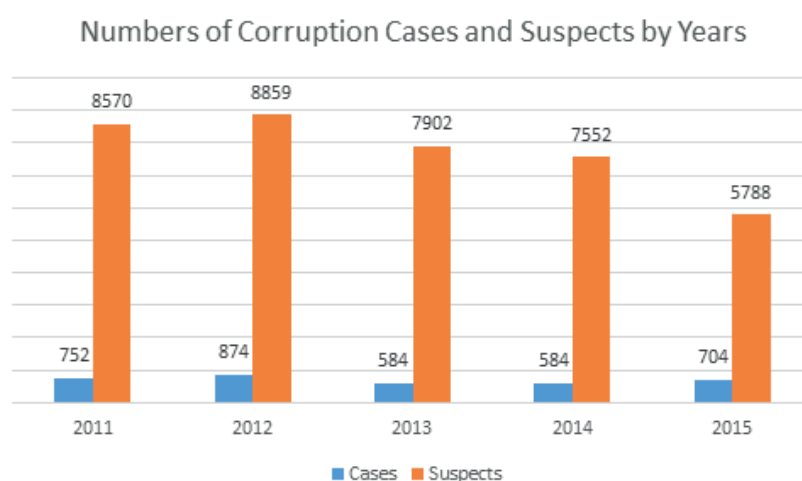
TURKISH NATIONAL POLICE DEPARTMENT OF ANTI-SMUGGLING AND ORGANIZED CRIME (KOM)

Department of Anti-Smuggling and Organized Crime (KOM) works under the auspices of the Turkish National Police and is in charge of narcotic crimes, financial crimes, smuggling and organized crime. KOM releases detailed annual reports on their various fields of work. These reports provide statistics of KOM's activities, primarily investigations and operations made by law enforcement officials in a specific year. For the purposes of this research, data from KOM's Team of Financial Crimes will be taken into consideration.

Even though the statistics of KOM appears to be more comprehensive on corruption risk factors compared to those provided by the Ministry of Judiciary, i.e., type of a crime, geographical scope, and specific sectors, there are gaps in the statistics that are shared with public. Parts of the corruption risky areas appeared to be randomly selected and are provided in reports disclosed to the public, the remaining parts are not shared publicly.

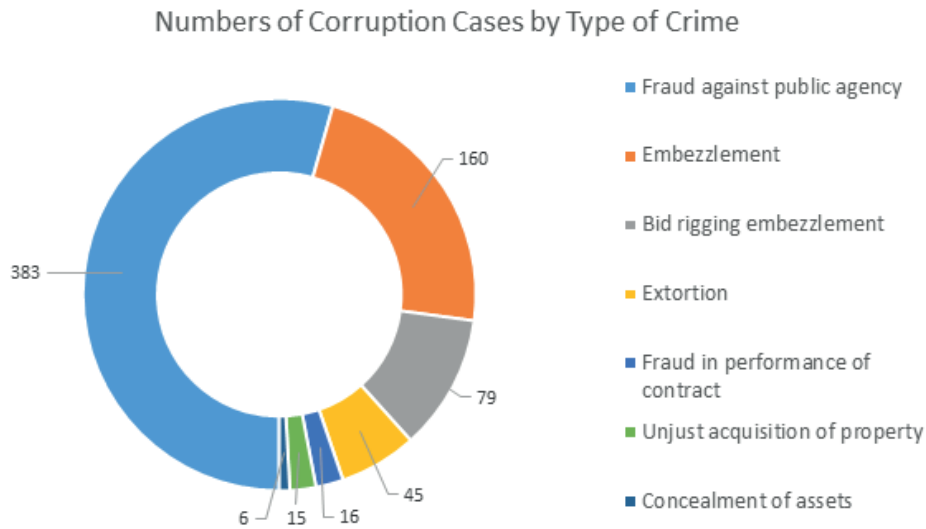
In 2015, a total of 704 operations were carried out by KOM and legal proceedings were instituted against 5,788 suspects in connection with those operations.⁶ KOM's scheduled anti-corruption operations in 2015 showed that that the number of "Fraud Against Public Agency" and embezzlement cases were higher than other corruption crimes. "It was seen as a result of those operations that the irregularities in healthcare, local governments, education, and other segments were more common."⁷ These operations involved a total amount of TRY 37.5 million, which amounted to approximately TRY 7.5 million in public losses.

Figure 20. *KOM corruption cases and suspects for the years between 2011-2015*



⁶ KOM Department (2016) Anti-Smuggling and Organized Crime 2015 Report, KOM Publications: Ankara.

⁷ Ibid, pp. 5

Figure 21. KOM corruption cases by types of crime in 2015

KOM's report reveals that local government, education, and healthcare are the three sectors in which bid rigging was seen the most. Similarly, fraud against public agencies were committed the most in the fields of healthcare, agriculture, social security, and education. Irregularities were seen the most in the fields of judicial services, local governments, and healthcare for the cases of bribery.

Figure 22. KOM scheduled anti-corruption operations breakdown by sectors in 2015

Segment	Project Work	Suspects			Arrests		
		Civil Servant	Other	Total	Civil Servant	Other	Total
Healthcare	31	71	21	92	0	16	16
Local Governments	20	5	29	34	5	13	18
Judicial Services	5	35	0	35	2	0	2
Education	18	18	21	39	0	12	12
Agriculture	13	0	0	0	0	0	0
Social Security	10	0	0	0	0	0	0
Agencies Classified as Public Agency	9	2	14	16	0	0	0
Finance	1	0	0	0	0	0	0
Other	18	22	36	58	5	0	5
Land Registry	2	0	0	0	0	0	0
Transportation	1	0	0	0	0	0	0
Bank	3	19	0	19	0	0	0
Energy	0	0	0	0	0	0	0
Public Works	1	0	0	0	0	0	0
Forestry	1	0	0	0	0	0	0
Total	133	172	121	293	12	41	53

The KOM reports reinforce the findings from the Ministry of Justice reports in the sense that the number of cases brought to court and the operations conducted by KOM are along similar instances of corruption. Bid rigging, fraud and bribery were identified to be

the most salient corruption-related crimes according to KOM statistics. Superseding the Ministry of Justice statistics, KOM reports shed light on the individual sectors that are more prone to corruption; the 2015 report shows that local governments, healthcare, and education are the fields that should be observed more thoroughly to analyze corruption-prone areas. These reports are in line with the results of survey analyses that have been explored in this report and should contribute to anti-corruption efforts within Turkey.

DATA OBTAINED THROUGH THE LAW ON RIGHT TO INFORMATION

Under the auspices of the Law on the Right to Information no. 4982 citizens can apply for access to information from various state bodies. The details of the process have been explored under the previous section “Challenges to Obtain Statistics on Corruption” of this document. Under an effective Right to Information Law, a research on corruption should be able to present information relating to corruption cases where existing public administrative data is unable to provide detailed information. Unfortunately, that is not the case in Turkey.

“Turkey’s legal framework prohibits the sharing of information on state secrets, trade secrets, security intelligence and where the information would violate the right to privacy, or when legal cases are ongoing. However, the definition of secrecy is unclear and there are no formal criteria to identify secret information. Therefore, sharing information with the public depends on the arbitrary decisions of public officials.”⁸

The real problem lies in areas related to the concepts *of confidential information, trade secret, and banking secret*. The definitions in law are either ambiguous or non-existent, and as such, these ambiguities allow the state bodies in question to arbitrarily deny any access request to information. Under the confidentiality clause, any information may be made confidential with the authorities’ subjective will.

We have contacted the Prime Minister’s Office’s Communication Center (BIMER), requesting information on the number of individual cases on corruption for this report. The applications specifically requested the number of complaints/notices made to the institution for bribery, extortion, embezzlement, bid rigging, and influence peddling in the years 2010 and 2015. The four separate requests filed under request numbers 906846, 922266, 922289, and 938483 have all received the same response from BIMER, citing articles 7 and 12 of the Law on the Right to Information no. 4982.

An expert has commented on this issue that such denials on the basis of Article 7 has become common practice. Appeals to the Review Board of Access to Information, followed by appeals to the Administrative Courts, and finally to the Constitutional Courts may be made to obtain the requested information, effectively denying these requests by hiding behind long and arduous legal processes.

This non-result should be considered as a finding, that the Right to Information Law in Turkey is ineffective and is in immediate need for change. Without transparent and accountable state institutions and proper oversight, corruption will continue to go unchecked.

⁸ Transparency International Turkey (2016) National Integrity System Assessment, TI Turkey: Istanbul, Turkey. pp. 106

6

ANALYSIS

ISSUES AND RISK FACTORS

In this report, we have explored the economic and legal landscape of Turkey and underscored the areas that should be put under scrutiny for effective anti-corruption efforts. The surveys and administrative statistics highlighted the major issues to tackle for dependability on good governance principles.

Perhaps the most pressing issue for Turkey is the overarching influence of the executive over other institutions. Anti-corruption efforts entail perfect adherence to the principles of separation of powers, and the deference of the executive body to the Constitutional framework and the boundaries drawn therein. As such, unless the institutions that are in charge of anti-corruption efforts such as the Judiciary, Court of Accounts, Ombudsman's Office, Inspection Boards are free from the influence of the executive body, Turkey's anti-corruption efforts cannot be considered effective.

A second problem that applies to the Turkish case is the wide gap between laws and practices. Turkey went through drastic changes to its legal system during the early 2000s with the EU accession protocol. Existing laws were amended and new ones were devised when deemed necessary without public approval. Although these changes were considered improvements, the legal framework that had been formulated to promote transparency and accountability changed over time, and as a result, demonstrated vulnerability to corruption in practice.

It is also of paramount importance to ensure data collection and sharing mechanisms among state institutions are coordinated and complete. As can be evidenced from the examples provided in this report, Turkey falls short when it comes to reliable data-driven anti-corruption efforts.

Indexes and surveys are usually undertaken by international organizations and local NGOs to identify the existence of corruption in sectors and assess the impacts of corruption. Although these are invaluable resources, perception based surveys may give a subjective view depending on various reasons. It has been evidenced that public perception may be influenced by a number of factors, such as breaking of scandals or financial crisis in a specific year, or reforms taken by the government institutions. Since experience based surveys directly target the experience of the public for specific instances, they have been much more reliable in terms of identifying corruption prone areas.

Official statistics and administrative data should support these indices and surveys, but fail to do so due to the issues illustrated above. To counter these, Turkish institutions in charge of collecting corruption data and the ones in charge of implementing reforms to curb corruption need to consider the results of these analyses to ensure effective anti-corruption strategies.

RISKY TRANSACTIONS, CRIMES AND CORRUPTION PRONE AREAS

For a thorough analysis on corruption prone areas, transactions with high risk of corruption cannot be ignored. Transactions with high corruption hazard should be taken into consideration in order to take necessary measures not only for corruption prone sectors, but also for all other governmental functions.

Studies and interviews made with public officials and private sector representatives indicate that some transactions are inherently more exposed to wrongful actions due to sectorial vulnerabilities or lack of control mechanisms in that transaction type. Following transactions are listed as high-risk areas:

- **Public Procurement and State Contracts:** The difficulties in defining and measuring corruption, interlinked with the high corruption hazard, render public procurement an area that requires a high degree of attention to achieve resolute anti-corruption efforts. It is particularly difficult for institutions to identify and combat corruption when the laws that are originally designed to curb corruption are changed or amended to create exceptions and introduce ambiguities.
- **Granting Permits & Licenses:** Corrupt behavior may occur in government's granting of permission or issuance of licenses to carry out activities such as company registration, construction permits, real estate concession or exploitation of a natural resource. High corruption and rent-seeking hazard exists for providing permits or preferential selection in major construction projects and public utility and services provision.
- **Government Benefits:** Allocation of public funds, materials and services and certain monetary or in-kind government benefits, such as subsidies, provided by the government can be result of wrongful influence by way of corruption.
- **Mediations and Lowering Taxes.** During the mediation process, corruption can be used as a tool to reduce the amount of taxes or other fees collected by the government. During this process, bribes may be proposed by the tax collector or the taxpayer. As the tax bill is negotiable, there is always a room for wrongdoing.
- **Customs Transactions:** Movement of goods across borders and related activities can be another way of influencing government officials. Bribery and embezzlement are particularly reported crimes in customs transactions.

These areas should be reviewed more carefully and specific control mechanisms targeted to these transactions should be created.

According to the administrative data, misconduct in office, bid rigging, embezzlement, and bribery are the corruption crimes that are reported the most. Although petty corruption is on the decline, the prevalence of bid rigging is bad news for Turkey, as bid rigging usually involves cases of grand corruption. The rise in administrative statistics is in line with the opinions of practitioners and experts working on this subject

As for corruption prone institutions, local governments may be considered to carry the highest corruption risk due to lack of effective oversight. Public opinion survey results singled out the municipalities as the institution that corruption takes place the most.^{1,2} Data from other sources also indicate the high corruption risk in municipalities. Considering that local governments are one of the public offices that represent the face of the government, its impact on the public perception of corruption could be much more than other institutions.

The Public Procurement Authority has been identified as another institution that is prone to corruption, also highlighted in the National Integrity System Analysis and in the workshops carried out within the project. The increased risk of corruption in public procurement applies particularly to countries with weak institutional oversight, due to the “loose and opaque rules” that provide “opportunities for misuse of the contract award process through corruption or other patronage arrangements.”³ Turkey is such a country, with 32 amendments to the Public Procurement Law in the course of 11 years, marking 135 instances of changes to the (sub)provisions. These amendments allow state bodies such as Municipality Owned Enterprises, the Turkish Coal Institution, Student Selection and Placement Center, and the Ministry of Youth and Sports to bypass competitive procurement procedures for their purchases.

Construction, extractive industries, real estate and utilities, and transportation have been identified to be the leading sectors in corruption allegations. Whether it's allocation of building permits by local governments, oversight of public procurement processes for the *mega projects*, or regulation of unlicensed construction workers, corruption is rampant within these sectors.

¹ Transparency International Turkey (2016) Corruption in Turkey Why? How? Where? The results of the public opinion survey. <http://en.seffaflik.org/wp-content/uploads/2015/05/Uluslararası-Şeffaflık-Derneği-Yolsuzluk-Araştırması-ENG.pdf>

² Transparency International Turkey (2015) Corruption in Turkey: Why? How? Where? The results of the public opinion survey. http://www.seffaflik.org/wp-content/uploads/2015/04/Corruption-in-Turkey_Public-Opinion-Survey-Results.pdf

³ Hunja, R. (2003). Obstacles to Public Procurement Reform in developing Countries. In S. Arrowsmith and M. Trybus (Eds.), Public procurement: The continuing revolution (pp. 13-22). Dordrecht, The Netherlands: Kluwer Law International.

Another important outcome is that sectors that used to be perceived as the most corrupt, such as, police, tax offices, land registry offices, have declined in the rankings of the most corrupt sectors. This might be due to the fact that transactions in these sectors are mostly related to petty corruption and online transactions and the transition to e-government may have affected these results. This shows that elimination of the number of agents involved in a transaction and reduction in bureaucratic steps are of utmost importance in the fight against corruption.

The multifaceted nature of corruption should be emphasized when analyzing corruption prone areas. The institutions and sectors highlighted in this section are very much connected in all aspects. To illustrate, the irregularities and exemptions in the Public Procurement Law allow local governments to choose the companies to undertake construction projects in their jurisdiction without any oversight. This example could be extended to other state institutions and is an indicator that unless proper oversight mechanisms are in place, the network of corruption could easily spread due to the flaws in laws and practices.

7

SWOT ANALYSIS

Strengths

- Adequate legislation
- Sufficient workforce size
- Sufficient financial resources
- Signatory to international treaties and bodies
- Attractive geography for foreign direct investments facilitating adoption of international standards
- Rapid development capacity in comparison to other countries in the region
- Member to all major international organizations, e.g. OECD, WTO, etc.
- Human resources with high intellectual capacity and awareness, and willingness to improve competitive edge in the economic arena
- Increasing interaction among international and local companies through third-party sub-contracting undertakings
- Increase in number of NGOs and business associations focused on anti-bribery and corruption

Weaknesses

- Insufficient enforcement
- Insufficient public awareness/concern
- Lack of political will
- Lack of efficient allocation of funds
- Lack of awareness for international anti-corruption rules
- Lack of understanding the effects of corruption in local business culture
- Lack of supervising mechanisms in public/private sector
- Income inequality
- Lack of private sector bribery rules and inability to benefit from positive cultural effects of including these rules in the legislation
- Lack of proper education system targeting negative effects of corruption and bribery
- Lack of public motivation caused by widespread impunity, discretionary application of law
- Lack of guarantees for civil rights

Opportunities

- Room for improvement in legislation
- Multi-national companies introducing compliance culture
- Growing public awareness
- Growing NGO activity
- Growing visibility in international arena and coverage
- Decrease in the position of Turkey in CPI index and its effect to the economy

Threats

- Continuing lack of political will
- Deviation from rule of law
- Corruption-prone sectors (construction, public bids, etc.) being the driving sectors in the economy
- Lack of protection of fundamental freedoms (freedom of speech, etc.)
- Overarching control of the executive over other state bodies
- Weakening independence of the judiciary
- Low quality national education
- Growing income inequality

8

CONCLUSION AND RECOMMENDATIONS

This report presents a comprehensive discourse on corruption prone areas in Turkey utilizing international and national surveys and administrative data. In the report, we have provided an in-depth look at the economic, political, and legal history of Turkey to illustrate the deficiencies and areas for improvement in the fight against corruption. International and national surveys and administrative data were analyzed to point out the institutions and sectors that might be open to corrupt practices. In this endeavor, we have highlighted the deficiencies and areas for improvement to form a strategy for future actions for effective policymaking efforts.

The issues that are the focal points of this paper stem from the flaws in Turkey's administrative integrity system that TI-Turkey has drawn attention in its mission to set the rule of transparency, integrity, and accountability principles in all segments of the society for the democratic, social, and economic development of the country. The issues that plague the system as a whole trickle down to other functions of the governance system and are revealed as interconnected problems. For instance, it is impossible to analyze the construction sector and the questions that contractors, workers, and taxpayers are facing in a vacuum without an in-depth consideration of municipalities, procurement systems, and governance structures of the country.

As such, this report is an introductory attempt to identify a multifaceted issue, and we have taken advantage of our expertise in the field and combined this expertise with the data from other global and regional stakeholders' efforts in the field. Although the conclusions that we can derive from the findings of this study reveal corruption prone areas and the paths to improving the integrity structure, we should consider the non-findings that we have encountered in this study to be essential in drawing a network of problematic areas. The deficiencies of the report should be treated as manifestations of the underlying issues that the country is facing.

The continuous theme throughout the paper has been pointing out the difficulties in accessing reliable and compatible data, and the reluctance of the government bodies in their cooperation with the civil society and among other government institutions in providing said data. Although surveys are essential in measuring public opinion formation on corruption, they are limited in their scope. Reliable administrative data on corruption is a necessity for any institution that desires to identify corrupt behavior and for preventative

efforts from the government. Statistics from the Ministry of Judiciary and KOM should be developed to include more items and levels to assess the corruption risky areas through spatial and time-based analyses.

Furthermore, access to this data should be more open and free from influence. All our requests to access information to present data for the purposes of this study have been denied by the central government institutions. Our previous experiences have been along the same lines when using the Right to Information Law. Municipalities have their own access to information systems that effectively act as PR mechanisms and using that avenue to reach information for this study yielded similar results. In addition, most municipalities are not bound by law to operate such structures and the local governments that operate these are already transparent to a certain degree and confirmation bias is something to look out for.

We have also identified the systematic problems that the Turkish governance system is facing in the study to identify corruption prone areas. We cannot talk about effective fight against corruption while the institutions that oversee anti-corruption efforts in the government are under political pressure by the executive. This issue is also embedded in the legal framework vs. practices divide; if the regulatory bodies are withheld from upholding -or willingly misuse- laws that have been devised to combat corruption, non-state stakeholders have little to no influence on such matters. The risk of political influence in electing and appointing policymakers and regulators increases corruption hazard as the checks and balances system breaks down.




There have been lasting improvements to the system as highlighted in the report such as the reductions in petty corruption through effective oversight mechanisms. Thus, it would be shortsighted to conclude that there is inadequate effort to curb corruption at all levels. When there is formation of public opinion on these matters, policymakers cannot turn a blind eye to what the electorate desires. As such, civil society actors need to be more proactive in shaping these opinions.






The results of this research will be helpful for policymakers and anti-corruption agencies regulating and monitoring the area. Corruption prone areas should be reviewed carefully and the highlighted issues should be taken into account for a more meticulous regulation specific to the areas that have been highlighted.







9







ANNEX-1

Comparison of Anti-Corruption
Action Plans

2010-2014 Action Plan	2016-2019 Action Plan	Changes in regulation and/or legislation	Analysis
1 Development of applications regarding openness and transparency in the financing of political parties and election campaigns, and enabling inspection thereof	The article from the 2010 action plan has been kept as is in the 2016 action plan	Resolution on changes in Political Parties Law has been submitted to the Committee on Plan and Budget for examination.	No significant progress to note Political party expenses in Turkey are audited by the Constitutional Court but there exists no independent institution to audit sources and operations on party financing 
2 Conclusion of the works regarding political ethics	The article from the 2010 action plan has been kept as is in the 2016 action plan	A proposal for a Political Ethics Law has been submitted to the parliament in April 2016. The proposal aims to regulate codes of conduct, rules on gifts and hospitality, requirements to record contact with lobbyists and conflicts of interest policies; create an ethics commission within the parliament; and regulate the assignments and the authority of the ethics commission. The commission will comprise 11 members, selected from parties' internal ethics committees, and the chair will be elected by the members. The proposal excludes ministers and only applies to MPs.	No significant progress to note There exists no legal framework or mechanism overseeing and supervising breach of ethics for MPs 
3 Conclusion of the works regarding the establishment of Public Inspection Institution (Ombudsman)	The objective of the article has been reformulated in the 2016 action plan Improving the efficacy and efficiency of the Public Inspection Institution (Ombudsman)	Law No. 6328 on Ombudsman Institution was enacted on 29/7/2012 incorporating the Ombudsman Institution.	The Ombudsman Institution is entitled to examine and investigate upon complaint, but the resolutions are treated as "recommendations" and does not hold legal precedent. There are criticisms surrounding the previous political ties of the current Chief Ombudsman and the Ombudsmen with the incumbent party and their roles in large-scale human rights lawsuits. 





4	Concluding the works regarding the law on general administrative procedure	The article has been removed from the 2016 action plan	<p>No changes to the legislation have been made to date.</p> <p>General Administrative Procedure Law Proposal has a long history dating back to the 1990s. The proposal was submitted to the Prime Ministry in 2008 by the Ministry of Justice. The proposal took its final form in 2011 but there are no references to the proposal, neither in the National Assembly's website on Drafts and Proposals, nor the Ministry of Justice's website. Despite this, there are separate laws regulating expropriation, tax and public debt, and public tenders.</p>	No significant progress to note 
5	Concluding the enactment process of the New Court of Accounts Law	The article has been removed from the 2016 action plan	Law No. 6085 on Court of Accounts was enacted on 19/12/2010 and has been amended on 8/8/2011 and 12/7/2013.	<p>The Law on Court of Accounts introduced new regulations to the Court of Accounts (TCA) inspection reports on public institutions providing defense and security, rendering Turkish Armed Forces' expenditure reports exempt from the National Assembly's inspection. The amendments to the law has introduced less transparent regulations, some of which annulled by the Constitutional Court. Although the Law states that the TCA is required to submit the inspection reports to the General Assembly, there have been instances where the submission of reports have been delayed. Limitations were imposed on the auditing capabilities of the TCA due to its judicial authority.</p> 
6	Revising provisions of the Law No. 3628 on Declaration of Property, Struggle against Corruption and Bribe regarding declaration of property and other practices	The objective of the article has been reformulated in the 2016 action plan	No changes to the legislation have been made to date.	No significant progress to note 
7	Revision of legal regulations and effective practice regarding the jobs that cannot be occupied by people, who leave public service	The article from the 2010 action plan has been kept as is in the 2016 action plan	No changes have been made to the Law No. 2531 on Works Banned from Being Performed by Civil Servants Who Quit Public Duty	No significant progress to note 
8	Concluding the works regarding state secrets and trade secrets	The article has been removed from the 2016 action plan	<p>A Draft Law on State Secrets has been submitted on 21/10/2011. No other changes have been noted.</p> <p>The 2008 Draft Law on Customer Trade and Banking Secrets and Draft Law on State Secrets were rescinded in 2011. There exists no regulation on state secrets or trade secrets on matters pertaining to corruption.</p>	No significant progress to note 

<p>9 Revision of the public procurement system</p>	<p>The objective of the article has been reformulated in the 2016 action plan</p> <p>Revision of the Public Procurement Law</p>	<p>Extensive amendments to the law have been made on 4/3/2010, 30/7/2010, 29/12/2010, 9/2/2011, 20/4/2011, 20/8/2011, 15/7/2012, 13/8/2012, 13/4/2013, 23/8/2013, 24/9/2013, 28/11/2013, 25/12/2013, 7/6/2014, 16/8/2014, 25/10/2014, 12/6/2015, 27/6/2015, 28/7/2015 and 27/4/2016.</p> <p>Aside the Law No. 4734 on Public Procurement, amendments to the Article 12 of the Law No 6459 on Amendments to Certain Laws in the Context of Human Rights and Freedom of Expression and Turkish Penal Law Article 235 created disparities between the defined crime and punishments.</p>	<p>No significant progress to note</p> <p>The numerous amendments to Articles 2 and 3 on the Public Procurement Law in this time period introduced many exceptions to the law and some public procurements have been removed from the jurisdiction of the law, resulting in an overall reduction of transparency accountability in public procurements.</p> 
<p>10 Increasing transparency and accountability of zoning, authorization, etc. processes of local administrations</p>	<p>Articles 10 and 11 of the 2010 action plan have been merged in the 2016 action plan</p> <p>Strengthening the accountability mechanisms in local administrations</p>	<p>No changes to the legislation have been made to date.</p>	<p>This issue is directly tied to the General Administrative Procedure Law and no significant progress may be noted due to the non-existence of the referred law.</p> 
<p>11 Revising the efficiency of control mechanisms of local administrations over their subsidiaries</p>	<p>Articles 10 and 11 of the 2010 action plan have been merged in the 2016 action plan</p> <p>Strengthening the accountability mechanisms in local administrations</p>	<p>No changes to the legislation have been made to date.</p>	<p>No significant progress to note</p> 
<p>12 Determining the ethical principles and developing follow-up mechanisms for the people who are elected for local administration</p>	<p>The objective of the article has been reformulated in the 2016 action plan</p> <p>Determining the ethical principles for the people who are elected for local administration</p>	<p>No changes to the legislation have been made to date.</p> <p>During the "Ethics Week" celebrated between May 25- 30, activities around themes of ethics, honesty, and accountability were held for local administrations. This display extends no further than the Ethics Week, and no central monitoring is being done.</p>	<p>No significant progress to note</p> 
<p>13 Strengthening the capacities of inspection units</p>	<p>Articles 13 and 14 of the 2010 action plan have been merged in the 2016 action plan</p> <p>Strengthening the capacities of inspection units and deducing risk areas that are open of corruption via the formation of close cooperation and collaboration between inspection units</p>	<p>Regulation on the Principles of Ethical Behavior of Inspectors has been published on 14/9/2010.</p> <p>A report has been published under the "EU-CoE Joint Project on Strengthening the Coordination of Anti- Corruption Policies and Practices in Turkey" on corruption investigation and reporting. Data on corruption cases have been aggregated, analyzed, and a corruption map has been drawn. Inspectors were briefed on special sectorial anti-corruption strategies, coordination, reporting techniques, and sharing of information. The Presidency for Strategy Development has been designated as the coordinating unit.</p>	<p>Moderate progress towards the goals has been achieved.</p> 
<p>14 Deducing risk areas that open for corruption from inspection reports and taking necessary measures</p>	<p>Articles 13 and 14 of the 2010 action plan have been merged in the 2016 action plan</p> <p>Strengthening the capacities of inspection units and deducing risk areas that are open of corruption via the formation of close cooperation and collaboration between inspection units</p>	<p>See Article 13</p>	<p>See Article 13</p> 

<p>15 Determining different ethical policies for each occupational group in public administration and preventing conflict of interest with the guidance of State Employees Board of Ethics</p>	<p>The article from the 2010 action plan has been kept as is in the 2016 action plan</p>	<p>The extent of gifts and inducements given to public officials has been determined with the circulars dated 16/12/2011 and 17/12/2014 by the Public Officials Ethics Board.</p> <p>There exists a list, albeit limited, on the Public Officials Ethics Board on works on ethics by experts from various occupation groups. Principles of ethics agreed upon by different chambers of commerce may be reached from their websites.</p> <p>Regulation on the Principles of Ethical Behavior of Inspectors has been accepted and published on 14/9/2010.</p>	<p>Moderate progress towards the goals has been achieved.</p> 
<p>16 Increasing transparency and preventing corruption in private sector organizations</p>	<p>The article has been removed from the 2016 action plan</p>	<p>The New Turkish Commercial Code No. 6102 has been put into effect on 13/1/2011. With the new law, stakeholders' right to information, independent auditing, independent board members, accounting standards have been secured. However, mandatory transparency principles brought by the new law such as the requirement to share financials on companies' websites have since been rescinded due to pressures from lobbying groups. There has also been declines in auditing; there still exists no auditing mechanisms except for a limited number of companies and the oversight is limited.</p> <p>During the Turkish G20 presidency, compliance principles for the private sector have been promoted.</p>	<p>No significant progress to note</p> 
<p>17 Increasing accountability and preventing corruption in non- governmental organizations</p>	<p>The objective of the article has been reformulated in the 2016 action plan</p> <p>Increasing accountability and preventing corruption in non- governmental organizations and professional organizations having the characteristics of public institutions</p>	<p>No changes to the legislation have been made to date.</p> <p>An independent project "Professional Organizations Having the Characteristics of Public Institutions, Civil Society, and Democracy" has been undertaken by an NGO partnership. There is a need to engage solution mechanisms to promote transparency, accountability, oversight, and inclusiveness in the related field.</p>	<p>No significant progress to note</p> 
<p>18 Determining risk areas with the use of created databases about public officials who were subject to disciplinary action in State Personnel Administration with the rulings regarding corruption crimes</p>	<p>The article from the 2010 action plan has been kept as is in the 2016 action plan</p>	<p>No changes have been made to date.</p> <p>TurkStat database lacks disaggregated data on charges of corruption. TurkStat also does not publish the Corruption Research and Information system data online.</p>	<p>No significant progress to note</p> 
<p>19 New Measure in the 2016 Action Plan</p>	<p>Putting into use the Single-Window System in customs</p>	<p>Objective: The objectives of the Single-Window system are to prevent user error and increasing efficiency and effectiveness by converting the manual document controlling system into an electronic database.</p>	
<p>20 New Measure in the 2016 Action Plan</p>	<p>Implementing governance reforms in publicly financed establishment</p>	<p>Objective: Ensuring that publicly financed establishments operate within open, transparent, and accountable structures and making the legislative regulations in accordance with relevant international institutional frameworks that adhere to international principles of public administration</p>	

21	New Measure in the 2016 Action Plan	Determining professional codes of conduct for members of the Judiciary	Objective: Determining professional codes of conduct for the members of the judiciary in accordance with international criteria and in cooperation with stakeholder institutions.	
22	Revising permission system in investigations related to public officials	The article from the 2010 action plan has been kept as is in the 2016 action plan	No changes have been made to the law No. 4483 on Procedures for Prosecution and Trial of Civil Servants and Other Public Officials and other laws allowing the investigation and prosecution of civil servants.	No significant progress to note 
23	Making regulations regarding protection of the people who inform authorities about the corruption crimes in public institutions and organizations and in private sector and nongovernmental organizations	The article from the 2010 action plan has been kept as is in the 2016 action plan	Ministry of Interior has published in 2011 a report "Guidelines on Reporting Corruption." Strengthening the Coordination of Anti-Corruption Policies and Practices in Turkey Project has also included whistleblowing as a matter of importance in their report. Although promises were made to change the legislation on transparency, specifically on the Civil Servants Law, the results have been inadequate.	No significant progress to note 
24	Ensuring efficient collaboration, knowledge sharing and coordination between the units that work against corruption	The article has been removed from the 2016 action plan	Strengthening the Coordination of Anti-Corruption Policies and Practices in Turkey Project report mentions some improvements have been made, but no other public source cites these changes. There is no information on what these improvements are.	Moderate progress towards the goals has been achieved. 
25	Informing citizens regarding the rights they are given to them by the law and administrative regulations, and authorities they can appeal to, in case they face an unfair practice	The article has been removed from the 2016 action plan	The Prime Ministry Communications Center (BIMER) was founded by the Law No. 4982 on Right to Information. Although the extent to which inquiries on access to information are determined by the law, the ambiguous concepts like "state secret" or "trade secret" have been given as reasons for negative replies. The Law on Right to Information needs to clearly define these boundaries. The first 10 years of the Law on Right to Information have mostly been ineffective. The response rates are low, despite the high number of information requests. Furthermore, the responses usually give partial information, or the respondents are merely given references to the laws on which their requests are based upon.	No significant progress to note 
26	Conducting regular corruption detection surveys	The article has been removed from the 2016 action plan	Neither TurkStat, nor any other public institution has undertaken such a study. Prime Ministry Inspection Boards regularly refer to Transparency International's annual Corruption Perceptions Index, but no such local study has been done.	No significant progress to note 

27	Treating the subject of honesty in the curriculum of Ministry of National Education	The objective of the article has been reformulated in the 2016 action plan Increasing the emphasis given to matters on honesty and ethics in the curriculum of Ministry of National Education	Ministry of National Education's Council of Education and Morality has published a circular in 2010 to governorships and all primary and secondary schools regarding the new curriculum that includes instructions for a "values education" to be operational starting in 2010-2011 school year. The 39-page booklet containing seminar topics on "values education" has been distributed to the governorships around the country. The actual contents of the booklet have been criticized for its emphasis on morality surrounding belief in religious values rather than humanitarian and social ethics.	No significant progress to note 
28	Supporting social activities which include the theme of struggle with corruption and clean society	The article from the 2010 action plan has been kept as is in the 2016 action plan	The EU project titled "Strengthening Anti-Corruption Policies and Practices in Turkey" has been carried out by the Prime Ministry Inspection Boards between the dates 29/12/2012 and 28/12/2014. The project is among the few examples aiming to inform the public on themes of anti-corruption and clean society.	No significant progress to note 
29	Ensuring that subjects regarding honesty are included in television and radio broadcasts by the Supreme Board of Radio and Television	The objective of the article has been reformulated in the 2016 action plan Ensuring that subjects pertaining to honesty and ethics are included in television and radio broadcasts	No changes to the legislation have been made to date.	No significant progress to note 
30	Strengthening the role of media organs in the struggle against corruption	The article has been removed from the 2016 action plan	No changes to the legislation have been made to date.	No significant progress to note 
31	Organizing seminars, working groups and conferences in order to make the public opinion, the non-governmental organizations and the public officials adopt the fundamental methods and principles created according to the strategy	The article has been removed from the 2016 action plan	No changes to the legislation have been made to date. Far and few examples exist, such as the Symposium on Transparency and Accountability in Public Governance (2012). Nevertheless, there is no informative mechanism that allows for public access to the results and reports of such seminars.	No significant progress to note 
32	New Measure in the 2016 Action Plan	Increasing awareness towards principles of ethics by the Presidency of Religious Affairs	Objective: Increasing social awareness towards principles of ethics and social responsibility by including these concepts regularly in sermons through increasing collaboration between the Presidency of Religious Affairs and religious officials.	

-  Articles in the 2010-2014 Action Plan which were successfully implemented
-  Articles in the 2010-2014 Action Plan with moderate progress towards the objectives
-  Articles in the 2010-2014 Action Plan with little to no progress towards the objectives
-  Articles that have been introduced as new measures in the 2016-2019 Action plan

