

CURBING CORRUPTION IN AZERBAIJAN

The case of ASAN

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Table of Contents

Introduction	3
Overall context and decision to create ASAN	3
Model and scope of ASAN	5
Table 1. Distinctive elements of ASAN	6
Impact of ASAN	8
Limits of ASAN	9
Factors that prompted ASAN	9
International reputation	9
External events	10
Growing social activism	11
Factors that facilitated the success of ASAN	11
Economic growth facilitated by the oil boom	11
Nascent active citizenry	11
Strong executive power and political will	12
Analysis and the future of anti-corruption in Azerbaijan	13
Institutional integrity and ASAN	15
Major takeaways	16
References	18
Bibliography	20

Introduction

In 2012 the government of Azerbaijan launched Azerbaijani Service and Assessment Network (ASAN) - an innovative integrated one-stop shop agency for public services. The major goals of this institution included: reducing the levels of corruption, increasing transparency and promoting ethical behavior in the provision of services to citizens. ASAN has rapidly become a successful public agency, increasing quality of government by providing effective services without bribery. However, its success in terms of addressing systemic corruption on the whole has been limited. The rest of the public sector has remained unreformed and largely corrupt. The current case study examines the model of ASAN and the factors that facilitated its successful operation as a 'pocket of integrity' in an otherwise corrupt context. It also places ASAN in a wider framework of anti-corruption in Azerbaijan, discussing the degree of its success and the potential for an incremental approach to combating corruption.

Overall context and decision to create ASAN

After the collapse of the Soviet Union, Azerbaijan inherited a largely corrupt state bureaucracy and institutions characterized by nepotism. After consolidating stability in 1994, it managed to attract foreign direct investment, predominantly into its lucrative oil and gas sector, enabling the country's rapid economic growth. However, the functioning of the public sector and state bureaucracy remained dependent on networks of connections. Corruption continued to permeate many aspects of life, ranging from bribery in delivery of services to citizens' education, judiciary, police and customs, to corruption at higher levels. After approximately two and a half decades since gaining independence, despite considerable progress and modernization, corruption still posed one of the most serious challenges to the country's sustainable development.

Corruption persisted in Azerbaijan despite harmonization of its anti-corruption legislation in line with international standards. In 2004 the Commission on Combating Corruption was established, while in 2005 an anti-corruption law was adopted which provided the legal base for combating corruption (OECD, 2016). The UN Convention against corruption was ratified in 2005. Moreover, an anti-corruption department was created in the state prosecutor's office. In 2011 Azerbaijan amended the provisions of its Penal Code, criminalizing 'offer' and 'promise of an advantage' and its acceptance. Yet the situation on the ground differed drastically from enhancements in the legal base, as the government failed to enforce and implement the laws in practice. As the result, the country's bureaucracy and institutions remained largely corrupt, with low level of citizen trust towards government agencies (Valiyev, 2012).

The structure of corruption in the country can be characterized as a patrimonial clientelistic top-down model facilitated by the oil boom (Guliyev, 2009). It is based

on patron-client networks underpinned by nepotism. Patrons share benefits with lower rank bureaucrats and supporters in exchange for political support and loyalty (Guliyev, 2009). Oil wealth creates incentives for rent seeking behaviour. Reliance on extractives also reduces the necessity and incentives for the government to construct an efficient taxation system, which results in a weak accountability link between the government and the public (Guliyev, 2015). The fact that the greatest share of Azerbaijan's revenues comes from oil and gas sector (40% of GDP), which employs only 1% of its workforce, is indicative of this phenomenon (World Bank, 2015).

Alongside with petty corruption in provision of services to citizens, the most common forms of corruption at higher levels are given below. These forms of corruption distort competition and prevent private sector development (BTI, 2012):

- Private companies owned by public officials, either themselves or their family members and proxies. These businesses aim to secure government contracts, leading to conflicts of interest (Azerbaijan Risk Assessment Report, 2014).
- Monopolies controlling export or import flows of a particular good or brand (Azerbaijan Risk Assessment Report, 2014).
- State-owned enterprises having a monopoly or near-monopoly status in various business sectors, resulting in the blurred line of separation between the regulatory and state corporate interests (US Department of State, 2016).
- Facilitation payments to public officials (Azerbaijan Risk Assessment Report, 2014).

Misappropriation of part of the budgetary funds allocated to public agencies for execution of various projects is also common, but hard to elicit due to lack of transparency. This became a particularly notorious problem subsequent to rising oil revenues and the increase in the number of projects for which large sums are allotted.

In 2012, the government launched the Azerbaijani Service and Assessment Network (ASAN), an innovative integrated one-stop shop type of public agency, enabling citizens to obtain a wide range of government services at one place. The acronym 'ASAN' is a homonym of the Azerbaijani word 'asan', which means 'easy'. The principles forming the backbone of ASAN's functioning are "efficiency", "transparency", "ethical behaviour", "responsibility" and "comfort". The major objectives of ASAN pronounced by the government are the following (Center for Public Impact, 2016):

- reducing expenses and loss of time by citizens;
- reducing unnecessary red tape;
- respecting ethical rules in providing services to citizens;
- upgrading the level of professionalism of state servants;
- strengthening trust towards state agencies;
- increasing transparency;
- combating corruption;
- ensuring greater use of electronic services.

Model and scope of ASAN

ASAN is an integrated agency offering a range of services in a coordinated manner to the population at its service centres. Currently there are 9 functioning centres, providing 112 services in 30 fields and 140 functional auxiliary services. Creation of ASAN for the first time enabled citizens to access public services irrespective of their place of residence by attending any ASAN centre in the country. Thus far ASAN provided government services to 5.5 million people in the country, which constitutes 55% of the total population.

The management model of ASAN is highly centralized and is directly tied to strong executive power. State Agency for Public Service and Social Innovations is the major government body responsible for managing and coordinating the functions of ASAN. This agency facilitates formation of partnerships between ASAN and other government bodies, and oversees transfer of discretion in providing public services from the latter to the former. It is also in charge of providing management for all ASAN service centres, carrying out assessments and improving management, ensuring integration of databases between ASAN and partner state agencies. The head of ASAN is appointed by the president.

The scope of services administered by ASAN includes the following: residence permits, notarial document certification, registering birth, death, marriage and divorce, driving license renewal, issuance and renewal of national identity cards and passports, land registry applications and real estate services, state pension services, tax registration, customs declarations, issuance of archive references, migration services, registration of commercial legal persons and tax payers.

An increasing number of spheres continue to come under ASAN's purview through the formation of partnerships and transfer of services from various state agencies. Recently ASAN inaugurated the 'ASAN visa', providing electronic consular services for foreign citizens. Some of the customs services are planned to be delegated to ASAN in a bid to support improvement of business environment. In 2016 State Customs Committee transferred to ASAN the service related to extension of the period of temporarily imported cars in Azerbaijan. In 2017 it is planned to integrate into ASAN payments of various fines for violation of customs rules (Azernews, 2017). Chairman of the State Customs Committee stated that 'rendering even more customs services by the ASAN service is one of the priorities of Azerbaijan's State Customs Committee' (Azernews, 2017). The fact that customs related services, which is perceived as one of the most corrupt areas, is getting incorporated into ASAN is a promising sign (US Department of State, 2016).

ASAN widely applies modern technologies and innovations in its operation. One of such innovations is ASAN imza (easy signature), which allows citizens to use a mobile phone as a form of electronic ID in order to access e-services and sign documents digitally. It is used, among others, for submitting electronic tax declarations,

registering goods and vehicles in the customs service, registering labour agreement notifications, on-line registration of students (ASAN Imza, 2017). ASAN also has such innovations as 'ASAN Pay' system, Skype complaint kiosk and exit poll equipment. 'ASAN pay' is a multifunctional payment system, allowing citizens to pay for administrative fines, utility services, mortgage and certain ASAN services through a mobile phone application, internet portal or special terminals placed in public spaces. Skype kiosks are used to respond to citizens' complaints and questions. Exit polls are aimed at getting customer feedback and measuring customer satisfaction. 'Citizen Satisfaction Survey' is carried out quarterly and tracks the number of citizens who are satisfied with ASAN along dimensions of responsibility, transparency and efficiency (Center for Public Impact, 2016). Statistical data is collected on a daily basis and is used for evaluation and improvement of services. Utilization of modern technology in all aspects of work provides for greater transparency, efficiency and up-to-date information for assessing and improving quality of services.

ASAN also developed a service of buses equipped with all necessary technological tools to provide services to citizens who cannot attend ASAN centres themselves. These buses are also used in those regions where ASAN service centres are not yet established. This service was used by over 135,000 citizens.

The following table presents the elements that set ASAN apart from conventional public agencies and provide for its successful operation without bribery based on new organizational culture underpinned by values of ethics, integrity and honesty:

Table 1. Distinctive elements of ASAN

	ASAN	Conventional public agencies
Physical space	ASAN centres are designed in a way that provides full transparency. There are no separate offices and clerks sit next to each other behind counters in an open physical space	Conventional agencies in general have separate offices for public servants, limiting transparency and creating an environment conducive to engaging into bribery
The age and education of employees	Between 18 and 35, majority were educated abroad (Guardian, 2013)	Public servants, particularly at senior positions, are of older age, with working experience in the Soviet times in corrupt institutions with corrupt norms and practices
Use of	Intensive integration of technologies into the functioning	Although there is an overall trend of applying technologies

technologies	of ASAN centers, which provides for more transparency	in the work of all government agencies, its effect on corruption is not as pronounced
Customer (citizen) - centred approach	Forms one of the major bases of operation of ASAN	Although service to citizens is said to be central, in practice bureaucrats and public officials oftentimes engage into corruption for personal enrichment
Ethics and honour code	Reinforces citizen and customer-centred approach	In practice does not constitute one of the main documents honored by public servants
Evaluation and improvement of services	Is based on customer feedback and statistical data	Conventional agencies do not operate and strive to improve their performance based on feedback received from citizens
Level of contact and cash flow	Little direct contact and no cash exchange between citizens and public servants. All payments are made through pay-points	Despite increasing use of technologies, cash flow is not eliminated
Level of meritocracy	Commitment to meritocracy. Performance of public servants is regularly evaluated and salaries are adjusted accordingly	Recruitment and performance of public servants is not meritocratic. Some recruitments are based on connections
Trainings and performance improvement	Regular tailored trainings on improvement of performance are held for employees	No comparable culture of constant skills improvement and trainings

Impact of ASAN

After five years of operation ASAN appears to be one of the most successful reforms in the modern history of Azerbaijan. The following achievements can characterize its success:

- Tackling bribery in the provision of government services to citizens
- Reduction of bureaucratic procedures and increase in efficiency
- Transparency and a new model for state agencies that ASAN embodies
- Encouraging competition with conventional agencies and serving as a reference point
- Improvement of business environment due to simplification of business registration and licensing procedures
- Increase in citizen trust towards government agencies
- Slight improvement on Corruption Perception Index

The reform received positive feedback from international bodies such as the OECD, UN and Transparency International, among others. In 2015 ASAN has been awarded UN's Public Service Award in the category of 'Improving the Delivery of Public Services' (UN, 2015). The OECD report on anti-corruption reforms in Azerbaijan states that 'ASAN centres have contributed to eliminating the conditions conducive to corruption when delivering administrative services to the public' (OECD, 2016). OECD also reports that ASAN complies with full transparency in public administration (OECD, 2016). According to the same report, ASAN had an impact on the increase of citizen trust in public institutions (OECD, 2016). This also can be inferred from the customer satisfaction rate, which stands at 98% (State Agency for Public Service and Social Innovations). One of the studies demonstrates that customers of ASAN centres in Baku (sample size - 1500 people) consider ASAN an efficient tool to prevent corruption (71%) and increase transparency (35%) (Interfax, 2014). Azerbaijan also moved up on Corruption Perceptions Index after the introduction of ASAN, from 139th place in 2012 to 123rd in 2016 (Transparency International, 2016).

Improvement in the business environment was achieved due to simplification of licensing procedures and the reduction of fees through delegating these services to ASAN. The number of business related procedures was reduced from 59 to 29 (BBN, 2016). These are celebrated as the most important achievements in improving business environment in the country (EU Business Climate Report, 2017). Launch of the ASAN Visa is another successful reform having positive influence on foreign businesses, as the number of companies seeing immigration issues as a problem went down from 48% to 32% between 2016 and 2017 (EU Business Climate Report, 2017). Initial steps and plans on transferring customs services to ASAN can have further positive impact on business development.

It still remains to be observed, but one of the potential effects of ASAN is the emergence of a so-called "competitive bureaucracy". According to this concept, the discretion of public officials to engage in corruption can be tackled if other agencies offer alternate services among which citizens can choose (Rose-Ackerman, 1999). ASAN is in competition with traditional public agencies, which

may result in a change of behaviour of public servants in those agencies. It is contended that this competition may gradually infuse change in other areas of public sector too (Eurasianet, 2014). According to the report of one customer, he witnessed positive change in the behaviour of bureaucrats in the Ministry of Interior after introduction of ASAN, as he was able to acquire the document he needed without any bribe and delay (Eurasianet, 2014). It suggests that ASAN by becoming a model and a reference point for other public bodies may inadvertently put constraints on the discretion of bureaucrats in those agencies to engage in corrupt behaviour.

Limits of ASAN

It is acknowledged that the effect of ASAN has been limited to curbing petty corruption. Transparency Azerbaijan reports that notwithstanding the establishment of ASAN, a lack of 'practical application of the principles of accountability, transparency and integrity' remains the major challenge for confronting corruption in Azerbaijan (Transparency Azerbaijan, 2015).

The overall success of ASAN in addressing systemic corruption can be better understood by measuring it against its contribution to fighting the most common forms of corruption in Azerbaijan - such as corrupt transactions within patron-client networks, or favouritism resulting in the monopolistic control of businesses by state-owned enterprises, or powerful individuals affiliated with the elites (US Department of State, 2016). Combating these forms of corruption is not viable given the scope and mandate of ASAN. Although ASAN achieved certain success in reducing red tape for businesses, corruption is still the biggest barrier to conducting business in the country (ETF, 2017). Despite overall progress in the World Bank's Ease of Doing Business Report, Azerbaijan ranks 65th out of 189 economies, with particularly low scores in dealing with construction permits, getting electricity, obtaining credit, trading across borders and resolving insolvency (The World Bank, 2017).

Factors that prompted ASAN

International reputation

One of the plausible factors that prompted the creation of ASAN is the foreign policy course of the government and concerns for its international reputation. After consolidating stability in 1994, Azerbaijan started to pursue a so-called "balanced" foreign policy. It rests on maintaining good relations with Russia, while cooperating with and integrating to Europe. Azerbaijan joined various international and regional institutions, including the Council of Europe—membership for which entails commitments to achieving a modern and democratic state, including addressing the issue of corruption. Since then Azerbaijan's relationship with the West has deteriorated, with growing criticism of the West towards Azerbaijan over the last decade, and relations with Russia have improved. Azerbaijan also started to limit its

cooperation with the West to the spheres of energy and security. Nonetheless, the elites retained the desire to promote the image of the country as adhering to modernization, democratic development and the fight against corruption. Therefore, the image of Azerbaijan as a corrupt state promulgated in the West has been a source of disturbance among the elites. To this end, ASAN might be viewed as a step by the elites to demonstrate their commitment to combating corruption and improving quality of government, while also enhancing the country's international reputation.

External events

Another factor that might have triggered the establishment of ASAN relates to the uprisings in the Arab world in 2011, which served as a warning sign to the elites in Azerbaijan. During this period, it was publicly acknowledged for the first time that corruption in Azerbaijan is a serious problem that needs to be tackled and it was placed high on the agenda of the administration (OBC Transeuropa, 2011). The president declared that "our fight will be tough and it is our policy on modernization" (Eurasianet, 2011). Traffic police, one of the most corrupt institutions, were forbidden to collect fines in cash and 25 percent of collected fines were to be added to the salaries of traffic police officers with a view to further discourage bribery. The meeting of the anti-corruption commission was called for the first time in two years and public servants were publicly called to refrain from corrupt behaviour. Every public agency emphasized the importance and necessity of fighting corruption. This campaign raised the overall salience of the issue of corruption. Officials even referred to findings of international watchdogs on corruption, which previously were described locally as having a bias against Azerbaijan.

Some public agencies dismissed their employees on the charges of corruption. For example, four public servants of State Customs Committee were arrested, while the Chief Prosecutor publicly called for appropriate measures against corrupt prosecutors (Eurasianet, 2011). However, no high profile officials were amongst those persecuted during the campaign. This raises the question whether the government pursued this campaign with a view to create merely an image that it was serious about fighting corruption, as suggested by critics. Some critics point out that the true manifestation of resoluteness to combat corruption would be the enforcement of a law requiring all government officials to declare their personal income and property. Therefore, there was no strong signalling by punishing high ranking offenders during this campaign, which is a crucial step in the process of tackling corruption (Klitgaard, 2014). Neither thorough restructuring of governance that would have positive impact on fighting corruption has taken place. ASAN, which came about a year later, perhaps can be viewed as the extension of this campaign.

Growing social activism

The third factor which may account for the creation of ASAN is rising social activism and gradual engagement of the public in socio-political matters afforded by the social media. Despite shrinking space for civil society in the last decade, social media platforms facilitated free flow of information in the absence of independent mainstream media and provided an alternative for civic engagement, albeit limited. This activism was also expressed through the organization of several protests in Baku through social media. The splash of social activism and protests unseen for many years, although contained by the government, provided real cause for concern among the elites. In such circumstances, the government needed to improve its public image and demonstrate resolve in implementing reforms. Investment in and commitment to ASAN, facilitating provision of better citizen services in a non-corrupt manner was an auspicious opportunity for the government to improve its public image, while not threatening stability of the regime.

Factors that facilitated the success of ASAN

Economic growth facilitated by the oil boom

Economic growth was a necessary but not sufficient condition both for the creation and continuance of ASAN. First, considerable rates of economic growth afforded by oil revenues resulted in an overall rise in prosperity and enabled investments into such innovative projects as ASAN. This observation is also in line with the findings of the study involving 70 countries, according to which there is a positive association between the average income in autocracies and quality of government (Charron and Lapuente, 2011). Secondly, accumulation of wealth at higher levels decreased elites' reliance on bottom-up structures of corruption - a model in which low level public servants pass bribes to higher level officials (Rose-Ackerman, 1999). The oil boom facilitated the emergence of patrimonial top-down model, with clientelistic networks and co-optation of lower rank public servants (Rose-Ackerman, 1999). Since the largest impact of ASAN was on petty corruption and it did not threaten corruption at higher levels, the decision to create ASAN did not cause backlash from those in favour of maintaining status-quo.

Nascent active citizenry

Welzel and Inglehart maintain that the demands of poor citizens from their government are limited to goods of immediate consumption for meeting their basic needs, while economic growth and rise in living standards allows people to become more politically engaged (Inglehart and Welzel, 2009). It is also acknowledged that an active citizenry capable of collective action and holding public officials to account is one of the preconditions for success in controlling corruption (Mungiu-Pippidi, 2015). The rise in living standards in Azerbaijan may have contributed to the increase of social activism, accelerated by social media

platforms, partially offsetting the negative effects of shrinking space for civil society. According to one study, the number of internet connections in 71 percent of cases is positively correlated with the ability of the population to engage into collective action and hold the offenders accountable (Mungiu-Pippidi, 2015). 77% of the population in Azerbaijan has access to internet and the penetration rate has been rapidly increasing in the last several years. Although activism was limited mainly to social media and it is too early to assume that citizens are capable of collective action and holding public officials to account, this trend is gaining more significance and is prodding the ruling elites to take it into account. Therefore, the increasing activism of citizens may have been not only a prompting factor for creating ASAN, but also an enabling factor sustaining it.

Strong executive power and political will

Highly centralized and strong executive power, which is also reflected in the management model of ASAN, provided for the unhindered establishment of this institution, its effective overseeing and holding appointed officials in charge of ASAN accountable directly to the president. Hence, the successful institution and operation of ASAN is directly dependent on the will and commitment of executive power. A strong executive office was able to maintain the balance among various interest groups within the elite without causing backlash and jeopardizing the initiative. The highly centralized government and management model of ASAN was also important for allocating funds necessary for the creation and operation of this institution.

All aforementioned elements must be viewed as a whole for understanding the promptness and efficiency with which ASAN was created and successfully managed thus far. In an environment such as in Azerbaijan, with a high reliance on extractives for revenue generation and a lack of incentives to undertake anti-corruption reforms, economic growth and availability of resources per se would not have been a sufficient factor for instituting ASAN. According to Egorov, Guriev and Sonin, quality of government is not important for authoritarian regimes with natural resources because such regimes do not depend on taxes (Egorov et. al, 2009). Nigeria, Venezuela and Indonesia who experienced oil booms yet resisted reforms for a long time, are pertinent examples for comparison (Rose-Ackerman, 1999). However, the case of ASAN does not fit into this pattern. A possible explanation for this is that the political elites aimed to entrench their power by improving the capacity of government and reducing petty corruption. This in turn became possible due to availability of economic resources and highly centralized and strong executive power. The case of ASAN also demonstrates that political will and commitment may play the most important role in bringing about such reforms in the countries dependent on natural resources.

Analysis and the future of anti-corruption in Azerbaijan

Although ASAN has had a strong impact on petty corruption, it has not uprooted systemic corruption but rather become an exceptional 'island of integrity' in Azerbaijan. It is also notable that services offered by ASAN have not eliminated parallel provision of the same services by conventional government agencies. Yet many of the services offered by these agencies have become obsolete, falling victim to competition with ASAN. On the one hand, this has been effective for breeding bureaucratic competition and encouraging conventional state agencies to provide services in a non-corrupt manner. On the other hand, a logical outcome of such competition must be the eventual elimination of services provided by old public agencies and a subsequent reduction in the size of those bodies. According to the view of one of the opposition members, the reason for this duality is that the government 'needs to keep a huge army of public officers loyal to its regime' (Eurasianet, 2014). Another reason is rentier economy of Azerbaijan, resulting in shortage of private sector jobs. 25.2% of the workforce in Azerbaijan is employed by public sector (ETF, 2016).

Whether ASAN will remain a 'pocket of integrity' or will break the cycle and spill over into other institutions, or will eventually get flooded by overall corrupt context of public sector, will largely depend on the resolve and vision of the elites to implement broader reforms. In this regard, it is important to see how far ASAN will be extended, stripping other agencies of the discretion to exercise corruption and threatening corruption at higher levels. Yet it must be acknowledged that spreading the organizational culture of ASAN onto other government bodies appears unfeasible without changing structural conditions and norms by which the rest of public sector operates. The pressure that ASAN places on other public bodies is insufficient for eliminating systemic corruption and building integrity in the public sector as a whole. This pressure, in the best case, will result in the provision of similar services by other agencies in a non-corrupt manner, as it is already being observed. However, this will not remove structural barriers for addressing systemic corruption in the country.

Creation and implementation of the ASAN initiative did not take place within the context of overall structural reformation of public sector. The experience of other post-Soviet countries with previously particularistic institutions - defined as institutions allocating resources in a non-universal manner, favoring some individuals due to their social status or connections to the ruling elites, while discriminating others - demonstrates that successfully confronting systemic corruption and building integrity requires a big bang approach (Mungiu-Pippidi, 2015). Estonia took decisive measures after gaining independence by replacing the Soviet time elites and undertaking complete overhaul of public sector, while Georgia did it a decade later with similar sweeping reforms (Mungiu-Pippidi, 2015). Reformation and modernization of public service delivery in these countries by establishing agencies similar to ASAN was a part of holistic public sector reform. In Estonia the result was a move towards so called ethical universalism - a system where everyone is treated impartially regardless of social status or ties to the ruling elites, while in Georgia

considerable strides towards this direction have been made (Mungiu-Pippidi, 2015). Sweeping anti-corruption measures aimed at undermining the existing patrimonial corrupt structure in Azerbaijan might have been a more effective policy option for tackling systemic corruption. In that case, ASAN could have complemented such reforms, with its organizational culture being emulated in other public agencies. Yet in the absence of such reforms, ASAN may continue functioning as an 'island of integrity', given that political will and commitment to uphold this institution is maintained.

It must be acknowledged, however, that the case of Azerbaijan differs markedly from Georgia or Estonia. The rentier character of Azerbaijan's economy provided by oil wealth significantly diminishes reliance on taxation for revenue generation. The lack of incentives for taxation helps to sustain patron-clients networks and leads to weak accountability between the government and the public. This results in less favourable conditions for the emergence of an active citizenry capable of collective action in order to exert pressure on the ruling elites to undertake anti-corruption reforms. Despite recently rising social activism in Azerbaijan, there is a lack of collective action, which is one of the crucial elements for achieving success in controlling corruption (Valiyev, 2012). Low levels of trust in government agencies is another factor preventing more active political participation and engendering political apathy (Valiyev, 2012). Moreover, in a particularistic society with rent-seeking incentives, it is easier 'to play by the rules' by joining the privileged groups and becoming a client of patrons than engaging in highly uncertain struggle (Mungiu-Pippidi, 2015). The opponents of the reforms are also much better organized and have tools to co-opt others (Mungiu-Pippidi, 2015). Under such conditions, a big bang approach by the elites in Azerbaijan was highly unlikely.

Nevertheless, the success of ASAN, however limited, demonstrates that when political will and commitment is in place, achieving positive outcomes in addressing the problem of corruption and ineffectiveness of public sector is feasible, even in unfavourable cases of rentier economies such as Azerbaijan. The importance of ASAN is underscored by the fact that it became the first non-corrupt public agency with a new organizational culture underpinned by values of ethics, integrity and honesty. In the absence of willingness to undertake a big bang approach, ASAN could fit into an incremental approach, whereby reformation of other public agencies can be achieved gradually by building on the success of ASAN. For this to happen, the government and the elites must demonstrate political will and commitment to further anti-corruption reforms.

The case of ASAN may be compared to the experience of some Latin American countries, where similar islands of integrity were set up and personally guarded by the leaders, yet collapsed with the change of governments (Geddes, 1994). However, the elites in Azerbaijan may have longer time horizons and a vision to take an incremental approach building on the success of ASAN. The findings of Charron and Lapuente suggest that the longer the time horizon of elites, the higher quality of government (Charron and Lapuente, 2011). This supports the view that political will

and commitment of the elites to fighting corruption plays a decisive role, particularly in rentier economies such as Azerbaijan, where there is a dearth of incentives to unleash reforms through other avenues.

Rose-Ackerman points out that under some conditions, short term gains from initial reforms can generate public support for further reforms, while under other conditions it can cause backlash by those who want to maintain status-quo (Rose-Ackerman, 1999). The success of ASAN allowed the elites to enhance their public image. Trust in government agencies slightly increased, corruption perception index slightly decreased, while satisfaction rate of citizens with ASAN is very high. These gains, albeit limited, are a positive sign for the context of Azerbaijan, where corruption, including petty corruption, was perceived as a norm rather than an exception. ASAN was a step forward towards undermining this perception. Furthermore, there was no backlash by those who wanted to preserve status-quo. Therefore, the elites can take further steps in order to capitalize on short-term gains of ASAN and implement further reforms incrementally.

Institutional integrity and ASAN

Institutional integrity is defined as pursuit of legitimate purpose by an institution robustly, across time and circumstance. It has four major components - purpose, legitimacy, institutional pursuit of purpose and robustness. ASAN fits into some aspects of this concept, while falls short on others. This body has been established with a clear purpose - provision of high-quality government services to citizens, while complying with ethical behavior. Its operation thus far provides a good ground to argue that it fulfils its purpose consistently. ASAN is also a compliant institution and this compliance coincides with the purpose that it pursues. Whether it is this purpose that creates a duty for the members of ASAN to pursue it and disregard other possible reasons for doing so, hence meeting the criteria of legitimacy, is rather uncertain. Deeper research into internal structure of ASAN and its organizational culture may shed more light onto this question. Whether the members of ASAN can maintain the legitimate purpose of the institution irrespective of external changes is also doubtful, given the overall context in which this institution has been established and its tight connectedness to executive power and will of the elites. It is likewise premature to assume that ASAN matches the requirement of robustness. Robustness of an institution to pursue its purpose is tested not during smooth times, but rather more challenging events. Hitherto there was no disruption that ASAN had to overcome as an institution in order to claim its robustness. For instance, change of political situation might serve as a challenging juncture for ASAN to prove its durability. Yet given its highly centralized management model deeply influenced by political will and strong executive power, it appears rather questionable that ASAN will be able to withstand such a trial. Passage of more time and change of circumstances within which ASAN operates may help to elicit the conformity of this agency with the concept of institutional integrity.

Major takeaways

The success of ASAN in confronting petty corruption within the context of systemic corruption and breeding the new organizational culture underpinned by the values of ethics, honesty and integrity, suggests a number of takeaways for replicating this success.

- In the contexts with systemic corruption, certain success in tackling petty corruption can be achieved through creating a new separate institution such as ASAN. Reformation of old corrupt public agencies seems unlikely to yield positive results unless it is done through a big bang approach, which is not always feasible. The fact that ASAN has been created from the scratch allowed to smoothly bring about a whole new culture with new principles and values. Instilling such an organizational culture onto old institutions appears unlikely in the absence of sweeping reforms.
- A big bang approach is highly improbable to take place in rentier economies with weak taxation incentives and lack of accountability between the government and the public. Creating such an 'island of integrity' as ASAN, however, does not guarantee an incremental approach in fighting corruption either. Whether the success of ASAN will be replicated in other government bodies and will be used to tackle corruption at higher levels will depend on the resolve of the elites to implement further reforms.
- Political will and commitment is an essential factor. This particularly holds true for the unfavourable cases of rentier economies such as Azerbaijan, with shortage of possibilities to fight corruption through other means.
- Highly centralized management model of the agency coupled with strong executive power is important for unhindered implementation of such a reform, given that political will and commitment is in place. On the other hand, this can inhibit future reforms and incremental approach to fighting corruption.
- The case at hand suggests that initiation and implementation of anti-corruption reforms in the contexts similar to Azerbaijan (rentier economy, lack of collective action, strong executive power, patrimonial structure of corruption) is largely subject to the benevolence and discretion of the executive power. Yet, this cannot serve as a source of certainty and progress in combating corruption.
- Interior structure of centres, where services are delivered to citizens, matters. It complements organizational culture and reinforces non-corrupt environment in the physical space of the institution. The fact that public servants at ASAN centres sit next to each other and communicate with citizens in the public eye is simple yet important element for reducing the chances of corrupt behaviour.
- It is important to have appropriate human resources for bringing about and exercising new organizational culture. The young average age of public servants in ASAN and the quality of their education differs from that of other public bodies. This may explain the ease with which ASAN internalized new values and principles of operation. One of the reasons why it is hard to

reform old public agencies by simply instilling a new culture is that many public servants holding key positions are accustomed to the old particularistic norms and are impermeable to changes. This speaks in favour of modifying such institutions with sweeping reforms as in the cases of Estonia and Georgia.

- Utilization of technology provides for more transparency and reduces the chances of corrupt behaviour. For instance, technology eliminates money exchange between public servants and citizens.
- Client (citizen) centred approach of ASAN is a powerful tool for changing the behaviour of public servants. It reinforces the understanding that they serve the citizens in the first place and not private interests of bureaucrats.
- Meritocracy based performance of public servants in ASAN is essential for effectively exercising citizen centred approach of the agency. The performance of employees is regularly evaluated based on the quality of services provided by them and their salaries are calculated accordingly.
- Regular evaluation and subsequent improvement of services is essential too. This guarantees dynamism of ASAN in contrast to old public agencies, which do not operate based on targets like ASAN and hence become static and ineffective. Regular trainings of public servants working in ASAN is another manifestation of adherence to constant improvement.
- Having ethics and honour codes, capturing major norms and principles by which the public agency should abide, is another important element that should be embedded into the structure of such institutions as ASAN.

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