



Transparency Watch

the e-bulletin of the anti-corruption movement

OCTOBER 2006

SPOTLIGHT STORY



Environmental Corruption

Environmental corruption is a plague that could seriously impact everyone. From mining to logging to genetically modified crops, companies all over the world continue to pay bribes in return for unrestricted destruction. TI looks at how corruption corrodes our precious natural resources. >> read more

INTERVIEW OF THE MONTH



John Bray of Control Risks

John Bray, policy specialist at the independent risk consultancy Control Risks, talks to Transparency International (TI) about the International Business Attitudes to Corruption Survey 2006 and the parallels between the results of this survey and those of TI's recently released Bribe Payers Index 2006. >> read more

TRANSPARENCY & ...

Poder Ciudadano, TI's national chapter in Argentina, together with the marketing firm Kepel & Mata's, recently designed an advocacy campaign to increase transparency in state institutions.

CULTURE



CORRUPTION Q & A

TI answers the most commonly asked questions about the 12th International Anti-Corruption Conference (IACC) coming up in November.

ANTI-CORRUPTION WORK AROUND THE WORLD



A Business Anti-Corruption Portal has been developed for by the Royal Dutch Ministry of Foreign Affairs and the Global Advice network. >> read more



The annual International Right to Know Day celebrates the 28 September 2002 founding of the global Freedom of Information Advocates Network. >> read more



In September, TI Pakistan opened a new e-complaint centre in North Nazimabad Town, Karachi, following the success of the e-complaint centre in Gulshan Town. >> read more

CORRUPTION IN THE NEWS



The Thai Prime Minister was overthrown by military coup in September, amid allegations of widespread corruption. >> read more



The World Bank's annual meeting saw heated discussions on if and how Paul Wolfowitz's anti-corruption strategy should be adopted. >> read more



An edition of the BBC's investigative programme Panorama caused a furore when it claimed bribes are rife in British football. >> read more

NEWS FROM THE ANTI-CORRUPTION MOVEMENT

Reports from Transparency International's national chapters, members and Secretariat. Click

CORRUPTION IN QUOTES

"I told Chiluba I would sweep the dirt by having zero tolerance on corruption. I in fact even told him I had

COMING UP

Upcoming events of interest to the anti-corruption movement in October and November

here to read this month's highlights. >> [read more](#)

bought a new broom."
Zambia's President
Mwanawasa >> [read more](#)

2006. >> [read more](#)

SPOTLIGHT STORY

Environmental Corruption

By Jennifer Williams



Environmental corruption is a plague that could seriously impact everyone. From mining to logging to genetically modified crops, companies all over the world continue to pay bribes in return for unrestricted destruction. TI looks at how corruption corrodes our precious natural resources.

If a tree falls in a forest with nobody to see it, was there a bribe paid? Quite possibly. Opaqueness and collusion means environmental corruption may not be seen, but a lack of awareness – and prosecution – does not mean it isn't happening globally.

As with corruption in other areas, the extent of the problem is hard to measure. The number of high profile prosecutions, for example, certainly doesn't reflect the widespread use of bribery, nepotism and cronyism in such a lucrative arena. The most famous case in recent years, the conviction of the American petrochemical giant Monsanto for bribing Indonesian public officials, is itself a worrying indicator. The bribe-paying, often in order to avoid environmental impact assessments (EIAs), was going on for five years before it was investigated.

Monsanto was eventually prosecuted by its 'home' country, the United States. As Transparency International (TI) reiterates its demands for countries to prosecute under the Organisation for Economic Cooperation and Development Convention on the Bribery of Public Officials in Business Transactions, this is a positive sign. But that Monsanto's bribery had continued unchecked for five years raises significant concerns. Infinite corruption in an area of finite resources puts a time limit on how the long evasion of environmental laws can realistically continue.

A subsidiary of Monsanto, PT Monagro, started testing genetically engineered (GE) cotton in Indonesia in 1996. The Indonesian government announced in 2001 that an EIA would need to take place before the cultivation of a new kind of GE cotton, Bollgard. Among other problems, GE cotton has been found in parts of America to require more chemical pest control than non-GE varieties, but with only half the yield. So despite Monsanto's lobbying, the government stood firm. In 2002 a bribe of US \$50 000 was paid to an Indonesian official to make the EIA go away. The official, incidentally, still did not waive the EIA.

Bribing to avoid an EIA is not only corrupt, but is hardly flattering to the product being tested. If a company was sure its product was no threat to the environment, then why would it pay out to avoid the test? Or, as Greenpeace stated in its official comment on the case, "If their GE crops are as environmentally safe, wholesome and well-tested as Monsanto claims, then you'd think it wouldn't need to grease the palms of politicians to get approval for its crops."

Coordinated thinking about the threat of corruption to the environment is needed, literally, to save the world. The Forest Integrity Network (FIN), of which TI is a stakeholder, is still in its infancy, but it was created to do just that: join up the expertise and agendas of civil society and private sector to address a potentially catastrophic problem. On a fundamental level, if public officials or prosecutors are taking bribes to overlook violations of forest laws by loggers, species that are in theory protected by law, can be freely and systematically destroyed.

In 2005, FIN looked at how far TI's anti-corruption tools could be applied to the forestry sector, and found that they are as applicable there as they have been elsewhere. FIN advocates the adoption and adaptation of TI's tools, and others. Possible solutions range from the creation of a knowledge centre for improving access to information, to creating Integrity Pacts signed by politicians and businesses. These agreements make sure that all companies will conduct business transparently and will stand up to scrutiny – or face prosecution.

It is unsurprising that the log trade is the most notorious arena for environmental corruption, given the sustained international attention focused on rainforest depletion. But it is still going on. If a company can grease a palm or two, the required EIA can

[Taking a Cut](#) found that in some cases, the very agencies designed to prevent corruption were themselves facilitating graft: “Cambodian functionaries and soldiers charged with suppressing forest crime use their office as a basis for extortion, rather than law enforcement.”

“In one instance we discovered an official register of illegal operators including details of their equipment and their home addresses,” said Global Witness’s forest policy co-ordinator, John Buckrell. “But rather than using this for enforcement purposes it is being used as the basis for extortion.”

The report’s conclusions, while sector-specific, could apply to fighting corruption anywhere in any society, advocating many of the same solutions as FIN. It calls for “full disclosure of documents of public interest”, a register of politicians’ business interests, the introduction and enforcement of an anti-corruption law and the establishment of an independent monitor.

Greenpeace International, meanwhile, has long been campaigning to eliminate bribery in the forestry sector. In 2004, the group obtained an internal memo from the Swiss-German logging group Danzer, in which one of its executive directors states of one of his staff: “If there is any threat of a fine, so-called conditioned cases, he is ... prepared to take care of this by giving a gift.”

Greenpeace was outraged. “Illegal logging is not only destroying Africa’s rainforest and wiping out precious habitat, but companies involved in this activity also appear to be defrauding developing nations and local communities out of millions of dollars through the systematic bribery of public officials,” said Gavin Edwards, the charity’s forest campaigns co-ordinator. There have been no prosecutions so far.

As with all other forms of corruption, paying illicit greenbacks to avoid going green can happen in a variety of cunning ways. Political “donations” can help to turn a blind eye to environmental restrictions. The British anti-corruption organisation Cornerhouse sites Nicaragua’s gold mines as an example. In 2000, according to its report [Exporting Corruption: Privatisation, Multinationals and Bribery](#) released that year, seventy percent of the country’s mining was controlled by Canadian company Greenstone Resources, which began mining there in 1986. In 1999, an edition of the journal *Americas Update* noted, an audit by the Nicaraguan government revealed that the company had paid US \$20 000 to President Arnoldo Aleman. By law, only Nicaraguan citizens can make political donations to national political parties.

The author of the Cornerhouse report, Susan Hawley, stated in it that there was a link between the political donation and the market dominance enjoyed by the company, alleging that the Greenstone had been able to “consistently” flout environmental restrictions as a result. Whether this is the case or not, the clear conflict of interest inherent in any company making such a political donation is a dangerous one. A lack of transparency in political donations and politicians’ interests could indeed have the potential to let environmental restrictions mysteriously evaporate.

In cases such as this, the sanctioning of corrupt activities could extend to the highest echelons of authority. Bribing a civil servant or a politician, a customs officer or a landowner to avoid the consequences of environmentally destructive activity is dependant on the integrity of more than just the logging or mining industry. A holistic approach to the epidemic of environmental corruption is necessary before it is literally too late and many landscapes and species are gone for good.

“It’s a case of governance structures working properly, or not, and how this affects natural resources and the environment,” said Andrea Figari, TI’s FIN programme manager. “This is why it’s important to reinforce civil society action and raise public awareness.”

It is an urgent issue, which is becoming more so by the day. Once natural resources have been depleted no amount of bribery can retrieve them.

TI will be running a workshop entitled “Corruption hotspots: understanding the effects of corruption in environmentally sensitive regions” at the 12th International Anti-Corruption Conference in November. The workshop will aim to raise awareness of the impact corruption has on entire ecological systems, to discuss case studies and consider possible solutions.

For further information, please contact Aled Williams at awilliams@transparency.org

INTERVIEW OF THE MONTH

John Bray of Control Risks

By Amber Poroznik



John Bray, policy specialist at the independent risk consultancy Control Risks, talks to Transparency International (TI) about the International Business Attitudes to Corruption Survey 2006 and the parallels between the results of this survey and those of TI's recently released Bribe Payers Index 2006.

TI released its *Bribe Payers Survey (BPI)2006* on 4 October, assessing the propensity of firms from leading export countries to bribe when doing business overseas. The index, which reflects the experiences of more than 11,000 executives from companies in 126 countries, presented some startling findings on the performance of companies from emerging economies.

Control Risks, an independent, specialist risk consultancy, and Simmons & Simmons also recently released their *International Business Attitudes to Corruption Survey 2006*. Based on telephone interviews with 350 international companies from seven jurisdictions (the United Kingdom, the United States, Germany, France, the Netherlands, Brazil and Hong Kong), the survey shows surprising complementarity with the BPI.

TI: *What are the main similarities between the two surveys? What is the greatest contribution of each?*

JB: The main area of overlap is the part of our survey where we asked respondents to rate a selection of companies from different countries based on their standards of compliance. While we included fewer countries than the BPI, the general drift of the answers was similar: Both raised concerns about the BRICs economies [Brazil, Russia, India, China] and about the countries that are not covered by the anti-bribery Organisation for Economic Cooperation and Development (OECD) Convention. At the same time, I think our survey complements the BPI by going into more detail about how corruption is affecting companies and how they are responding to it.

TI: *Indeed, some of the most interesting findings to come out of the BPI are related to the emerging market economies, that companies from these BRIC countries have a higher propensity to bribe when doing business overseas than other developed market economies included in the survey. Some of your findings corroborated this as well. Can you elaborate on why this might be the case?*

JB: In my opinion it is a variety of things. Corruption is on the agenda of the home economies of all these governments but their standards of governance still have some way to go, and that carries through to the way their companies operate abroad. In the home countries of these companies, the standards of governance are *improving*, but different countries are still at different stages. One may postulate that certain companies that are 'new on the block' could see a competitive advantage in operating to lower standards in countries where there are higher levels of corruption. Anecdotal evidence does seem to support that.

For me, the most interesting point in our survey was the Brazilian comments: Good Brazilian companies made it very clear that high levels of corruption were difficult domestically but also internationally. Domestically, one of them referred to the "Brazil cost", which was the extra cost of getting things done in Brazil, through extra payments. What also struck me were the comments from Brazilian companies saying they suffered internationally because they couldn't get the right partners due to their countries' reputation.

TI: *The results of the BPI show that companies perform very differently in different parts of the world. It is not just that a company is likely to pay bribes when doing business abroad, but that they are more likely to pay bribes in certain places rather than others. Does your survey have anything to say on this aspect of corruption? How can host countries protect against foreign*

bribery?

JB: This links to the question about losing business to corrupt competitors. According to our survey, companies from the UK are the least likely to go into a country with high levels of corruption. Countries with high levels of corruption may still get investment, but are more likely to get investment from second- or third- rate companies or companies with lower standards. So, what should host governments do? First, they should start by enforcing their own existing laws. Then they should institute reforms where necessary. The kinds of reforms of particular interest to international companies would include, for example, procurement procedures. Good governance reforms are important for the private sector generally, but will be particularly important for attracting investment from good international companies.

The investment climate goes beyond the issue of corruption. The World Bank has a regular survey where one of the questions is: "How long does it take in this country to start a new business?" - in Indonesia the process is very long, in Singapore it is really quick. I take that question as a proxy for bribery because if procedures are slow and cumbersome that increases the temptation for business people to offer bribes, or for officials to create obstacles in order to solicit extra payments for removing them.

TI: *The International Business Attitudes to Corruption Survey found that companies in the oil, gas and mining sectors were most likely to make annual compliance statements. Why is this? Does the public hold higher expectations of these companies?*

JB: These companies face particular risks, because the projects are often large and they are working with government officials with discretionary powers, so the corruption risk is there. They are also much more in the public eye, for a combination of reasons. Companies which have downstream operations, like petrol stations, are especially high profile. For example, Shell and BP are well-known names and have to be sensitive to their reputations. Governance among these companies is closely monitored, and not just in relation to corruption, but also because of environmental issues or the fact that they are working in sensitive countries. High profile oil, gas and mining companies are more likely to have compliance measures in place in part because they have been stung in the past, either by legal problems or reputation issues.

TI: *How does motivation to comply based on legal incentives compare with those which are reputational?*

JB: The biggest penalty may be reputational, rather than legal in the narrow sense. Large corporations may be able to avoid fines financially. It is often the reputational consequences that really matter. There are, in any event, a series of risks in addition to legal and reputational hazards. If you pay bribes you are going to get more demands; if you pay bribes and try to stop you may face the threat of violence; if you pay bribes and the political regime changes, you could be exposed. These risks are important, quite apart from the risks to prosecution.

TI: *Accepting the risks you point out, they are largely risks faced by companies over the long term. How can you get companies to prioritise their long term interests as opposed to the short term gains they may possibly gain through bribery?*

JB: The companies that work the hardest are often the ones that have been stung in the past. Experience does concentrate the mind. At the same time, I am very interested in positive incentives. Here we should be looking to host governments -- not just national governments but regional administrations as well. People are looking for win-win situations. The truth is, good governments get good companies to invest. This means not only better financial figures, but also more sustainable business. Better governance simply leads to better economies.

TI: *But how does one get to these better levels of governance? Where should governments start?*

JB: Increasing awareness is important, and not just about legislation. It is also important to know what to do in very specific situations. Both governments and companies need to provide support by letting people know where they can turn for help. One thing that came out of our survey is that more companies are introducing whistleblower hotlines, and that is a positive thing. But the need for such measures applies equally for a government.

TI: *Another finding was that many non-OECD countries were seen as having poorer standards of compliance than OECD countries. What could account for this? How much weight would you attach to the OECD convention in terms of affecting compliance?*

JB: I attach quite a lot of weight to the OECD Convention. I think it is the most important international initiative. It establishes a clearer standard, and good companies are responding. What did surprise me, is that our survey indicated low levels of awareness of international anti-bribery legislation. It is clear that OECD governments can do more to raise awareness; business associations have a role as well.

TI: *Is it because of these laws that OECD countries seem to be performing better in terms of compliance?*

JB: I don't think it is just the laws. I think there are other factors too. One driver for improved standards for non-OECD countries is the role of stock exchanges. For example, the Hong Kong stock exchange is requiring higher governance standards of Chinese companies. Another driver is partnerships, if you are seeking a commercial partnership you want assurances of the integrity of your partner.

For an in-depth look at TI's recently released Bribe Payers Survey (BPI), visit the homepage: www.transparency.org . To see Control Risks' *International Business Attitudes Towards Corruption* survey, go to: www.control-risks.com/default.aspx?page=719

John Bray joined Control Risk in 1983, and is a leading risk consultant and policy specialist. His particular areas of expertise include anti-corruption strategies for companies and government agencies, human rights impact assessment and private sector development in conflict-affected areas. He is currently based in Japan, but continues to travel widely both within Asia and further afield. John is the author of Control Risk's special report "Facing up to Corruption", as well as articles on political risks and current affairs in *The World Today*, *International Affairs*, *Oil & Gas Journal* and other specialist publications.

TRANSPARENCY & CULTURE

By Marta Erquicia



Poder Ciudadano, TI's national chapter in Argentina, together with the marketing firm Kepel & Mata's, recently designed an advocacy campaign with the theme: "A magnifying glass on the institutions to enlarge democracy" ("Una lupa sobre las instituciones para agrandar la democracia").

Designed to draw attention to the government's lack of transparency, in particular related to the area of political finance, and to draw attention to the inadequacy of the recently passed bill on access to information, the campaign placed a giant magnifying glass in front of the National Congress, the Casa Rosada (Presidential Palace) and the Judicial Palace.



Poder Ciudadano used this highly visible campaign to raise awareness of its work and to criticise the government's lack of transparency. The visibility of the advocacy campaign drew a lot of media attention.

Since its completion, the campaign has received several advertising awards, including Bronze in *The Clio Awards*, the world's most recognized international advertising awards competition, Bronze in the *Cannes Lion* in the category of ambient outdoor, and the "silver tooth" from the *Circle of Creative Argentinians*.

CORRUPTION Q & A



The International Anti-Corruption Conference takes place in Guatemala this year, from 15-18 November. It is the leading global forum for the debate of corruption issues, an essential event for anyone whose life or profession causes them to come into contact with corruption.

Why should I go to the IACC?

The IACC is the anti-corruption event of 2006. The opportunity to hear from the top experts in the field, participate in interactive activities and take advantage of fantastic networking events make it an unbeatable event for anyone with an interest in corruption. The conference is biannual- don't miss out this year! Plus, why not use the opportunity to experience all the region has to offer?

Is it too late to register?

No. If you require a visa, it is possible to register up to 31 October. This can be done [online](#) or by sending a completed registration form by fax or courier. Registrations will not be considered as processed until all payments have been received.

*Please note that after 31 October it will still be possible to register at the conference venue if you do not require a visa.

How do I know if I need a visa?

It depends on which category your native country falls into, according to the Guatemalan government's rules. If your country belongs to category A- no visa is required; if it is B or C- apply for a 12th IACC Courtesy visa. Click here to see the [Visa Country Classification](#) list. If you are not exempt from visa requirements, please see the [application guidelines](#).

What languages will the events be conducted in?

The working languages for all workshops, plenary sessions and other activities will be English and Spanish. Plenary sessions will be translated in all six official UN languages.

What social events will there be?

The IACC offers an invaluable chance to meet other people in the anti-corruption movement. The stunning surroundings of the Guatemala National Palace host a dedicated networking evening, while ceremonies at the open and close of the conference will include the awarding of this year's TI Integrity Awards and the Instituto Prensa y Sociedad / Transparency International Latin America and the Caribbean Latin American Journalist Award.

What else is there to see and do in Guatemala?

Guatemala is known for other things besides the IACC! The country is steeped in Mayan history, while boasting some of the most unspoilt natural wonders of the world, from towering volcanoes to stunning marine life. It is a common stop-off for tourists from many regions of the world.

What will the weather be like in Guatemala in November?

Guatemala has a stable tropical climate, remaining consistently warm and dry throughout the year. Winter begins in October, with November nonetheless being typically sunny with temperatures of 16°C and higher. Temperatures are higher near the Pacific and Atlantic coasts, and rainfall is low.

Do I need to take any safety precautions while in Guatemala?

It is recommended that certain basic guidelines are followed. Use only the yellow taxis, and at the airport buy a taxi ticket inside the airport building. Keep an eye on luggage, carry a copy of your passport at all times, and leave essential documents in a safe place – it is possible to leave them at your embassy. For more safety details, consult your country's foreign affairs website, and see the IACC organisers' guidelines [here](#).

What about money?

The Guatemalan currency is the Quetzal. At current exchange rates, 1Q = roughly 9,3 Euros, or US\$7.8. Please note that it is recommended to use US Dollars, as many local banks still do not exchange Euros for Quetzals.

Guatemala at a Glance:

Officially the **Republic of Guatemala**

Geography: located in Central America, Guatemala borders Mexico to the northwest, the Pacific Ocean to the southwest, Belize and the Caribbean Sea to the northeast, and Honduras and El Salvador to the southeast.

Capital: Guatemala City

Population: 12.3 million

Language: Spanish

Political System: Constitutional democratic republic

President: Óscar Berger Perdomo - Patriotic Party-Reform Movement-National Solidarity Party

Religion: Roman Catholic, Protestant, indigenous Mayan beliefs

Independence: 15 September 1821 (from Spain)

National hero: Quiche Tecun Uman. Fought against the Spanish conquistadors in 1534. According to legend, he fought without armour, giving up his life for the freedom of his land and people.

Nobel Prize winners: Guatemalan Miguel Angel Asturias won for Literature in 1967: Rigoberta Menchu won the Nobel Peace Prize in 1992.

National Bird: The Quetzal bird gives its name to the Guatemalan unit of currency, and has been at the centre of Guatemalan culture for thousands of years and appears in many Mayan legends.

National flag: Three vertical stripes, two blue with the middle stripe white. In the centre is a coat of arms on which is written: "Liberated 15th September 1534".

Traditional food: Tortillas; tamales (maize cooked with meat or vegetables)

Exports: Coffee, sugar, bananas, petroleum

This area provides highlights of the valuable work of the anti-corruption movement, championing a world free of corruption.

This month highlights the following stories:

- [New Business Portal Launched](#)
- [Fourth international Right to Know Day](#)
- [Pakistan launches second e-complaint centre](#)

New Business Portal launched



A new Business Anti-Corruption Portal has been developed by the Royal Dutch Ministry of Foreign Affairs and the Global Advice network. The portal aims to provide support to small-and medium-sized enterprises in avoiding and fighting corruption, and creating a better business environment.

The portal contains a variety of instruments and information, which can be used alone or in combination. Some tools are new; others are well known procedures and methods adapted to small-and medium-size businesses.

Many corruption fighting tools have been created with the purpose of combating corruption in Organisation for Economic Cooperation and Development countries and are targeted at larger companies. This portal combines experience in this field with new tools for small and medium sized companies operating in developing countries.

Fourth international Right to Know Day marked by new report



International Right to Know Day marked the 28 September 2002 founding of the global Freedom of Information Advocates Network. Its aim is to raise awareness of every individual's rights: to access government-held information; to know how elected officials are exercising power, and how the tax-payers' money is being spent.

In recognition of Right to Know Day 2006, Transparency International released a new publication, *Using the Right to Information as an Anti-corruption Tool*. It includes the experiences of TI's chapters in Croatia, Serbia, Bosnia & Herzegovina and Peru in 2004 and 2005. The report focuses on the design of access to information laws and their implementation, and discusses how international financial institutions can improve their access to information provision.

Several TI chapters also organised activities to mark the day. TI Venezuela launched two publications devoted to information access, and organised workshops with mayors to discuss transparent local government, while TI's Serbian chapter launched a report on the last 12 month's progress in implementing its access to information legislation.

Pakistan launches second e-complaint centre



In September, TI Pakistan opened a new e-complaint centre in North Nazimabad Town, Karachi, following the success of an identical centre in Gulshan Town. The project had the support of the United Kingdom's Department for International Development, under its "Improving the Quality, Transparency and Effectiveness of Pro-Poor Public Services using ICTs" programme.

The centre provides an interface between citizens and the authorities, and encourages efficiency and good management on the part of the latter. Complaints can be registered online, over the phone or in person, and will be addressed within 72 hours. Their progress can be tracked by both the centre and the complainants themselves; the latter will be issued with a ticket number for the purpose.

For more information, please see www.tmanorthnazimabad.com

Corruption stories of note in the news this month:

- [Thai leader overthrown amid allegations of corruption](#)
- [World Bank approves anti-corruption strategy](#)
- [Storm over BBC's "bung" allegations](#)

Thai leader overthrown amid allegations of corruption

by Jennifer Williams



Thailand's bloodless military coup 19 September attracted sustained international media attention. Army chief Sondhi Boonyaratakin led the takeover, claiming widespread graft in Thaksin Shinawatra's government.

Australia's *The Age* carried the headline: "Corruption fuels rebel anger", and quoted General Sonthi's remarks that Shinawatra "has caused an unprecedented rift in society, widespread corruption, nepotism, and interfered with independent agencies".

The *International Herald Tribune* spoke to Thitinan Pongsudhirak, director of the Institute of Security and International Studies at Thailand's Chulalongkorn University. "We've got to get out of this vicious cycle of constitution, election, corruption and coup," he said. The paper added that Sonthi had accused Shinawatra of "destroying democratic institutions".

BBC News analysed the cause of the claims. Their roots could be traced to Shinawatra selling his family's stake in the Shin Corp telecoms group, it reported, adding, "the move angered many, who complained that the family avoided paying tax".

The London *Times* devoted a lead article to the "turmoil" in Bangkok. "The corruption and incompetence of politicians have hindered what ought otherwise to be a sound economy and bright future," it said. "The Thai people deserve better."

World Bank approves anti-corruption strategy at annual meeting

By Jennifer Williams



The annual meeting of the World Bank and the International Monetary Fund featured tense discussions on the bank's controversial proposed anti-corruption strategy. The graft plan – World Bank president Paul Wolfowitz's flagship policy – aimed to include a reduction in corruption as one of the prerequisite conditions for receiving Bank aid.

The *Financial Times* reported that the Bank's governing body had "endorsed the anti-corruption paper", but also "made it clear that this was not the final word, and asked Mr Wolfowitz to report again to shareholders in the spring".

Ministers said their board representatives would oversee the plan's implementation "in a reflection of concern among some countries that Wolfowitz is being overzealous", according to *Reuters*. The news agency also quoted British development secretary Hilary Benn as insisting, "It's clear that the board oversees its implementation."

The *International Herald Tribune* reported a progressively "deeper and bitter" rift in the Bank's discussions. The "backlash" was attributed by the paper to a concern that countries labelled as corrupt would find lending "shut off in an arbitrary or selective way". A former vice president of the bank, Roberto Danino, also was quoted noting: "getting rid of corruption is not a silver bullet".

Storm over BBC "bung" allegations

by Jennifer Williams



Allegations by a *BBC* documentary that corruption is ingrained in British football have been studiously followed by the media in recent weeks. Three football agents on the *BBC*'s current affairs programme *Panorama* accused Sam Allardyce, manager of British football club Bolton Wanderers, of taking kickbacks.

The *International Herald Tribune* reported that the programme was filmed "over a year-long period and was based around conversations between agents, undercover journalists and club officials". The paper added that *Panorama*'s investigation was set off by Luton Football Club manager Martin Newell claiming eight months ago that he had been "twice offered two bribes to complete player transfers".

The *BBC*'s own news report on the scandal quoted from the programme itself, in which football agent Chris Gordon admitted, "I can't argue with the public seeing us as the scum of the earth". The report said that Gordon "estimates millions of pounds have been exchanged in corrupt deals".

The *Athens News* described a statement by Allardyce's son as being "the most compelling evidence in the programme", referring to Craig Allardyce's claim that his father was aware of corrupt transfers to his own club. The paper also noted that "the one hour programme failed to show any money changing hands, although three agents alleged that Allardyce took illegal kickbacks".

NEWS FROM THE ANTI-CORRUPTION MOVEMENT

President of TI Nepal in helicopter crash

Transparency International would like to express its deep sadness and profound sense of loss over the tragic helicopter accident in Nepal in September 2006. The crash claimed the life of our colleague and friend Dr. Harka Gurung, President of Transparency International Nepal, among others. Gurung had led the Nepalese chapter of Transparency International since 2004 and was a visionary campaigner for governance reform. Our thoughts are with the families, friends and co-workers of the victims of the crash, including our colleagues at Transparency International Nepal and the World Wildlife Fund.

Participación Ciudadana celebrates the Right to Know

TI's Dominican Republic chapter, Participación Ciudadana, celebrated International Right to Know Day on 28 September with a week of events and activities. The chapter piloted a national educational programme on access to information through a community radio network to mark the day, which was established in 2002. A panel discussion was also held on the implementation of the country's access to information laws and their importance to investigative journalism. Right to Know Day aims to raise awareness of the right to information and to campaign for open, democratic societies.

TI Israel calls for scholarship nominations

Shivl, TI Israel, is giving two scholarships of US \$1,150 to Masters and/or PhD students doing a research in an area that promotes Shivl's goals. The scholarships promote research in 'implementation of the values of Ethics and Transparency as part of the fight against corruption', which is Shivl's mission. The selection committee is headed by Prof. Asa Kasher, a well known professor of ethics in Israel.

TI India launches new award

TI India recently instituted the Rai Bahadur M.S. Oberoi Awards for Excellence in Journalism for Exposing Corruption. The deadline for nominations is 31 October 2006. Details can be found at the TI India website: tiindia.in

TI Latvia: New Three Brothers project requires all-encompassing anti-corruption plan

TI Latvia has urged the Ministry of Culture and the New Three Brothers agency (a Latvian state agency set up to administer cultural investment projects under the supervision of the Ministry of Culture) to follow the National Anti-Corruption Programme in the course of constructing the new national library, concert hall and art museum. The chapter said that preventing corruption in the project "must be a priority ... over the next half-year", through public communication and a "precise plan of action". TI Latvia has been monitoring the agency, in particular its procurement processes, while advocating a corporate social responsibility policy based on TI's *Business Principles for Countering Bribery*.

TI Lithuania conducts sociological studies

TI Lithuania has been conducting a number of detailed sociological transparency studies. The chapter carried out surveys identifying corruption trends in public procurement procedures, forest sector activities and vehicle state technical inspectorates, research that has not been carried out in more than 15 years. The procurement study, carried out with United Nations Development Programme, looked at the views of the business community, and discussed its role in improving transparency in such processes. TI Lithuania plans to conduct more transparency studies soon, including one of EU structural funds allocation.

For further information see www.transparency.lt/new/index.php?option=com_content&task=blogcategory&id=6&Itemid=37

Yemeni elections seen as a triumph for transparency

Members of the Lebanese chapter of TI took part in a successful process of election monitoring during the recent triple elections in Yemen. The initiative, in which observers from other Arab countries monitored the transparency of the election, is expected to become a precedent for democratic practices in the Arab world. The delegation's cultural sensitivity and nuanced knowledge of the local language meant they could be more easily accepted as monitors than many outsiders. Monitors from Morocco, Egypt and Palestine also took part, working in parallel with international observers.

CORRUPTION IN QUOTES

"Prosecution is a blunt tool for fighting corruption."

-John Githongo

The Standard, (Kenya; 2 October)

"I told Chiluba I would sweep the dirt by having zero tolerance on corruption. I in fact even told him I had bought a new broom."

-Zambia's President Mwanawasa vows to continue the battle against graft. *Reuters* (Global; 27 September)

"We must ask ourselves: Do we live in a society where corruption is a moral perversion to the normal flow of things, or is it the main part or even the spinal cord of the system of administrative management in the country?"

-Russian ombudsman Vladimir Lukin

The Moscow Times (Russia; 27 September)

"This is the genuine and final fall of the Berlin Wall for Bulgaria."

-Bulgarian Prime Minister Sergey Stanishev on being allowed to accede to the EU with strict conditions on improving the country's dubious corruption record.

The Guardian (UK; 27 September)

"There has always been corruption in Brazil, but it was always kept under wraps, whereas now it's coming out in the wash and is talked about on the news every day. Like the Bible says, let he who is without sin cast the first stone."

-Giderson Tenório Silva, a Brazilian truck driver, on the accusations of corruption surrounding the current elections.

The New York Times (USA; 17 September)

"Any appearance of corruption, if allowed to grow and expand ... could lead to the self-destruction of the party."

-Chinese Vice-President Zeng Qinghong

Forbes (USA; 19 September)

COMING UP

Coming up in October

22-26 October

First Annual Conference and General Meeting of the International Association of Anti-Corruption Authorities

29-31 October

Eurodad Annual Conference 2006 - From Illegitimacy to Responsibility: Transforming Development Finance

30 October-1 November

The Moneylaundering.com and Money Laundering Alert Third Annual Conference

Coming up in November

6-17 November

Trust in Government: Promoting Ethics and Professional Standards in Public Services

7-8 November

The International Corporate Social Responsibility Conference 2006

7-10 November

International CLAD Conference on State and Public Administration Reform

8-9 November

American Conference Institute's 16th Annual Conference on the Foreign Corrupt Practices Act

20-21 November

Octopus Interface on "Corruption and Democracy"

For more information please visit: www.transparency.org/news_room/events

MASTHEAD

Transparency Watch is a monthly electronic publication of Transparency International. It is produced by the Communications Department.

Transparency International accepts no responsibility for opinions expressed in interviews or for the information provided through external weblinks.

Barbara Ann Clay, Director of Communications

Phone: +49-30-343 82042

Email: bclay@transparency.org

Amber Poroznuk, Online and Publications Editor

Phone: +49-30-343 820664

E-mail: aporoznuk@transparency.org

Transparency International- International Secretariat

Alt-Moabit 96

10559 Berlin, Germany

Phone: +49-30-343 8200

Fax: +49-30-3470 3912

E-mail: ti@transparency.org

Web: <http://www.transparency.org>

 *Transparency International e.V.*