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June 2005



Transparency International's Quarterly Newsletter



FROM THE CHAIRMAN

A call to stamp out natural resource corruption

Since the OECD Anti-Bribery Convention came into force in 1999, 15 of the 24 countries surveyed have made a positive start with its enforcement, according to a recent report prepared by TI.

But governments need to do more to enforce the laws criminalising bribery of foreign public officials. Effective enforcement of the OECD Convention is a critical step in tackling the supply side of corruption, as many of the world's major multinational companies have their headquarters in OECD countries. The dividends of effective enforcement are very real.

One sector where fighting corruption could bring substantial gains for development is the oil and gas industry. TI welcomed the conclusions of the recent international conference on the Extractive Industries Transparency Initiative (EITI) hosted by the UK government. The EITI, which is a voluntary framework to enhance transparency of revenues and payments in the oil, natural gas and mining sectors, is already having an impact. Several important measures to support the implementation of the EITI include regular publication of all payments and revenues in a publicly accessible and comprehensible form, independent auditing and the engagement of civil society in the design, monitoring and evaluation of the process.

Cameroon's commitment, made public at the meeting, to publish its oil revenues under the EITI was a welcome step. We look now for more countries to adopt and fully implement the EITI principles.

This, however, is not the end of the struggle. TI would like to see the EITI principles reinforced and empowered by a UN resolution. As one of the founding members of the civil society coalition, Publish What You Pay, TI campaigns for the mandatory disclosure of taxes, fees, royalties and other payments by oil, mining and gas companies to governments and public agencies. Only when this information is publicly available can corruption be prevented.

It is important that the business community take on board these principles and that they are firmly integrated in the fight against corruption. It is the responsibility not only of governments but of all stakeholders to ensure transparency and accountability operate in these sectors. Corruption can be beaten.

Peter Eigen, Chairman, Transparency International

SPECIAL REPORT

Monuments of corruption threaten the environment

By Peter Bosshard

The following is an excerpt from Transparency International's Global Corruption Report 2005 published by Pluto Press this March.

In July 2002, a British subsidiary of the Norwegian construction company Veidekke admitted having made a payment of US \$10,000 to a senior Ugandan civil servant in 1999. Richard Kaijuka, then Uganda's energy minister, acknowledged receiving the payment, but maintained it was not a bribe. After the payment, Veidekke became a member of the construction consortium chosen for the Bujagali hydropower project, following a procurement decision that fell short of full international competitive bidding. When allegations of bribery surfaced, the World Bank suspended its financial backing and the project became the subject of anti-corruption investigations by the World Bank and four different governments. At the time of writing, the Bujagali dam project is still stalled. The cumulative environmental impacts of Bujagali

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FEATURE

Calling in about corruption

TI national chapters launched Advocacy and Legal Advice Centres in a number of Eastern European countries. These centres provide advice and information and raise awareness about corruption in the region.

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TI COUNTRY WORK

Best Investigative Journalism prize awarded

A series of exceptional reports on bribery made by two European companies has won Best Investigative Journalism Report on Corruption in Latin America and the Caribbean.

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SPECIAL REPORT

Corruption damages the environment

Peter Bosshard, policy director of the International Rivers Network, highlights the damaging effects of corruption on the environment.

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In the Headlines

» A sample of corruption reports from around the world

AFRICA

• SOUTH AFRICA

Mbeki fires deputy president over graft case

South African president Thabo Mbeki has sacked his deputy Jacob Zuma following his involvement in a high-profile corruption case. Zuma's former financial adviser, Schabir Shaik, was convicted of corruption and fraud in June by a High Court ruling that implicated Zuma stating the pair's relationship was "generally corrupt." Zuma refused to step down denying all allegations of criminal activity. Shaik was jailed for 15 years on charges of paying Zuma 1.3 million rand (US \$189,400) in return for political influence to further Shaik's business interests, and of seeking a bribe for Zuma from the French arms firm Thint, of over 500,000 rand (approx. US \$ 75,500) in return for protection from a government probe into an arms deal. Mbeki is yet to announce Zuma's replacement.

Reuters, 14 June 2005

• NIGERIA

No more sacred cows in Nigeria's war on graft

Former Education Minister Fabian Osuji and former Senate Leader Adolphus Wabara, as well as five legislators, appeared in the Abuja High Court on 16 May facing a total of 15 charges related to a 55 million Naira (about US \$400,000) bribe allegedly paid by Osuji to lawmakers in exchange for approval of an inflated budget for his ministry. President Obasanjo dismissed Osuji in a televised speech on 29 March after receiving "reliable information" that he had bribed members of the Senate to get his budget passed. Housing Minister Alice Mobolaji Osomo was also sacked the following month after more than 200 properties were allocated to top officials rather than going on public sale. The current series of prosecutions is an encouraging signal that the government's commitment to fighting corruption is genuine, but also highlights the need for the campaign to be sustained and carried out in a non-selective manner.

BBC, 16 May 2005

AMERICAS

• BRAZIL

Arrest of politicians highlights corruption

A wave of corruption allegations is affecting the federal government in Brazil. Federal police arrested 12 former and current mayors in the poor northeastern state of Alagoas based on allegations of misuse of public funds. The Supreme Court authorized an investigation into Central Bank President Henrique Meirelles for tax evasion. Prosecutors also want to investigate Social Security Minister Romero Juca for allegedly participating in fraudulent bank loans. Congressional leaders may launch an investigation into an alleged kickback scheme at the national mail service involving Roberto Jefferson, the president of a party in the ruling coalition. All three have denied wrongdoing. President Lula da Silva has stood by the accused, saying they are innocent until proven guilty.

Reuters, 21 May 2005

• CANADA

Corruption scandal almost brings down government

Canadian Prime Minister Paul Martin has publicly acknowledged responsibility for a corruption scandal which first surfaced in 2002, when he was finance minister in Jean Chretien's government. At the heart of the affair are contracts awarded to communications agencies with close ties to the governing Liberal Party. These funds were disbursed under a programme worth CAN \$250 million (over US \$200 million) and designed to promote national unity in Quebec after the narrow defeat of a separatist referendum in 1995. In her 2002/03 reports, the auditor general found that, for many of the contracts, no work had been performed. Rather, press reports indicate that funds were channelled towards campaign financing for the Liberal Party. A federal inquiry is underway and a final report is expected on 15 December. Its publication will most likely be followed by parliamentary elections. Paul Martin's minority government survived the no-confidence vote in the Commons on 19 May by a margin of one.

Toronto Star, 24 May 2005
CNN, 21 April 2005.

• ECUADOR

Political crisis in Ecuador

Ecuador's political crisis reached its peak with the removal of President Gutierrez. After two years of Gutierrez holding the office, Ecuadoreans were upset by growing accusations of nepotism and corruption surrounding his family members and inner circle. The main cause for Gutierrez's removal and Ecuador's crisis is his recent interference with important institutions, most notably the replacement of members of the Supreme Court, which the Ecuadorean leader claimed was stacked in favour of his opponents. The decision to overhaul the Supreme Court was seen by protesters as an illegal attempt to amass power. The political crisis was the latest episode in a long history of political instability in the South American country of 13 million people. Since 1997, three presidents have been driven from office before completing their terms. The new president is former Vice-President Alfredo Palacios.

Associated Press, 22 & 25 April 2005

ASIA

• BANGLADESH

Journalists targeted for their reporting on corruption

Bangladeshi reporters have been targeted for attacks because of their reporting on corruption and crime, an international journalist group said in a report for World Press Freedom Day. Five journalists were killed between May 2004 and April 2005, another 320 were tortured, 55 were injured and over 400 received death threats over that period. The most violent region for the media was the Khulna district where journalists reporting on organised crime had been murdered. Among the fatalities was Sheikh Belaiddin, a correspondent for the daily newspaper Sangram, who was killed in a bomb attack at a press club in Khulna. Police detained several suspects, but no one has been charged.

Financial Times, 3 May 2005

- HONG KONG

Fund manager convicted in stock scam case

A former ING executive has been convicted over a 6 million HKD (over US \$770,000) stock scam, marking the first successful prosecution of a fund manager by the Independent Commission Against Corruption. Adrian Foo Tiang Hock pleaded guilty in the Wan Chai District Court on three charges in a stock scam involving shares in three listed companies. He was among 20 financial executives arrested involving the fraudulent promotion and sales of stocks in several mid-sized firms.

AFX Asia, 31 March 2005

EUROPE

- BOSNIA AND HERZEGOVINA

Crackdown on Bosnian timber gangs

In an effort to stop illegal loggers in Bosnia, EU peacekeepers have launched operations to regulate the logging trade. International investigators estimate that the Bosnian economy loses around US \$100 million every year through tax evasion and corruption in the industry. EU peacekeepers (Eufor) have deployed 7,000 troops and helicopters with advanced surveillance equipment to track down illegal logging gangs and examine loads leaving forests. "Illegal logging makes up a significant part of the endemic crime and corruption in this country which is depriving the government of much needed revenue," said Lt. Col Bridget Rose of Eufor. Since Eufor took over from Nato-led peacekeepers, they have made a priority of trying to attack organised crime. Tackling the logging industry problem, they believe, will bring further benefits to Bosnian security.

BBC News, 10 May 2005

MIDDLE EAST

- IRAQ

Former ministers flee as Iraq begins corruption inquiry

Former Iraqi ministers are fleeing the country because of reports that the new administration may prevent them going abroad while accusations of corruption are being investigated. The incoming government of Ibrahim al-Jaafari, who complet-

TI leads the way on good governance

By David Nussbaum

Corruption and lack of accountability are increasingly recognised as fundamental obstacles to the economic and social welfare of the world's citizens.

Nowhere is this more true than in continuing efforts to overcome the effects of December's devastating tsunami in Southeast Asia. Local TI national chapters worked on the ground with other agencies to address immediate needs, and continue to tackle the longer-term implications. Meanwhile, with billions of dollars flowing into the region, TI initiated with the OECD and the Asian Development Bank a workshop which developed a framework for action, so that the world's generosity can find its way to the victims of the disaster.

TI chapters around the world are working with policy-makers to improve the manner in which aid money is disbursed. TI UK recently held a seminar on corruption and aid flows in light of the call for increased aid by the UN Millennium Project and the Commission for Africa. TI Ireland developed and submitted a recommendation for Ireland's new development policy. TI Norway and TI Tanzania have been involved in increasing awareness of governance in aid.

These achievements come against a backdrop of slow but determined progress in the advancement of honest, transparent governance. A recent study by the World Bank identifies control of corruption as one of six

key indicators of a country's progress toward good governance, and as fundamental to the sustainable economic and social development that lifts people out of poverty.

The study concludes that corruption is not yet consistently on the decline, with bribery and malfeasance a continuing and distorting presence in the lives of millions. Yet its conclusion that good governance leads to greater investment and economic growth offers hope for long-term success. TI and its network of national chapters are principal agents of that change.

TI has also been invited to contribute to the EU's development policy by the European Commissioner for Development and Humanitarian Aid, giving TI the opportunity to increase the EU's focus on good governance.

Around the world, TI is moving governance up the public agenda, working with donors and other international organisations to devise effective methods for diminishing corruption and opening the doors of government to public scrutiny.

David Nussbaum is Chief Executive of TI.

The World Bank's report can be found at: www.worldbank.org/wbi/governance/pubs/govmatters4.html

ed his cabinet on 8 May, has pledged to fight pervasive corruption among officials. The outgoing administration of Iyad Allawi was regarded by Iraqis as highly corrupt. The corruption allegations relate to the awarding of contracts and jobs.

The Independent (UK), 9 May 2005

- YEMEN

Auditing body to fight corruption

The Central Organisation for Control and Auditing (COCA) will renew its fight against the financial and administrative corruption that is prevalent in government institutions throughout Yemen. COCA plans to implement a project to restructure government institutions with assistance

from Arab and foreign experts. The organisation revealed that the number of cases concerning public property last year reached 240, and the total damage caused by these was over YR2 billion (approx. US \$11 million), in addition to damage estimated at over YR900 million (approx. US \$5 million). They stressed that current levels of corruption are hampering economic investment.

Yemen Times, 4 April 2005

For the latest global corruption headlines, see TI's Daily Corruption News:

www.transparency.org

Global Initiatives

» An overview of work by TI and international organisations

DEID/IADB/WB

Multilateral bank initiative in Latin America

TI network of Latin American national chapters (TILAC), the British Department for International Development, the Inter-American Development Bank and the World Bank recently launched a "Learning Alliance against Corruption in Latin America". The alliance, made up of representatives of the four institutions, gathered in Washington on 9 March to exchange information about their respective activities and anti-corruption priorities in the region. The meeting's purpose was to identify ways of working together with the main objective of improving the impact of multilateral bank operations. Three target areas were identified: political finance, anti-corruption at municipal level and public contracting.

WB

Research shows corruption as main factor in good governance

The World Bank Institute recently released a set of indicators describing six dimensions of governance and covering 209 countries. The report written by Daniel Kaufmann, Aart Kraay and Massimo Masstruzzi, identifies areas essential to institutional integrity. They include control of corruption, rule of law, government effectiveness, voice and accountability, political instability and violence, and regulatory burden. The indicators were based on several hundred variables measuring governance perceptions taken from 37 different sources and compiled by 31 different organisations. The indicators cover the period from 1996 to 2004. The indicators reveal that corruption has a huge impact on the investment climate of a country and that good governance is not always consistent with the wealth of the country. The

report, entitled "Governance Matters: Governance Indicators 1996-2004", can be found at:
www.worldbank.org/wbi/governance/pubs/govmatters4.html

Reuters, 10 May 2005

TI

Teaching integrity in the Pacific

In April, TI and the University of the South Pacific (USP) convened a one-day workshop on "Teaching Integrity to Youth" at the Pacific Islands Forum Secretariat in Suva, Fiji. TI Pacific chapters, USP representatives, the Fijian Ministry of Education, UNDP and other civil society organisations presented their work on civic and anti-corruption education, and discussed priorities and possibilities for further cooperation. The meeting highlighted the importance of values in education at primary school level through to university

Progress on TI global priority areas

Political corruption

National chapters from Central America formed a task force on monitoring and curbing corruption in the financing of political parties and election campaigns. Starting in Honduras in November 2005, the task force will travel to monitor national elections in the region. By working as a sub-regional group, the task force can lend weight, ideas and support to individual national chapters. There was general acknowledgement among the chapters involved that direct work with political parties could benefit efforts to curb corruption in politics, since without internal party reforms and commitment, the effects of reformed external regulations may be limited. This has been acknowledged by International IDEA (www.idea.int), an intergovernmental organisation that is conducting research on political parties that is of interest to the anti-corruption movement.

TI participated in the launch of the European branch of the Global Action of Parliamentarians Against Corruption (GOPAC) in Brussels in May. GOPAC-Europe will be focussing on some of the same thematic areas as the TI Secretariat including regulation of lobbying and conflicts of interest.

Public contracting

A recent major development in public contracting was the completion of the first version of the "Public Contracting Monitoring System" (PCMS), a tool developed by the TI Secretariat and the TI network of Latin America and the Caribbean chapters (TILAC). This tool is a set of 138 indicators that will enable the identification of corruption risks in contracting and which build upon the chapter regional work. The tool has had a test run in 10 countries. The next stage will consist of countrywide validation phases by the participating chapters as part of the OAS Report Card project.

Meanwhile, TI made presentations at the OECD Export Credit Group meeting in April, calling for better implementation of the 2000 Anti-Bribery Action Statement.

Conventions

TI submitted a letter to Donald Johnston, OECD secretary general, for circulation to the council meeting at ministerial level in Paris in May. TI highlighted the recommendations of the recent TI Progress Report on OECD Convention Enforcement as well as selected conclusions of the TI/OECD-DAC Development Partnership

Forum on Improving Donor Effectiveness in Combating Corruption, which took place in December 2004. Drawing on the Progress Report, TI's letter emphasised the importance of continued OECD monitoring of the OECD Anti-bribery Convention beyond 2007. The letter underlined the Partnership Forum's recommendations on asset recovery, calling on OECD states to be more proactive in identifying the proceeds of corruption, in swiftly freezing suspicious assets and in holding those assets in blocked accounts. The letter also urged OECD states to ratify the UN Convention against Corruption (UNCAC), and to provide technical assistance to developing countries to help them ratify and implement anti-corruption conventions. These recommendations were submitted in preparation for the July 2005 G-8 summit in Scotland.

Access to information

The third annual meeting of Freedom of Information commissioners took place in Cancun, Mexico, in February 2005. It brought together over 400 public officials and members of civil society. Participants examined global progress and the chal-

level. TI and USP will continue to explore ways in which the two organisations can work together on anti-corruption education initiatives.

AFRICA COMMISSION

Aid linked to corruption says Commission for Africa report

The Africa Commission has released a report addressing the problem of corruption in aid to Africa. The report warns: 'Corruption is systemic in much of Africa today. Corruption has a corrosive effect on efforts to improve governance, yet improved governance is essential to reduce scope for corruption.' The UK prime minister, Tony Blair, has proposed that Africa receive a massive boost in aid and debt relief if the continent's leaders root out 'systemic rot'. The report proposes a two stage increase in aid, with a third of the

initial amount of resources needed, roughly US \$12.5 billion, generated by extra growth in Africa and two thirds coming from aid increases. Subject to improvements in African governments managerial and administrative capacity, aid would eventually be increased to US \$25bn a year. The report, welcomed by aid agencies, says 'The amount stolen and now held in foreign bank accounts is equivalent to more than half the continent's external debt'. However it also reveals that no G8 nation has ratified the UN convention against corruption which would commit them to repatriating stolen funds. 'It is pointless for the developed world to bemoan African corruption when it does not take the measures needed to counter it'.

The Guardian (UK), 11 March 2005
Transparency International, 10 March 2005

WFF

Corruption talks in Jordan

A workshop entitled "Corruption: A Business Risk in the Middle East?" at the Middle East regional meeting of the World Economic Forum was held in Jordan on 21 May. The panel included an ABB Switzerland executive, Ali Shihabi, a prominent UAE member of the Arab Business Council, and the Jordanian minister of public sector reform. The biggest problem identified was corruption arising from conflicts of interest resulting from business interests of public officials or through family or tribal ties. Some progress has been made through "naming and shaming" and by the introduction of information technology which had improved transparency and made data manipulation more difficult. The workshop was an encouraging sign that the issue of corruption in the Middle East is seen as important.

challenges ahead. Representatives of TI national chapters and the Secretariat presented experiences from around the world. Conference papers and the final declaration can be downloaded at www.ifai.org.mx and www.icic-cancun.org.mx.

Meanwhile 12 national chapters in Latin America participated in an exercise to assess the accessibility of information on the anti-corruption efforts of the World Bank. Non-expert users were asked to research over 30 topics related to policies, practices and projects within the World Bank system. A report, along with recommendations on improving accessibility of key information, is available. For more information, contact Andrea Figari at afigari@transparency.org

Business Principles

The steering committee that oversees the development of the Business Principles for Countering Bribery met in London in May 2005. It was agreed at the meeting that the priorities for the coming year should relate to the further development of supporting tools for the Business Principles. In addition to the existing comprehensive Guidance Document, which provides background to the Business Principles, a six-step implementation process is to be posted shortly on the TI web site. Work is

underway to finalise and test a self-evaluation module that will allow companies to benchmark their performance against the Business Principles. Plans also include the development of an external verification tool for companies wishing to undergo third party verification. TI is being supported in this task by PricewaterhouseCoopers, a long-standing member of the steering committee.

Corruption in aid

The TI Secretariat has devised a programme that focuses on active engagement in policy dialogues with donors to identify best practices and civil society experiences, and to develop indicators and/or monitoring tools for civil society. This was in response to a feasibility study undertaken by the TI Secretariat in 2004 to determine whether TI should focus on preventing corruption in aid. The study concluded that there is scope for TI to make a difference. In pursuing these objectives, in March 2005 TI-S responded to an invitation by EU Commissioner for Development and Humanitarian Aid for a public consultation on the EU's future Development Policy. TI argues that a new EU development policy should include references to the UN Convention against Corruption; that both the supply and demand side of corruption must be

addressed in the policy; that anti-corruption measures should be added to the list of issues reflecting the EU's values in policy dialogue; and that a commitment to the development of a coherent anti-corruption policy be spelled out in the document.

Corruption and education

Corruption in the education sector is a serious concern in many countries. It impacts on the quality and equity of education and interfere with people's right to a better life. To encourage research about the extent of corruption in education, the TI Secretariat offers one-off financial support to TI chapters to carry out relevant research. Projects have been implemented in nine countries, including expenditure tracking surveys in Sierra Leone and Zambia, monitoring education ministry contracts in Argentina and Nicaragua, diagnosing corruption in higher education in Serbia and Georgia, analysis of a school feeding scheme in Venezuela, NGO informal education programmes in Nepal and a special report on educational corruption in Mexico.

EU/TT

Transparency through awareness initiative in the EU

A new year long TI project, funded in part by the European Commission, began in May 2005. The Transparency Through Awareness (TTA) project will contribute to the effective and transparent use of European Union Structural Funds in a number of new EU member states through increasing public and civil society understanding of their purpose, distribution and use. TI national chapters in the Czech Republic, Estonia, Latvia, Lithuania, Poland and Slovakia are implementing the TTA project, with coordination from the TI Secretariat. For further information, please contact Kate Sturgess at the TI Secretariat at ksturgess@transparency.org

TI

Greater accountability in public contracting in Asia

A capacity-building and training workshop was held in Pakistan in April introducing practical tools to promote transparency and accountability in public contracting and procurement in the region. During the trip, the TI Secretariat team visited the Sindh Ministry of Irrigation and Power, the steel mills and the municipal government of Karachi and Gulshan Town and held meetings with the National Accountability Bureau and the World Bank. The team agreed on a workshop in September to build capacity locally by training government officials to educate their colleagues in the enforcement of procurement law.

KCCI/TT

Anti-corruption talks in the Middle East

"Corruption from an Economic Perspective", a conference on anti-corruption issues hosted by the Kuwait Chamber of Commerce & Industry under the auspices of the Prime Minister Sheikh Sabah A.A. Al Sabah was held in Kuwait in May. The TI team also included Arwa Hassan, Jasim Al Ajmi, from the Bahrain Transparency Society, John Drysdale and David Murray of TI UK and Abdelsammad Saddouq from Transparency Maroc, who were all key speakers at the conference. There was frank and open discussion of key corruption-related problems in the conference.

Tsunami update: expert meeting on corruption prevention in tsunami relief

TI helped bring together key stakeholders at the "Expert Meeting on Corruption Prevention in Tsunami Relief" held in Jakarta on 7-8 April 2005. The meeting, jointly convened with the Asian Development Bank and the OECD, saw representatives of affected countries, international donor organisations and civil society identify concrete measures to ensure that aid efforts are not tainted by corruption. Some of the recommendations included:

- From the earliest stages of relief through to the design, implementation and evaluation of long-term projects, affected communities should be enabled to articulate their needs, assist in devising reconstruction plans and evaluate end-results.
- Governments, public and private donors, international organisations and local civil society organisations should implement comprehensive and harmonised information strategies that uphold internationally recognised access to information standards. Such strategies should make use of appropriate formats and local languages to ensure accessibility for local communities.
- National aid tracking systems should be developed that can deliver information comprehensive enough to satisfy government and donor needs yet simple enough to be accessible for affected communities. International organisations and donors should support the development and maintenance of such systems, collate national information for cross-country comparison and implement compatible international tracking systems.
- Effective internal control and external auditing should be complemented by community-led approaches, such as people's audits, that reinforce accountability affected populations. Such approaches should be promoted by governments and donors and all stakeholders should implement necessary action to rectify problems identified.
- Affected countries should provide user-friendly grievance procedures, including corruption reporting channels and protection for whistleblowers in the context of humanitarian relief and reconstruction efforts, for private and public sector employees, the media and the general public.
- For aid-funded procurement, donors should rely on the affected country's procurement system if the latter corresponds to mutually agreed standards or, if this is not the case, should agree on another harmonised system.

For more information, please contact Aled Williams: awilliams@transparency.org

FEATURE

Advocacy and Legal Advice Centres get off the ground

Advocacy and Legal Advice Centres (ALACs) have been established in Bosnia–Herzegovina, Croatia, Macedonia and Romania. The centres provide victims of corruption with legal advice enabling them to file and pursue complaints with state authorities. The ALACs also offer corruption hotlines, which have received over 5,000 calls in the first year of operation. A recent external evaluation found that the project had been "highly successful" with a high percentage of clients stating that "their cases would not have progressed at all without ALAC assistance".

An independent external evaluation has just been completed for three of TI's Advocacy and Legal Advice Centres (ALACs) in Bosnia and Herzegovina, the Former Yugoslav Republic of Macedonia and Romania, which are supported by the German Foreign Ministry (five additional ALACs are funded by the European Union). The centres operate corruption hotlines, provide legal advice to victims of corruption, strengthen government complaint mechanisms and advocate for change on broader issues highlighted by the cases brought to the centres. Below is an extract from the evaluation's executive summary.

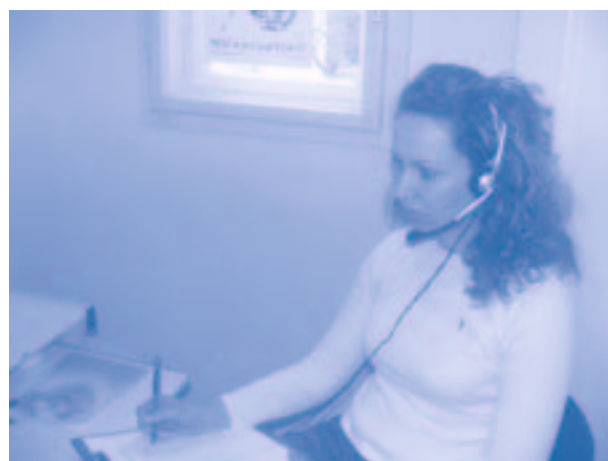
"Time and again during the course of this evaluation, ordinary citizens and government officials alike remarked how, 'Corruption is still a way of life here'. Regardless of the country, this comment was repeated with the same degree of fatalism. The lack of progress in the fight against corruption is indicative of ongoing poor governance and the continued absence of the rule of law in much of South-Eastern Europe. Clearly, this is a factor in preventing the region's long-awaited economic renaissance in the post-Communist era. Although public expectations related to corruption and good governance are a long way from being met, it is possible to detect small but important signs of progress. And there is evidence that the pressure for reform is beginning to build.

No project intervention can hope to single-handedly empower citizens to the point where corruption in the Balkans will be eradicated. But the Advocacy and Legal Advice Centers (ALAC) - a project funded by the German Foreign Ministry and implemented by Transparency International (TI) - is in the vanguard of an effort to build consciousness among the stakeholders who are critical to the anti-corruption struggle: the state, the media, civil society and, most importantly, the citizenry itself.

It is precisely because TI, through the ALACs, has adeptly worked with all of these stakeholders that the project has had a significantly greater impact than even TI would have dared to predict. The success of the project is predicated on a tripartite effort that goes well beyond the provision of legal advice: 'through targeted

"The lack of progress in the fight against corruption is indicative of ongoing poor governance and the continued absence of the rule of law in much of South-Eastern Europe."

publicity campaigns and mechanisms, raising public awareness on citizen rights related to corruption issues in a way that is catalyzing civic activism,' serving as a public interface and a direct means



ALACs offer corruption hotlines to aid citizens to process their claims

of citizen empowerment for TI through the provision of independent and impartial advice on corruption-related matters to more than 5,000 individuals; and, "providing impetus for policy advocacy and institutional reform by linking ALAC's work with media, civil society and public pressure for greater public accountability

"TI, through the ALACs, has adeptly worked with all of these stakeholders that the project has had a significantly greater impact than even TI would have dared to predict."

on anti-corruption policies and practices.

By linking these three components, TI national chapters have adroitly used the ALACs as both bottom-up and top-down drivers of change. This double-edged advocacy underpins the impressive impact of the project. That this has been accomplished in a highly cost effective manner should serve to draw the positive attention of donors and governments alike."

For further information on the project please contact Ben Elers at the TI Secretariat (belers@transparency.org).

TI Country Work

» An A to Z of TI chapter activities around the globe

TI AZERBAIJAN is in the process of establishing two Advocacy and Legal Advice Centres (ALACs), one in the capital Baku and the other in the city of Ganja in the north-west of the country. The centres will provide victims of corruption with advice on how to make and follow up complaints.

Following the workshop on financing political organisations held on 14 April, the BAHRAIN Transparency Society organised a workshop in cooperation with the National Democratic Institute for International Affairs to discuss the recommendations of the report on parliamentary elections. All political parties participated in the discussions and proposed new election rules, based on 39 recommendations made by the last parliamentary elections national monitoring committee (BTS and Bahrain Human Rights Society). The main focus of the workshop was the legal framework for elections and notably the organisation of electoral units (voting districts). There was full agreement on the need for transparency, not only on election day but in the whole process starting with the establishment of a legal framework. BTS is now coordinating the finalisation of the recommendations, and will forward them to the Bahraini authorities.

Transparencia BRASIL, in collaboration with the Brazilian think tank Instituto de Estudos do Trabalho e Sociedade and the court from the southern state of Santa Catarina, recently launched a new unedited tool on public contracting. The project, entitled "Risks and Practices in Public



Bahrain Transparency Society hosting a workshop on political party financing

Contracting in Santa Catarina State Municipalities", uses data on the purchasing of 293 municipalities to pinpoint evi-



TI Cameroon in collaboration with the TI Secretariat held a seminar in Yaoundé in April bringing together parliamentarians, civil society and the media to address anti-corruption measures within parliament

dence of corruption. The indicators used relate to the prize of common construction materials, the amount of materials needed and the number of firms participating in tenders. All data about public procurement in the region from 1996 to present are available on the project website www.licitassist.org.br/desempenho. The next phase of the project relates to its dissemination among other state courts.

TI CAMEROON, in collaboration with the Africa Department at TI Secretariat, organised a seminar entitled "Spreading the Anti-Corruption coalition in Cameroon: Building links with Parliamentarians", held in Yaoundé on 19 April. It was attended by 23 parliamentarians from both the ruling and opposition parties, civil society and the media. The seminar featured workshops which focussed on anti-corruption and government with civil society cooperation. The workshop was useful in bringing together civil society and parliamentarians on issues central to the fight against corruption,

such as ratification of the UN and AU conventions on corruption, improving public contracting standards to prevent abuse and establishing an anti-corruption squad within par-

liament.

CHILE Transparente TI's national chapter in the country organised, in collaboration with the senate's television channel and the Library of Congress, a round of eight monthly television shows on transparency and accountability in the framework of the Inter-American Convention against Corruption. These shows provide a possibility of direct discussion between civil society, public officials, politicians and government representatives on the convention. Each show focuses on a specific topic. Among others, the subjects have already included a description of the different anti-corruption conventions, the role of civil society and declarations of assets. For more information, visit www.chiletransparente.cl

TI's national contact in CHINA and the Anti-Corruption and Governance Research Centre in Tsinghua University, Beijing have translated a special edition of TI's Corruption Fighter's Tool Kit "Teaching Integrity to Youth". It compiles best practices from 11 countries on how to fight corruption.

On 7 April Transparencia por COLOMBIA launched its third Integrity Index of National Public Entities 2003-2004 which assesses and compares corruption risks of the national legislature, judiciary and

Award for Best Investigative Journalism Report on Corruption in Latin America and Caribbean goes to Costa Rican journalists



Award winner Ernesto Rivera holding his award presented in Mexico City in May. Picture courtesy of *La Nación*, Costa Rica

A series of exceptional reports on illegal payments made by two European companies to former Central American presidents, has won Best Investigative Journalism Report on Corruption in Latin America and the Caribbean, an award annually presented by Transparency International in Latin America and the Caribbean (TILAC) and the Press and Society Institute (IPYS - a Latin American society of independent journalists). The prize, an award of US \$25,000, was presented in Mexico.

The winners are Giannina Segnini, Ernesto Rivera, and Mauricio Herrera, from the Costa Rican daily *La Nación*. The winners were chosen by a jury composed of Marcelo Beraba, Ombudsman of Folha de S. Paulo (Brazil); Gustavo Gorriti, co-director of the daily *La República* (Peru); Michael Reid, Latin American editor of *The Economist* (Great Britain); Gerardo Reyes, journalist at *El Nuevo Herald* (United States); and Tina Rosenberg, editorial page editor for *The New York Times* (United States).

The *La Nación* journalists unveiled how the Finnish company Instrumentarium Medko Medical and the French corporation Alcatel-CIT, made illegal payments to three former presidents of Costa Rica: the former OAS Secretary-General Miguel Ángel Rodríguez, the former President Rafael Ángel Calderón, and the former Executive Director of the Switzerland-based World Economic Forum José María Figueres.

"The majority of this year's contributions, and particularly the outstanding investigations conducted by the *La Nación* team,

show that corruption in Latin America is a phenomenon that transcends borders and often involves companies from industrialised countries that violate the international anti-bribery framework when they offer bribes to foreign officials and, in doing so, undermine the fight against corruption in Latin America," said Silke Pfeiffer, Transparency International regional director of the Americas.

Two Brazilian investigative reports received special recognition on behalf of the jury, in the form of a \$5,000-prize. "Os homens de bens da Alerj", the first report, researched the unjustified increase in assets among 27 congressmen in Rio de Janeiro, was investigated by Angelina Nunes, Alan Gripp, Carla Rocha, Dimmi Amora, Flavio Pessoa, Luiz Ernesto Magalhães, and "Bolsa Família", Maiá Menezes, from the daily *O Globo*. The second investigation, by Eduardo Faustini of *TV Globo*, revealed irregularities in the handling of funds allocated to the Brazilian government's main social welfare programme.

"We have experienced a rebirth in investigative journalism in Latin America," said jury member Gustavo Gorriti. "This year's contributions stand out due to their high calibre and the ever-increasing ability of investigative reporters to cover very complex corrupt activities." He added that the prize is an excellent way to provide a platform for investigative journalism in Latin America, which makes impunity all the more difficult."

"We have experienced a rebirth in investigative journalism in Latin America. This year's contributions stand out due to their high calibre..."

For more information contact Marta Erquicia at the TI Secretariat merquicia@transparency.org

many executive institutions. The index represents a new methodology based on three representative categories of indicators: transparency, investigations and sanctions, and institutional strength and efficiency. The results of the recent index reveal a decline of integrity compared with the 2002-2003 edition.

Contributing to the promotion of anti-bribery standards in the private sector, *Transparencia por Colombia* facilitated the

signing of an anti-corruption agreement by and among major water pipe companies on 13 April. This pilot initiative represents a model of good practice and can be replicated by other business sectors in the region. For more information, visit: www.transparenciacolombia.org.co

The chapter also launched the results of a study on the 'Risks of Undue Influence of Private Interests in the Drafting of New Laws'. The study identified important

weaknesses of the Colombian parliament compared to other state to make it more susceptible to external pressure. It also reveals that personal interpretations and political interests tend to carry more weight than the rules set out by the constitution. To read more, visit: www.transparenciacolombia.org.co

TI Pacific chapters held their annual regional meeting, opened by FIJI's acting



TI Pacific chapters held their annual regional meeting in Suva, Fiji

Continued from page 9

President Ratu Joni Madraiwiwi. Pacific chapter representatives from Australia, Fiji, New Zealand, Papua New Guinea, Solomon Islands, and Vanuatu participated, as well as civil society representatives from the Cook Islands and Samoa. The meeting discussed the progress made and challenges faced by chapters in the region. It also examined ways in which they could help each other communicate with civil society in countries where there are no TI chapters. Regional issues, such as the follow-up to the NISPAC studies and possible collaboration with UNDP in the Pacific, were also discussed at length.

In April, TI launched the Central American task force on political party and election campaign funding in HONDURAS. This working group included TI chapters and contacts from Guatemala, Panama, Costa Rica, Nicaragua, El Salvador, and Honduras and has the support of TI's Global Programme on Political Corruption. This initiative, part of TI Secretariat's Central American Programme, looks at developing sub-regional activities such as indexes or studies, and sharing ideas and experiences between organisations to promote higher levels of control and transparency in the political funding systems, particularly in the run-up to elections in Honduras, Nicaragua and Costa Rica. For more information, please contact jvelasq77@intelnett.com

TI JORDAN held a workshop on access to

information and the role of the media in economic development on 7 June in Amman. Over 250 people attended, including key members of civil society, business, government and the media. TI Jordan also launched its study on electronic government at the conference and announced the creation of the Jordan Transparency Forum.

The Lebanese Transparency Association (LTA), TI's chapter in LEBANON, launched an awareness-raising campaign on issues related to political corruption ahead of June's national elections. As part of the campaign, the LTA organised 3 roundtables held in May, addressing election monitoring, transparency in campaign financing, the role of the media, and accountability in the electoral process. The chapter also engaged in a nationwide campaign seeking to inform the population of the importance of transparency in financing election campaigns and the dangers of vote buying. In addition, as a founding member of the Lebanese Coalition for Elections' Monitoring hosted by the Lebanese Association for the Democracy of Elections, the LTA participated in the training of 300 election observers to monitor the election process.

From 22-28 May, TI conducted a general assessment and partnership building visit to Kuala Lumpur, MALAYSIA, as a part of the EU funded project 'Preventing Corruption in Public Contracting: Capacity Build-

ing and Networking for Civil Society and Local Government'. The purpose of the visit was to assess the particular needs for training and capacity building at the local government level in Malaysia to promote greater transparency and accountability in public procurement and contracting in the country. The visit strengthened the network in preparation for the follow up workshop on 5-9 December to be held in Kuala Lumpur. For a summary report of the visit write to Lisa Prevenslik-Takeda (lptakeda@transparency.org).

Transparencia MEXICANA, TI's national chapter in Mexico, signed an agreement with the Federal Electoral Institution (IFE) in May to guarantee transparency in the agency's procurement activities in the run-up to the next presidential election, to be held in 2006. Through the implementation of integrity pacts, Transparencia Mexicana will oversee the contracting of services and the purchase of goods throughout the entire contracting process. Transparencia Mexicana has been implementing TI Integrity Pacts since 2001. The Mexican chapter is also engaged in an initiative to monitor the income and expenditure of in the presidential election campaign.

TI's chapter in MOLDOVA staged a highly successful concert to raise awareness of corruption issues on 27 May. Stars from Moldova and Romania were invited to play in front of a crowd of 8,000 people at the Summer Theatre in Chisinau. Guests such as the Resident Representative of the UNDP in Moldova, Bruno Pouezet, and the Resident Representative of the IMF, Edgardo Ruggiero, were invited to attend. Other



TI Moldova holding a concert in Chisinau to raise awareness of anti-corruption issues in the country



TI Pakistan and the TI Secretariat are developing tools to promote greater transparency in public contracting and procurement processes. For more details, see page 6.

high profile spectators included members of the World Bank, US embassy, Peace Corps and the International Women's Club.

Transparency International NEPAL (TIN) organised a joint meeting of the executive committee, ordinary members and the advisory council in March to discuss the changes in the country brought about by the King's dismissal of the government and the state of emergency being called. TIN issued an appeal, on the occasion, to restore fundamental civil rights, free press and rule of law for facilitating anti-corruption campaigns and making them more effective.

TI's chapter-in-formation in NICARAGUA, Etica y Transparencia, launched its first electoral observation report in March which proves that the condition of key institutions in the country warrant a "yellow alert". The report reflects that the country's electoral legislation does not provide conditions for the transparent financing of electoral campaigns. The report also highlights the danger of fraud in the Supreme Electoral Council, which is perceived as a highly partisan institution that has been trying to hamper the casting of individual votes. To read the report, visit: www.eyt.org.ni

The Association Nigérienne de lutte contre la corruption (ANLC), TI's chapter-in-formation in NIGER together with the Africa

Department and the public contracting programme at TI-S, hosted a seminar on public contracting in Niamey, Niger in March. Among the participants were members of ANLC and Forum Civil (TI's chapter in Senegal), as well as representatives of various government bodies responsible for public contracting in Niger. The workshop focused on training and exchanging experiences on corruption in public contracting and finding ways to curb it, with a special focus on current reforms and the application of public procurement laws in Niger and Senegal. As a result of the seminar, participants from both chapters were able to identify specific strategies they wish to develop to address corruption in procurement in their countries.

TI PAKISTAN (TIP) has undergone a restructuring process with a focus on international accountability and capacity building. The new leadership was welcomed by central stakeholders and donors like the National Accountability Bureau (NAB) and the Swiss Agency for Development and Co-operation (SDC). In the meeting with representatives from the NAB on 11 May, TIP's proposal for conducting a National Corruption Survey was approved by the NAB and SDC. At the same time, NAB has agreed to cooperate with TIP on their school education project.

Coalition for Accountability and Integrity in PALESTINE (AMAN), TI's chapter in Palestine, conducted national opinion polls to find out the most common forms of corruption in the country. The results found influence trafficking (wasta), favoritism and nepotism to be the most common forms. As a result, AMAN held a conference on the topic in March and devised a strategy for tackling such problems in Palestine. They have decided to focus on influence trafficking in the education and health sectors, distribution of relief aid and employment.

President Nicanor Duarte of Paraguay and Transparencia PARAGUAY (TP) signed a three-year framework agreement on 16 March. This agreement foresees the participation of the TI chapter in monitoring public contracting processes and other key procedures in the public administration. TP will also present recommendations to the government regarding necessary reforms to address integrity risks and vulnerabilities within the system. For further information, visit:

www.transparencia.org.py

Proética, TI national chapter in PERU, initiated collaboration with the Mexican Federal Institute for Access to Information (IFAI). The IFAI, the Peruvian based Institute for Press and Society (IPYS), and Proética signed an agreement to implement an electronic system of access to information in the regional government of Lambayeque. For further information, please visit: www.proetica.org.pe



ANLC, TI's national chapter in formation in Niger and the TI Secretariat, host a seminar on anti-corruption in public contracting

Continued from page 1

and other dams on the Nile have never been assessed.

A case study from Indonesia

The Jatigede dam on the Cimanuk River is supposed to produce power and bring irrigation to the farmers of West Java, Indonesia. It will submerge a land area of 49 km², drown 30 villages and displace around 41,000 people. Construction is expected to start in 2005. The US \$964 million dam project will increase erosion in the reservoir area and flood a valuable archaeological site.

In September 2003, the Bandung Legal Aid Institute, an Indonesian NGO, claimed that US \$700,000 earmarked as compensation for two communities affected by the Jatigede dam were diverted from the project budget. On average, the farmers covered by the institute's survey received only 29 per cent of the official value of their land and houses. The dam project has also been associated with serious human rights abuses.

Environmental experts argue that the Jatigede dam is not needed. Rehabilitating deforested lands and reviving the region's silted rivers would do more to prevent floods and droughts. 'Reforestation should become the first priority for maintaining the water catchment area, without which there would not be enough water to fill up the reservoir', says Usep Setiawan of the Working Group on Conservation for Nature and Natural Resources. Supardiyono Sobirin of the Sunda Forestry and Environment Expert Board agrees. 'The main difficulty of reservoirs in West Java is the water supply because river flow areas have been damaged and cannot provide water to the reservoirs,' he said. 'Why would they build more reservoirs if there is no water?'

The plan to build the Jatigede dam, rather than promote more sustainable alternatives, may be part of a wider pattern of distortion in Indonesia's development planning process. In August 1997, staff members of the World Bank's Jakarta office prepared a confidential report on corruption in development projects in the country. The leaked report found that:

Most GOI [Government of Indonesia] agencies have sophisticated informal systems for diversion of 10-20 per cent of the development budget under their management, and for utilising the proceeds diverted to supplement their inadequate operations funds and their compensation. These arrangements vary widely among GOI agencies, but almost universally depend on the payment of percentage or lump sum rebates or 'kick-backs' by contractors implementing projects from the agency development budget. Such payments are informal but regarded as an overhead or informal 'tax' by most firms doing business with GOI, and are typically included in the unit prices or bills of quantity for the contract.¹

'In aggregate,' the report estimates that, 'at least 20-30 per cent of GOI development funds are diverted through informal payments to GOI staff and politicians'. All payments identified by the report

are linked to decisions favouring new investment projects. The document mentions numerous cases in which 50-80 per cent of the funds budgeted for land acquisition and resettlement assistance were diverted. This is hardly an incentive for minimising resettlement.

Communities affected by projects like the Jatigede dam pay the price for the diversion of development funds. Society at large and the environment also suffer indirectly from a decision-making process that is fraudulently skewed towards approving new investment projects even when other options - reforestation or sustainable water management programmes for example - are more appropriate.

Monuments of corruption

Corruption in the development planning process is not an isolated phenomenon, nor is it confined to Indonesia. The Bataan nuclear power plant in the Philippines' largest investment project and cost more than US \$2 billion. Westinghouse was controversially awarded the main contract after the late Filipino dictator, Ferdinand Marcos, personally overturned the initial contract decision.² Westinghouse admitted paying US \$17 million in commissions to a friend of Marcos, though it maintained that the payments were not a bribe. The reactor sits on an active fault line that is part of the Pacific's 'rim of fire', creating a major risk of nuclear contamination if the power plant ever becomes operational. Completed in the 1980s, the plant has never produced a single unit of electricity.

Completed in the 1980s, the plant has never produced a single unit of electricity.

Yacyretá, on the border of Argentina and Paraguay, is one of the largest hydropower projects in Latin America. Built with World Bank support, the dam is flooding the Ibera Marshes,

a unique ecosystem that has remained almost undisturbed for centuries. Due to cost overruns, the power generated by Yacyretá is not economic and needs to be subsidised by the government. According to the head of Paraguay's General Accounting Office, US \$1.87 billion in expenditures for the project 'lack the legal and administrative support documentation to justify the expenditures'.³

Enron's Dabhol power plant threatens to destroy a fragile coastal area in India. A representative of Enron admitted that the company paid US \$20 million 'on [the] education and project development process alone, not including any project costs'.⁴ The multi-billion dollar plant was mothballed in 2001 because its electricity was prohibitively expensive.

The reservoir of the Bakun dam in Sarawak, Malaysia, will submerge 700 km² of tropical rain forest. The mandate to develop the project went to a timber contractor and friend of Sarawak's governor. The contractor had never developed a power project before and lost the contract after a few years, but he managed to log the project area during this period. The provincial government

"Corruption and cronyism have environmental and social impacts that go far beyond the individual projects tainted by bribery"

of Sarawak is still looking for customers to consume the power to be generated by the project.

The list goes on. None of the projects mentioned above make any economic sense. They had serious environmental and social impacts, and should never have gone forward in the first place.

Political economy of infrastructure development

Corruption and cronyism have environmental and social impacts that go far beyond the individual projects tainted by bribery. They skew the planning and decision-making processes in important sectors of infrastructure development. Large, centralised, capital-intensive greenfield projects offer decision-makers more scope for kickbacks, bureaucratic control and political prestige than decentralised, community-based services. They also offer more scope for private gain than the rehabilitation of existing infrastructure, or non-structural options such as reforestation programmes or demand-side management measures. Because of this bias, decision makers often favour large-scale public works projects even if the alternatives would make better economic sense and would have less harmful social and environmental impacts.

Corruption - the misuse of public or private office for personal gain - extends beyond straightforward bribery. Planning processes in the infrastructure sector touch on important vested interests. Their outcomes affect the prestige of politicians, the budgets and personnel of bureaucrats, and the follow-up contracts of external consultants. Decision-makers are therefore under strong pressure to treat project options on the basis of factors other than their merits.

The special role of the consulting industry

Consultants who are commissioned to assess development options in a particular sector are usually aware that their clients have an interest in promoting new greenfield investments. They are equally aware that environmental impact assessments should not stop projects that enjoy political support. Even if they find that a project has unacceptable environmental impacts, they are under pressure to recommend mitigating measures for it, rather than promote less destructive alternative options. If consultants assess projects solely on their merits, they risk obtaining no future contracts. This causes what a World Bank report on involuntary resettlement in 1994 called 'excessive appraisal optimism'. It is a form of corruption that distorts the planning process to the benefit of projects with large budgets, contracts and prestige - and often with massive social and environmental impacts.

The 'political economy' of infrastructure development was clearly identified by the independent World Commission on Dams (WCD). The WCD's report, published in 2000, says:

At whatever level, vested interests can distort the decision-making process, undermining development. Decision makers may be inclined to favour large infrastructure as they provide opportunities for personal enrichment not afforded by smaller or more diffuse alternatives. The consequences frequently directly affect the poor and the environment. Allegations of corruption have tainted many large dam projects in the past but have seldom resulted in prosecution in court.

Cleaning up infrastructure development

Transparency International has developed tools such as the Integrity Pact for combating corruption in the field of public procurement. Integrity Pacts are contracts between government offices and companies bidding for particular projects. They prohibit bribery, ensure transparency in the bidding process and foresee sanctions in the case of violations. In infrastructure projects, such pacts can also include private investors and consultants.

'Comprehensive Options Assessment' is one of the strategic priorities proposed by the World Commission on Dams. The principle has been officially endorsed by many governments and financial institutions, but is often not implemented in practice. The World Bank has adopted a specific guideline to rule out conflicts of interest in dealing with consultants. This guideline states:

Bank policy requires that consultants provide professional, objective and impartial advice and at all times hold the client's interests paramount, without any consideration for future work, and that in providing advice they avoid conflicts with other assignments and their own corporate interests.⁵

If strictly adhered to, this guideline would go a long way towards avoiding fraudulent practices in assessing and preparing options of infrastructure development. However, like other guidelines, it is not always implemented.

Sunlight is the best disinfectant. Complete transparency is needed to discourage fraudulent practices in the process of assessing the needs and options of infrastructure development. Parliaments and civil society organisations must hold governments and financial institutions accountable for their decisions, even during the early planning stages of infrastructure development.

Notes

¹ 'Summary of RSI Staff Views Regarding the Problem of 'Leakage' from World Bank Project Budgets', undated.

² See A. Timothy Martin, 'International Arbitration and Corruption' in *Transnational Dispute Management* 1 (2004).

³ Francisco Galiano, head of Paraguay's General Accounting Office, as quoted in *Ultima Hora*, 3 September 2004.

⁴ Testimony by Linda F. Powers before the Committee on Appropriations, Subcommittee on Foreign Operations, US House of Representatives, 31 January 1995.

⁵ World Bank, *Guidelines: Selection and Employment of Consultants by World Bank Borrowers* (Washington, DC: World Bank, 2004).

ABOUT THE AUTHOR

Peter Bossard

Peter Bosshard is policy director of International Rivers Network, an environmental and human rights group based in Berkeley, USA. He has monitored policies and projects of international financial institutions since the early 1990s, and has published several case studies and reports on corruption issues.



Recent Reforms

» A global sample of initiatives to increase transparency and accountability

ALGERIA

Anti-corruption draft legislation adopted

The Algerian government has drafted an anti-corruption law within the framework of the UN Convention against Corruption. The draft law was presented to the government council in January and was adopted by the cabinet in April. The draft law additionally calls for the creation of a national body with the task of fighting corruption through investigation. This body will be established as an independent administrative authority. Algeria still has a long way to go as it is yet to ratify the African Union Convention anti-corruption conventions. Furthermore, the access to information of the activities of the Accounts Court (the equivalent of the Auditor General in Algeria) have only been made public twice in the past 25 years.

Algerian Anti-Corruption Association, May 2005

BOLIVIA

Transparency and access to information decree in Bolivia

The Bolivian President Carlos Mesa signed a new transparency and access to information decree which will substitute the decree of 31 January 2004 which had been criticised by the media for imposing restrictions on access to information. The new law will guarantee access to information as a fundamental right to every citizen. Access to information will be increased and the executive power will be obliged to present all information requested unless this information is classified as secret or confidential.

Hoy Bolivia, May 22 2005
Hoy Bolivia, April 28 2005
Opinión, April 30 2005

CAMEROON

Cameroon to publish its oil revenues

Cameroon made a commitment before the international community in March to publish its oil revenues under the Extractive Industries Transparency Initiative (EITI). In a speech delivered at the EITI Conference in London, Abah Abah Polycarpe,

Cameroon's minister of economy and finance, pledged that before the end of June this year, his government would begin publishing information on total oil production, prices and revenue on a quarterly basis. This is a positive signal that change in access to information is underway in Cameroon.

Transparency International, March 2005

KYRGYZSTAN

OSCE-backed anti-corruption drive launched

The secretariat of the Consultative Council for Concious Management (CCCM), with the technical assistance of the OSCE office in Bishkek and in conjunction with a working group comprised of state bodies, NGOs, media outlets, business structures and specialists from international organisations, has drawn up a project called the 'state strategy for fighting corruption in Kyrgyzstan' and an action plan to implement it. The documents outline ways of tackling the problem of corruption in accordance with modern methodologies and global practices, and offer specific anti-corruption measures.

BBC Monitoring Service, 3 May 2005

PALESTINIAN AUTHORITY

New illicit enrichment law

The Palestinian authority has recently adopted a new law on illicit enrichment that establishes a civic committee for combating corruption in the public sector. The committee is yet to be formed, awaiting the appointment of its head by the Palestinian president, Mahmoud Abas. Once formed, the committee's main responsibilities will be to gather and maintain financial declarations from public figures and to investigate all cases of corruption within the Palestinian public sector. TI's national contact in the country, AMAN, and other civil society groups had advocated for the law's adoption.

Transparency International, May 2005

PHILIPPINES

Businessmen more willing to fight corruption says survey

More company executives in the Philippines are willing to put their money into a campaign to fight corruption, saying rampant graft raised the cost of doing business by up to 15 per cent, an independent polling outfit said. The Social Weather Stations (SWS) carried out their survey in major metropolitan areas in the country from 21 January to 15 March and found businessmen are now willing to donate an average of 5 per cent of their net profits to a campaign to rid the country of corruption. SWS said in a statement: "Large proportions of Filipino managers are willing not only to donate funds, but also to monitor government projects and to join bids and awards committees of government agencies, personally and through senior staff, to be trained for anti-corruption work at their own expense." The polling outfit did not provide the size of the sample, saying only that two-thirds were small and medium enterprises and the balance were large firms.

Agence France Presse, 1 June 2005

ROMANIA

Anti-corruption top priority for new government

The president of Romania, Traian Basescu, has denounced corruption as a serious threat to national security. He has decided to make combatting corruption a top priority for his government in his term in office. His comments were made in light of the EU membership requirements which pressure Romania to eradicate their corruption problem in order to be admitted. Corruption is a serious problem in Romania and with 204 cases of corruption dealt with at the anti-corruption state attorney's office per year compared to 27 annual cases for their colleagues in Western Europe.

Deutsche Presse-Agentur, 19 April 2005
Transparency International, 21 March 2005

TI launches two online resources



TI has launched a new website in English and Spanish on anti-corruption conventions in the Americas including the Inter-american Convention against Corruption of the OAS, the United Nations Convention against Corruption and the OECD Anti-Bribery Convention. The new website details the content of the conventions, their monitoring mechanisms and the role that civil society in the Americas has played in the process. Regularly updated news articles related to the conventions can also be found.

For more information, see:

www.transparency.org/tilac/trabajo_en_red/convencion/english/index.html

For the Spanish version, see:

www.transparency.org/tilac/trabajo_en_red/convencion/index.html



TI launched the Transparency International Asia Pacific (TIAP) network and website dedicated to promoting anti-corruption in the Asia Pacific region. TIAP is a regional forum for sharing experiences, lessons learned and anti-corruption tools. It is also a strong and vital network that facilitates and implements concrete thematic anti-corruption cooperation on a number of priority issues in the region. The TIAP web space aims to be an indispensable regional resource for civil society, policy makers, academics and others in the fight against corruption.

For more information see:

www.transparency.org/apd

Inside TI

TI welcomes Barbara Ann Clay

The TI Secretariat welcomes Barbara Ann Clay, formerly director of communications at the European Bank for Reconstruction and Development (EBRD), as its new director of communications. "Barbara's diverse experience in international communications will help increase support for the fight against corruption," said David Nussbaum, TI's chief executive.

Barbara has had a rich and successful background in press and public affairs. She served as director of communications at the influential Ways and Means Committee in the US Congress from 2001-2002, and held the same position at the London-based EBRD from 1992-2000, serving under three EBRD presidents. As director of public affairs at the US Treasury Department from 1990-1992, she was the department's lead media spokesman on international economic issues and prior to that, head spokesman for the White House's Office of Management and Budget. She succeeds Jeff Lovitt, who has now become the first executive director of Policy Association for an Open Society (PASOS).

Global Programmes Director negotiates with Clinton

In April, Cobus de Swardt, Global Programmes Director of TI, met with former US President Bill Clinton in New York to discuss the importance of international co-ordination in the fight against corruption. Clinton praised TI for putting corruption on the political agenda worldwide, as well as for its role in bringing together major stakeholders to prevent corruption in the post-tsunami relief efforts. TI urged Clinton to use his role as special UN envoy for the post-tsunami situation to ensure that affected governments, NGOs, the private sector and international organisations work together in aid delivery and that reconstruction efforts are not tainted by corruption.

"The Web of Corruption" published in Arabic

First published in 2003, an Arabic version of Peter Eigen's account of the rise of Transparency International, "The Web of Corruption" was released in June by Syrian publisher Cadmus. Portions of the book will be available for download on the TI website and on arabicbook.com.



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Printing

Köllen Druck + Verlag GmbH

ISSN 1027-5886

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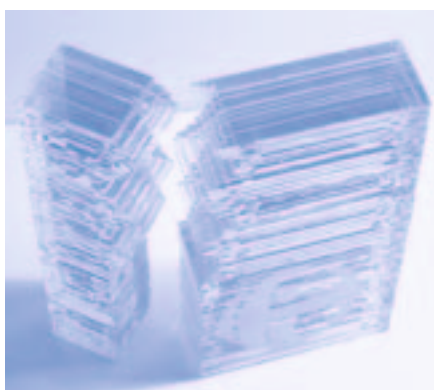
Please send comments and contributions to press@transparency.org.

TI Secretariat opens new Berlin offices



Chief Executive David Nussbaum, President Olusegun Obasanjo and Chairman Peter Eigen inaugurating TI Secretariat's new Berlin offices

The TI Secretariat inaugurated its new offices in Berlin in March. The occasion was marked with a reception attended by TI Chairman Peter Eigen, Chief Executive David Nussbaum and His Excellency Chief Olusegun Obasanjo, President of the Federal Republic of Nigeria and Chairman of the African Union. The new offices are a substantial improvement over the previous ones, with more modern facilities and greater cost effectiveness.



Integrity Award winners tell their stories

In collaboration with the German broadcaster DeutscheWelle, a 25-minute television documentary on corruption is now airing around the world. Featuring the TI Integrity Awards winners, "The Shadow of Corruption" recounts the threats and the successes these anti-corruption heroes have faced in their determination to stamp out corruption.

If you are interested in receiving a copy of the film, write to Sarah Tyler at styler@transparency.org or view it at: www.transparency.org/media_files/shadow_stream.html

Calendar

- November 2005, Berlin, Germany
International Annual Conference of Transparency International and TI Chair elections

The annual international conference of Transparency International will be held in Berlin on 12 and 13 November 2005. The Annual Membership Meeting will take place within this conference on 13 November. The meeting will elect the next Chairman of the TI Board, who will succeed Peter Eigen. The position of Vice-Chair and for four further seats on the TI Board will also be filled. The deadline for nominations for these elections is 13 August 2005. A number of other meetings on special topics will take place during the weekend. For more information, contact Stan Cutzach at the TI Secretariat: scutzach@transparency.org

- September 2005, Seoul, South Korea
APEC Anti-corruption and Transparency Symposium

Asia-Pacific Economic Co-operation (APEC) will hold a conference on 1-2 September on the enhancement of transparency in public-sector organisations. Key discussion points will be corruption in the public and private sectors, public-private partnerships for controlling corruption and the APEC co-operation for curbing corruption and heightening transparency. A task force meeting will be held 6-7 September in Gyeongju, South Korea. For more information see transparency.apec2005.org/into01.htm

TI publications

Tools For Civil Society Action to Reduce Forest Corruption

The forest sector badly needs functioning integrity systems. Corruption promotes illegal logging and trade which costs billions of dollars every year. This report prepared by Ken Rosenbaum of the Forest Integrity Network examines TI's approach to fighting corruption. The booklet includes a section on projects to help fight corruption in the field. For a copy of this publication, contact Carin Norberg at the TI Secretariat at cnorberg@transparency.org



Education Tool Kit in Spanish

The Special Edition Tool Kit: Teaching Integrity to Youth, is now available in Spanish. The publication presents a diverse collection of teaching experiences and solutions, drawn mainly from civil society organisations, all designed to strengthen young people's awareness of issues of accountability and good government. To order a copy, write to toolkit@transparency.org.

TI releases five National Integrity Systems country studies in South Asia on CD-ROM

Following a workshop in Karachi, Pakistan, in December 2004, on "Assessing National Integrity Systems in South Asia", the TI Secretariat has produced a CD-ROM aimed at regional and international anti-corruption policy makers. The CD contains a regional overview of national integrity systems in Bangladesh, India, Nepal, Pakistan and Sri Lanka, as well as key recommendations identified during the workshop. For a copy of the CD, write to: awilliams@transparency.org

