

INTERVIEW OF THE MONTH

Oscar Arias Sánchez, President of Costa Rica



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SPOTLIGHT STORY

An economists' view on the cost of corruption



Measuring corruption is a very difficult task – to arrive at a number for something that is most often hidden, almost always illegal and which is manifest across many areas of society. To get an expert view on the costs of corruption, Transparency Watch approached Sanjeev Gupta, Senior Advisor, Fiscal Affairs Department at the International Monetary Fund (IMF) to write a piece on the costs of corruption. >> read more

ANTI-CORRUPTION WORK AROUND THE WORLD



A look back on the hard work and achievements accomplished by Transparency International and its chapters in 2007. >> read more



Lúcio Vaz of the Correio Braziliense was awarded the TILAC/ IPYS Best Investigative Journalism Award for his investigation into the diversion of millions in state funds for the fraudulent purchase of ambulances in

Brazil. >> read more



TI's national chapter in Morocco launched its National Observatory on Corruption and Development in November with the aim of providing citizens with high quality information and promoting access to information. >> read more

CORRUPTION IN THE NEWS



Allegations surface that senior members of the Samsung Group were involved in creating slush funds, illegal book-keeping and bribing officials. >> read more



Latvian Prime Minister's decision to fire anti-corruption chief Alekšsjs Loskutovs sparked the largest protests in the country since the independence movement in 1991. >> read more



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NEWS FROM THE ANTI-CORRUPTION MOVEMENT

Reports from Transparency International's national chapters, members and Secretariat. Click here to read this month's highlights. >> read more

CORRUPTION IN QUOTES

"Money lubricates politics around the world, but with only a few monied individuals, Latvia is ripe for corruption." >> read more

INTERVIEW OF THE MONTH

Oscar Arias Sánchez, President of Costa Rica

By Roberto Perez Rocha

At the 12th International Anti-corruption conference (IACC) last year in Guatemala the presidents of Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama and the official representatives of Belize and Republica Dominicana, signed the Guatemala Declaration for a Zone Free of Corruption. One year later, Transparency Watch was able to catch up with President Oscar Arias Sánchez of Costa Rica to ask him about the fight against corruption in Central America and how this translates into tangible results for citizens.

Transparency Watch (TW): *How is the fight against corruption relevant to Central America today?*

Oscar Arias Sánchez (OAS): Corruption will be relevant as long as it exists, for it always has the power to weaken a government and erode people's faith in government. I am proud to say that our region has embraced democracy – but most of those democracies are fairly young, and many Central Americans carry fresh memories of authoritarianism and oppression. If democracy is to become a solid hallmark of all our countries, our citizens must have faith in the mechanisms, officials and political parties that make up our governments. Corruption makes that impossible.

Needless to say, all countries in our region, to varying degrees, are also struggling to drive down poverty rates. Because corruption reduces the efficiency of public institutions, it has a direct effect on state resources; and in an even more direct way, corruption targets the poor, who often have no choice but to make the illegal payments that are asked of them, in order to receive the services that are their right.

Central America cannot afford these losses of faith and of funds.

TW: *How can the commitment of the region's presidents [in the Guatemala Declaration] be transformed into more tangible results for citizens?*

OAS: Above all, this is a question of priorities. When a region is struggling with issues such as poverty, health care and education, measures to attack corruption may take a back seat. However, as I've mentioned, the problem of corruption worsens all other problems: it wastes funds, reduces efficiency, destroys faith in government and weakens democracy, making the measures of the Guatemala Declaration crucial and urgent.

The inverse is also true. Just as corruption affects all aspects of government, all aspects of government affect corruption, and a real solution must come from various sectors. For example, permanent change must begin at school. Many of our problems with corruption stem from the fact that too many people assume that certain levels of corruption are an unfortunate, but ultimately acceptable, part of the status quo. As long as this attitude persists, no other measures will be able to destroy corruption. We must provide a solid ethical education not only for our future leaders, but also for all our future citizens; after all, corrupt acts require two participants, one who initiates and one who tolerates. Our officials, teachers and parents must commit to beginning the change with our youngest citizens.

TW: *What are the principal challenges that Central American governments face in order to eradicate corruption by 2010?*

OAS: Eliminating unnecessary bureaucracy is equally important. As the Declaration states, we must strengthen the mechanisms for identifying and punishing corruption, but those tasks will remain difficult as long as slow, complex procedures and inefficient institutions exist. These are the breeding ground for unethical acts. Digital government is an ideal tool for improving access to services and information for the poorest members of society, and reducing their vulnerability.

An ounce of prevention is worth a pound of cure. In the case of the struggle against corruption, prevention means an attitude shift throughout society; education to foment and sustain such a shift; and more efficient, more accessible government institutions.

About Óscar Arias Sánchez

Óscar Arias Sánchez is the current [President of Costa Rica](#), a position he also held between 1986-1990. In 1987 he received the [Nobel Peace Prize](#) for his efforts towards the signing of the Esquipulas Peace Agreement to end the ongoing civil wars in several [Central American](#) countries. He is a recipient of the [Albert](#)

[Schweitzer Prize for Humanitarianism](#) and a trustee of the organisation [Economists for Peace and Security](#). In addition to traveling the world speaking about democracy, disarmament and free trade, Oscar Arias has actively participated in several international organisations. He has served on the Board of the InterAction Council, the International Negotiation Network of the Carter Center, the Peres Center for Peace, the International Crisis Group (ICG) and is a former member of Transparency International's Advisory Council.



SPOTLIGHT STORY

An economists' view on the cost of corruption

By Sanjeev Gupta



Measuring corruption is a very difficult task – to arrive at a number for something that is most often hidden, almost always illegal and which is manifest across many areas of society. Coming up with the “cost” of corruption isn’t just economic. When money is inappropriately spent, it is not being used for its intended purpose. Corruption means that money meant to serve the greater social good can instead end up lining pockets. To get an expert view on the costs of corruption, Transparency Watch approached Sanjeev Gupta, Senior Advisor, Fiscal Affairs Department at the International Monetary Fund (IMF) to write a piece on the costs of corruption. His take on this difficult task follows below.

Simply defined, corruption is the misuse of public office for personal gain. In general, opportunities for corruption arise when the government size is large and its operations lack transparency, there is a plethora of regulations, and the rule of law is weak and natural resources constitute a large share of the country’s output. Corruption affects a country’s economic and social performance in various ways and erodes the public’s confidence in its institutions and policies.

The most notable **impact of corruption is on a country’s growth and the resulting losses in per capita income**, although a number of scholars have argued that a certain amount of corruption can “grease the wheels” of the economy by circumventing bureaucratic regulations. Notwithstanding these effects, there is overwhelming evidence that, overall, corruption lowers a country’s growth. Corruption is one of many factors—not the sole factor—that influences economic growth. The impact of corruption on growth varies across countries and depends on a host of factors.

The adverse impact on growth is felt through two channels. First, corruption increases the cost of investment for entrepreneurs who need to devote their scarce time and resources to fulfilling government regulations and bribing officials. This cost can be high for small and medium-sized enterprises (see Transparency International’s [Business Principles for Small and Medium Enterprise](#)).

Second, corruption acts as a barrier to foreign investment and results in the flight of capital out of a country. The use of public funds to acquire assets abroad shrinks the economy’s savings pool that could otherwise be used for investment. This has repercussions for future generations, particularly in resource-based economies; these generations may not be able to maintain the present level of consumption because of insufficient investment by the current generation. Studies indicate that corruption does not influence aid flows to countries that rely on them, although some donor agencies are increasingly using corruption as an indicator to guide their aid allocations.

Corruption **affects the public finances of a country and reduces fiscal space** for funding high-priority programs. First, it creates incentives for officials to shift budgetary allocations toward less-productive investments or military spending as well as lowers the efficiency with which public resources are used. In general, there is less transparency in government operations in the defense sector because of the secrecy surrounding these outlays (see Transparency International UK’s [Defense Against Corruption Project](#)). As the scope for rent seeking is relatively less in the education sector, budgetary allocations for this sector are smaller than the optimum.

The medium to long-term consequences of distorted budget allocations are felt in terms of smaller investment in human capital and a lower growth in labor productivity. Similarly, budgetary allocations for books, medicines, and maintenance of roads and other infrastructure tend to be lower. As a result, productivity of past investments in infrastructure and the quality of public services suffers. Second, fiscal space is influenced by the ability of the government to raise revenues in an efficient and equitable manner. When officials collude with citizens to reduce their tax liability, the revenue take of the government drops.

Corruption also makes the tax system regressive, as the poor do not gain by under-reporting their incomes, while the rich do, by conniving with tax officials. Corruption reduces the incentive to mobilise domestic revenues when a country receives a significant amount of foreign aid.

The adverse impact of corruption is not confined to public finances. Corruption has **implications for social outcomes**, such as a country’s child and infant mortality rates and dropout rates in primary schools. This is because corruption increases the cost of health care and education when population

has to pay unofficial fees or illegal charges to obtain these services. As the poor tend to rely more on public services, higher user costs limit their access to government facilities. Corruption also reduces the volume of publicly provided services because of theft of medicines and books.

Studies indicate that a leakage of resources due to weak budget institutions and systems in many developing countries prevents resources from reaching the intended areas. In recent years, devolution of social spending to sub-national governments in these countries has increased, but the budget systems at lower levels of government are substantially weaker than at the federal level. Finally, corruption worsens the incidence of poverty and income distribution. This is because corruption lowers growth, biases tax systems, and results in poor targeting of social programs.

To sum up, reducing the incidence of corruption would require policymakers to act on many fronts, including reassessing the role of the government and regulations, enhancing transparency of government operations, and strengthening fiscal institutions and the rule of law. What the above analysis indicates is that it is an issue that they can little afford to ignore when working to make progress on the Millennium Development Goals and spreading the benefits of globalisation to their populations.

About Dr. Sanjeev Gupta

Dr. Sanjeev Gupta is Senior Advisor in the Fiscal Affairs Department of the International Monetary Fund (IMF). He was previously Assistant Director in the African Department and Chief in the Expenditure Policy Division of the Fiscal Affairs Department of the IMF. Prior to joining the IMF, he was a fellow of the Kiel Institute of World Economics, Germany; Senior Faculty in the Administrative Staff College of India; and Secretary of the Federation of Indian Chambers of Commerce and Industry, New Delhi. He has published extensively on macroeconomic and fiscal issues, particularly in developing countries and transition economies.

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:

- [Highlights from the movement in 2007](#)
- [Award for the best journalistic investigation on corruption in Latin America 2007](#)
- [TI Morocco opens a national observatory on corruption and development](#)

Highlights from the TI movement in 2007

By Mike Sidwell



Transparency International is coordinating a regional project to reduce corruption and 'resource leakages' in the primary education sector of seven African countries: Ghana, Madagascar, Morocco, Niger, Senegal, Sierra Leone and Uganda. TI national chapters or contract groups in these countries are engaged in an assessment process to identify the shortcomings and loopholes in the education financing systems that facilitate the development of corrupt practices and mismanagement.

As the year draws to an end it is a chance not just to look ahead and prepare for the challenges and work that 2008 will bring, but to look back and take stock of the hard work and achievements accomplished by Transparency International and its chapters during 2007.

Dedicated efforts have seen anti-corruption and transparency be firmly put on national political agendas across the world. Among many others examples, TI France publicly engaged the presidential candidates on the issues, while Accion Ciudadana, TI's national chapter in formation in Guatemala, and Poder Ciudadano, TI's chapter in Argentina, were closely involved in monitoring the elections and raising awareness among the electorate. In an unprecedented move, TI Germany lodged a complaint with the German government requesting action to be taken against 57 German companies over the UN Oil for Food scandal in Iraq for violating the OECD Guidelines for Multinationals.

Not only has TI successfully highlighted anti-corruption efforts around the world, but the work of TI and chapters have received much well deserved recognition. In February, TI introduced a new website, The Central American Anti-Corruption Resource Network - Red Centroamericana de Recursos Anticorrupción (RECREA), providing an in-depth view of anti-corruption efforts in Costa Rica, Honduras, Guatemala, Nicaragua and Panama. TI Venezuela won the Changemakers' "Ending Corruption: Honesty Instituted" competition for its long-running Municipios Transparentes (transparent municipalities) project.

Efforts to combat corruption have seen a large march against corruption organised by the chapter in the Dominican Republic (photo shown here), TI Sri Lanka introduce a telephone hotline service to report corruption, and TI Česká republika awarded responsibility for operating a trial hotline for the Czech Ministry of the Interior. Meanwhile, across in Africa, TI is coordinating, together with its chapters and contract groups, the 'Africa Education Watch' project aimed at reducing corruption and 'resource leakages' in the primary education sector in Ghana, Madagascar, Morocco, Niger, Senegal, Sierra Leone and Uganda.

Award for the best journalistic investigation on corruption in Latin America 2007

By Marta Erquicia



On 27 November, TI celebrated in Montevideo, Uruguay the award ceremony for the 2007 Best Journalistic Investigation carried out on a corruption case in Latin America. The award was given to Lúcio Vaz of the Correio Braziliense who revealed corruption involving the diversion of millions in state funds for the fraudulent purchase of ambulances - one of the greatest cases of parliamentary corruption in the history of Brazil.

The first prize was shared with a series of reportages carried out by 11 journalists of the Colombian magazine Semana concerning the gradual incursion of paramilitary groups in national politics.

The 2008 edition of the prize was launched 7 November 2007 by the organisers: the Press and Society Institute (IPYS) and Transparency International for Latin America and the Caribbean (TILAC). Through this prize, TI aspires to increase the quality of investigative journalism and to build a closer alliance with a key sector for the fight against corruption.

www.transparency.org/index.php/news_room/latest_news/press_releases/2007/2007_11_07_lima_berlin_eng

TI Morocco opens a national observatory on corruption and development

By Georg Neumann



In November, TI's national chapter in Morocco, l'Association marocaine de lutte contre la corruption Transparency Maroc, has launched its National Observatory on Corruption and Development. The Observatory aims at enforcing the right to information by providing citizens with high quality information. It additionally works to fight against corruption and to promote transparency and good governance in Morocco.

An information system will help with processing, synthesising and passing the information on to relevant groups. Initially, on an experimental basis, the Observatory will give judicial assistance to corruption victims, and plans to produce a guide offering guidance, procedures and relevant addresses to the victims of corruption.

The publication *Transparency News* has been created to highlight the issues that are dealt with by the Observatory and will be based on the collected information. Every edition will focus on one topic. The first edition is concentrating on the evaluation of this year's elections in Morocco, including a detailed analysis of the election process and the evaluation of the different parties.

The establishing of the institution follows Morocco's ratification of the UN Convention against Corruption and just when the government is preparing an Action Plan related to the creation of a national anti-corruption agency. The project is supported by the Dutch embassy in Morocco.

Corruption stories of note in the news this month:

- [Samsung: litmus test for corruption](#)
- [Protests in Latvia lead government to reverse its decision to fire anti-corruption chief](#)
- [Philippines: roadmap to borrowing](#)

Samsung: litmus test for corruption

By Mike Sidwell



Celebrations at Samsung Group – South Korea’s largest conglomerate – to mark 20 years under the leadership of its chairman Lee Kun-hee were put off after allegations surfaced that senior members of the group were involved in creating slush funds, illegal book-keeping and bribing officials. In what [Yonhap](#) describes as “an unusually swift move” prosecutors have barred “nine Samsung executives, including Mr Lee, from leaving the country”, pending completion of the investigation.

Samsung’s former chief attorney Kim Yong-chul has publicly accused Samsung of “improper accounting methods to create more than Won 7 trillion [US \$7.5 billion] in slush funds” and “regularly bribing prosecutors, judges, high-ranking government officials, journalists and scholars to deflect criticism over the group’s illicit stock deals to transfer ownership of the group from the chairman to his son”, writes the South Korean news agency [Yonhap](#). According to the [International Herald Tribune](#) (IHT) Mr Kim also alleges that a “family member of Samsung Group Chairman Lee Kun-hee used 60 billion Won [US \$65 million] of the money to buy expensive art work.” The [IHT](#) also reports Samsung as saying “that he [Kim] was turning against Samsung out of “personal grudges””.

The [Associated Press](#) quotes Chu Woo-Sik, Head of Investor Relations at Samsung Electronics, as dismissing the matter as, “nothing to worry about”. In a statement reported in the [Financial Times](#) (FT) the group asserts that, “There can’t be irregular accounting because Samsung group’s affiliates have conducted accounting in accordance with global standards.” However, Mr Kim (Samsung’s former chief attorney) claims that Samil PricewaterhouseCoopers, responsible for auditing the group, were bribed by Samsung to “cover up the book-keeping shenanigans” ([Yonhap](#)); an allegation the accountancy firm refutes as being “completely groundless” (FT).

The scandal has widened as others have stepped out to add support to Mr Kim’s allegations. The [FT](#) details how another whistleblower, Kang Bu-chan, who was a general manager at Samsung SDI’s United States unit, claims “that he had managed a Won 300bn [US \$326m] slush fund between 1992 and 1999.” While a former legal adviser to South Korean President Roh Moo-hyun, Lee Yong-chul, has released photographs he says supports his claims that Samsung tried to bribe him (FT).

On 23 November, the country’s national assembly passed legislation for an independent counsel to head the investigation into the corruption allegations, arguing that “state prosecutors could not be trusted because they were also accused of taking bribes from Samsung” ([The New York Times](#)). The special counsel is not expected to be operational until mid-December. According to [Bloomberg](#), following Mr Roh’s announcement “seventeen traded units of Samsung Group lost Won 4.85 trillion [US \$5.21 billion] in combined market value.”

On 30 November, South Korean prosecutors “raided Samsung Securities Co. [a financial arm of the Samsung Group] as part of their probe into allegations Samsung Group amassed slush funds to bribe government officials” ([Bloomberg](#)).

Na Seong Lin, an economist at Hanyang University in Seoul, notes that “Samsung is the spine of the economy. If it shakes, the economy shakes” ([IHT](#)), underlining just how important the case is for those that view it as “a litmus test of whether South Korea’s relatively youthful democracy and judicial system are ready to crack down on the white-collar crimes of family-owned conglomerates, called chaebol in Korean” ([Yonhap](#)).

Protests in Latvia lead government to reverse its decision to fire anti-corruption chief

By Nadja Kostka



Latvian Prime Minister Aigars Kalvitis's decision to fire Alekšs Loskutovs on 24 September sparked the largest protests in the country since the independence movement in 1991, reports the [BBC](#). The government, citing an auditor's report that found accounting irregularities in one of the departments of the anti-corruption bureau, voted to dismiss anti-corruption chief Aleksejs Loskutovs.



The [International Herald Tribune](#) (IHT) notes that it looked like an "attempt to muzzle the bearer of bad tidings" as Loskutovs was "due to report on campaign financing violations by the prime minister's coalition" during the 2006 parliamentary election campaign".

The sacking eventually led to a politically unstable situation, leading three ministers to quit their posts and Prime Minister Kalvitis to resign on 5 December, according to [Associated Press](#). Yielding to the public pressure, Kalvitis reversed his decision, so Loskutovs remains in his seat, but the government decided to reprimand him instead for faulty bookkeeping. Replacements for the ministers were appointed on 8 November.

In a statement made to the [IHT](#), Loskutovs suggests that Latvia's creation of an anti-corruption authority in 2002, "was not to fight corruption – it was to get into the EU and the NATO".

The public protests following news of his dismissal focussed not only on corruption in the "oligarchy" - a power structure dominated by wealthy men – Loskutovs says, but also on the general standard of living in Latvia. Latvia's annual inflation had reached 13.2 percent, a 10-year high for the Baltic state and the highest in the European Union, the [Associated Press](#) reports.

For more information, see TI Latvia's press release on this issue at:

www.transparency.org/news_room/latest_news/press_releases_nc/2007/2007_07_16_latvia_a_c_chief

Philippines: roadmap to borrowing

By Mike Sidwell



The Philippine's national road improvement and management programme, which is partly financed by the World Bank, is described by the bank's vice president Jim Adams as "the country's main tool for modernizing infrastructure" ([The Associated Press](#)). "The World Bank said 382 km (237 miles) of roads had been built or upgraded across the Philippines in the first phase of the project and 975 km of existing road had been resurfaced and maintained across the country," the World Bank said in a decision on a US \$232 million loan to build 1,450 kilometres (279 miles) of national arterial roads and bridges." On 19 November, the Philippine government promised to investigate and address the concerns raised by the World Bank, while also making a decision on the US \$232 million loan to build 1,450 kilometres (279 miles) of national arterial roads and bridges." ([AFP](#)), "The second phase of the project would have involved improvements on 450 kilometres (279 miles) of national arterial roads and bridges."

World Bank spokesman Peter Stephens explained that the postponement on making a decision for the second phase is because, "board members wanted to read a report into the first stage of the project by the World Bank's internal investigation unit, whose findings were published on the same day phase two went for approval to the board" ([Reuters](#)). On 19 November Mr Stephens told [The Associated Press](#) that "he expects the board to discuss the projects again in the next few weeks because it wants "to be sure that all safeguards and precautions are in place." Mr Stephens is quoted in [Reuters](#) highlighting the work the World Bank has already done with the government and civil society organisations to "put in place a number of pretty tough anti-corruption measures." [The Wall Street Journal](#) though writes that the bank's governing board blocked the loan, "because it felt bank staff hadn't fully handled corruption issues in reviewing the loan – and hadn't briefed Mr. Zoellick [the World Bank's new president] on the proposal."

According to [The Wall Street Journal](#) a bank official revealed that, "From 2003 to 2006 the World Bank rejected three successive rounds of bidding involving China State Construction because of "strong signs of collusion and excessive pricing." The three rounds of bidding were for two World Bank financed projects, the contracts for which were worth US \$33 million ([Voice of America](#)).

Ricardo Saludo, President Gloria Macapagal Arroyo's cabinet secretary, said "the government was committed to curbing corruption and was working with the World Bank to address the issues of transparency in all projects" ([The Associated Press](#)). Although finance secretary Margarito Teves said that the Philippines "could also look elsewhere for loans," according to [AFP](#).

Meanwhile, the [Financial Times](#) reports that "the Department of Public Works and Highways says it will not be able to start many of the projects on time if the World Bank fails to approve the loan this year".

Another issue apparently facing the World Bank is "whether to begin debarment proceedings against China State Construction and other firms accused of bid rigging, and recommend to their home countries that criminal charges be brought against them" ([The Wall Street Journal](#)).

NEWS FROM THE ANTI-CORRUPTION MOVEMENT

Resolutions from TI's Annual Membership Meeting

Transparency International's Annual Membership Meeting (AMM) 2007 gathered TI representatives from over seventy countries to discuss and pass resolutions on the UN Convention against Corruption (UNCAC) and the OECD Anti-bribery Convention, as well as further resolutions on Burma, Pakistan, and facilitation payments.

To strengthen the global legal framework, TI called for a greater commitment to monitoring UNCAC implementation by signatory countries and for more assistance to countries trying to recover assets stolen by corrupt leaders and held out of the country.

In relation to the OECD Anti-bribery Convention, TI demands a new commitment to fighting foreign bribery as the sense in the anti-corruption movement is that there has been backsliding on the commitment of the world's wealthiest countries to crack down on corrupt behaviour abroad by their companies.

For more information on AMM resolutions and outcomes, and to read about some of the side meetings on topics such as asset recovery and transparency in the oil and gas industry, please go to: www.transparency.org/news_room/in_focus/2007/amm_2007

Chair of TI Huguette Labelle honoured with Top 100 women award

Huguette Labelle, Chair of TI, was honoured with the Top 100 women award in the category Trailblazers and Trendsetters given by the Women's Executive Network, a Toronto-based networking and advocacy group. Canada's most respected national daily newspaper, the *Globe and Mail*, dedicated a long feature article with the title "The most powerful women in Canada". Her many accomplishments are outlined, including becoming the first female president of the Canadian Red Cross, as well as serving as the head of the Public Service Commission and as the longest serving president of the Canadian International Development Agency. Ms Labelle's advice to young professionals: "Just do your best at what you're doing today, and people will notice." To read the full article in the *Globe and Mail*, click [here](#).

Impact of corruption on HIV/AIDS prevention and treatment efforts in South Africa

On 1 December, TI's national chapter in Zimbabwe and the Institute for Security Studies in South Africa launched a report on the impact of corruption on HIV/Aids prevention and treatment efforts in South Africa. The study titled *A lethal cocktail. Exploring the impact of corruption on HIV/Aids prevention and treatment efforts in South Africa* attempts to comprehensively map out structures, organisations and processes dealing with the HIV/Aids pandemic. The findings of the report are the first real attempt worldwide to comprehensively map out (primarily government) structures, bodies and processes dealing with the pandemic through a corruption and accountability lens. As the country is experiencing massive increase in funding capacity, the realisation of positive results remains slow and uneven. The study shows that corruption and poor oversight are a potential threat to the lives of the poor and marginalised in South Africa's society when combined with the danger of HIV/Aids. The report can be downloaded at: www.issafrika.org/dynamic/administration/file_manager/file_links/ISSIAIDSREPORTDEC07.PDF?link_id=&slink_id=5217&link_type=13&slink_type=13&tmpl_id=3

Kazakhstan Advocacy and Legal Advice Centre project launched

In December, Transparency International and its chapter in Kazakhstan started the "Kazakhstan Advocacy and Legal Advice Centre" (K-ALAC) project. The project aims to establish and operate two centres in Almaty and Astana. ALACs are a concept developed by Transparency International to provide victims of corruption with practical assistance to pursue complaints and address their grievances. In addition to helping citizens to resolve their cases, the ALACs will also seek to promote administrative reforms, local economic development and social reforms in Kazakhstan. Kazakhstan still faces fundamental challenges on its path to stability and prosperity, not least of which is corruption. While more open towards civil society than other countries in Central Asia, there still remain problems for real engagement of the government with civil actors and the population. This project will help to overcome this need and constraint, both by demonstrating the constructive role civil society can play, as well as through the strengthening of the partner's capacity. The project is funded by the Delegation of the European Commission to the Republic of Kazakhstan, the Kyrgyz Republic and the Republic of

Tajikistan.

TI Latin America regional meeting

TI's national chapters in the Latin America and Caribbean (TILAC) and the regional department the TI secretariat in Berlin met over two days in November in Punta del Este, Uruguay to discuss priorities for the region. The meeting was a continuation of the process started last year to redefine the strategic priorities and approaches of TI's work at the regional level.

Some of the meetings highlights include the unanimous decision to prioritise the network's work in political corruption and in the promotion of the effective use of the international anti-corruption conventions. In both these areas the chapters in the region have a positive track record in advocacy and the development of tools. In addition, the link between poverty and corruption was added as a fundamental challenge to be addressed in the next five years. Regarding approaches, TILAC will channel efforts and resources to enhance knowledge management and will work on strengthening its member organisations.

Disputed privatisation documentation handed over to TI chapter in Bosnia and Herzegovina

On 28 November, privatisation documentation of the sale of oil refinery Brod, lubricants producer Modrica and fuel retailer Petrol to a Russian investor, and the joint venture between RITE Gacko thermo-power plant and Czech state power company CEZ were handed over to TI's national chapter in Bosnia and Herzegovina. This step by Bosnian Serb Prime Minister Milorad Dodik became necessary after public criticism by investors, activists, financial market analysts and media saying that the government had conducted the negotiations in secrecy, failed to provide timely and accurate accounts, and had agreed to terms that hurt the interests of small shareholders. TI's chapter has been campaigning for getting access to the documentation for over half a year. The prime minister also agreed that TI representatives should in future monitor privatisations of strategic companies, from the moment tenders are issued to the moment contracts are signed. It was a great success for the chapter.

'Transparency Month' in Paraguay

To celebrate the tenth anniversary of Transparencia Paraguay, TI's chapter in Paraguay, the organisation decided to carry out a campaign called 'Transparency Month' with several activities, linked mainly to the project surrounding transparency in the 2008 elections. One of the main goals of Transparency Month is to train young volunteers to help during next year's election process.

The project will work in both the party internal elections in December as well as the general elections in April next year. The festivities will come to an end with a meeting with national journalists on 10 December, UN Human Rights Day.

Transparency Week in El Salvador

From 3 – 7 December, the second annual Week for Transparency and Ethical Values will take place in El Salvador. Its main goal is to raise citizen awareness on the importance of having transparent public administration and access to information to improve the quality of democracy in the country.

Transparency Week is organised by the Foundation for Economic and Social Development in coordination with the National Foundation for Development and TI. During this week various experts will come together to debate topics such as state efficiency, transparency in the judicial system, access to information, accountability, and political finance among others.

This event is of particular relevance as the first year has passed by since President Saca signed, together with his Central American counterparts, a TI-sponsored agreement for a corruption free region in the framework of the Guatemala International Anti-corruption Conference (IACC).

Call for public disclosure in recruitment in Fiji

Transparency International's chapter in Fiji has called on the Fiji Broadcasting Corporation to make public the recruitment process of their new Chief Executive, Riyaz Saiyad Khaiyum. The selected candidate is the brother of the current Attorney General, Mr. Aiyaz Saiyad Khaiyum. To demonstrate that the appointment is merit-based, the chapter calls upon the Broadcasting Corporation to publicly disclose the appointment process as well as the qualifications and experience of other candidates and the names of those heading the interview panel. The chapter additionally used the opportunity to remind the interim government to focus on strengthening public confidence in how the government handles business.

Musicians in Niger create an anti-corruption music CD

A dozen musicians have recorded a CD- sampler called "You can stop corruption" together with TI's chapter in Niger to support national initiatives fighting corruption. The record collects a mixture of sounds and rhythms from Niger in ten tunes sung by artists from Niger in the national dialects Zarma, Hausa, Fulfulde, Tamajeq and French. Participating singer Boureima Disco explains, "[the songs are the] echo from every region of Niger". He further notes that through music, it is possible to win over the plague of corruption. Ms Aissata Fall, the president of TI Niger, underlines that the album is first of all directed to the younger people, but that it calls on all to give a good example of integrity and saying no

to corruption.

India Corruption Study 2007 published

Transparency International's national chapter in India is currently undertaking its household survey *India Corruption Study 2007*, which aims to understand the problem of petty corruption faced by below poverty line households and estimating the extent of corruption and the causes thereof particularly in rural India. It is the third study after 2002 and 2005; and includes results from 21,000 households from 450 villages all over the country. On the basis of the results, TI India will develop suggestions to reduce corruption in selected public services in the country. National seminars will follow-up the results with government representatives and parliamentarians, civil society organisations and anti-corruption experts. To see the results of the 2005 survey, please click here: www.tiindia.in/data/files/India%20Corruption%20Study%202005%20in%20PDF.pdf

Local reform index planned in Kuwait

Kuwait Transparency Society announced they will carry out a local reform index to gauge reform efforts and counter-corruption action at state bodies. The index is an initiative to clean up the public sector after the perception of the recent spread of corruption. It hopes to incite competition among state bodies to identify, admit to, and address their own problems and come clean before the public. A board of trustees gathering specialists and experts in administrative and financial affairs will guarantee a proper and sound mechanism for the index. The annual index involves criteria such as performance assessment mechanisms, transparency requirements, improvement of standards of service, and encouraging the state bodies, officials, and staff to engage in reform efforts. The index project also aims at increasing awareness for the need to counter administrative and financial corruption in the state sector and urge more care and commitment to principles such as preservation and best utilisation of state funds. The first report for 2007 will be presented at the transparency forum in mid-February 2008. For more information see:

www.transparency.org/news_room/latest_news/press_releases_nc/2007/2007_11_15_kuwait_index

New Zealand: Chapter gives evidence to Parliament on electoral finance and foreign affairs

In November, TI's national chapter in New Zealand (TI NZ) gave evidence on New Zealand's Pacific Policy to the Parliamentary Foreign Affairs and Defence Committee. The TI NZ submission to this committee emphasised two main points: first, the Treaty of Waitangi experience provides New Zealand with a comparative advantage in foreign affairs that should be emphasised in the Pacific; and second, the primary development challenge in the Pacific is the maintenance of the sense of connectedness between the public and state institutions. TI NZ believes that the TI approach, based on autonomous national chapters grounded in the local political culture is best-placed to address the governance challenges of the Pacific. The submissions is available on-line at www.transparencynz.org.nz

TI Germany comments on law on money laundering and the financing of terrorism

On 5 November, TI's national chapter in Germany has sent a public statement to the Ministry of the Interior asking for consideration of 11 notes concerning the draft law on the further development of combating money laundering and the financing of terrorism. The focus of the statement lies in including bribery in business transactions as part of the catalogue of relevant previous convictions related to money laundering. For more information, in German, please click here: www.transparency.de/index.php?RDCT=0b0fd3a0b303cf138fa9

Good governance in Latvia's Health Care System

Transparency International Latvia, the Chancery of the President of Latvia and the Ministry of Health of Latvia have come together in a public forum on good governance in Latvia's Health Care System on 7 November. The roundtable discussion counted on more than 40 participants, from hospital directors, medics, legislators, representatives of patient organisations, experts in the sector and civil society representatives.

With presentations by Health Minister Vinets Veldre and TI Latvia council chairman Roberts Putnis, the discussions focussed on issues such as how to make health care financing more effective, developing human resources in the sector, responsibilities of health care personnel, monitoring of the quality of services, the extent to which information must be transparent, and ways to involve private partners.

The 13th International Anti-Corruption Conference sets date and place

The 13th biennial International Anti-Corruption Conference (IACC) has been set for 30 October to 2 November 2008 and will be held in Athens, Greece. The IACC is the premier global forum for effective global and national anti-corruption advocacy and action. Government officials, civil society and business people meet to exchange experiences and ideas about the fight against corruption, assess existing strategies and develop new approaches. Transparency International, which serves as secretariat to the IACC Council, is working with its national chapter in the country, TI Greece, and with the conference's generous host, the Government of Greece, to prepare the conference. For further information please write to: iacc@transparency.org or info@13iacc.org

CORRUPTION IN QUOTES

"Money lubricates politics around the world, but with only a few monied individuals, Latvia is ripe for corruption."

Aleksejs Loskutovs on how a very small number of men field an entire political party.
International Herald Tribune; USA, 06 November 2007

"The spouses of government officials are also the targets of people offering bribes. Our fight against corruption will focus not only on officials but also on their spouses."

Li Qiang, a procurator of the Beijing Procuratorate, on the anti-corruption exhibition they organised in April where photos of corrupt officials' wives were shown alongside their convicted husbands.
China View; China; 05 December 2007.

"I vow before you this day that as president of this country, I will lead the fight against corruption. The fight against corruption is my fight".

Umaru Musa Yar'Adua, President of Nigeria.
All Africa; Nigeria; 24 November 2007

"We are unfazed by all this."

Chu Woo-sik, head of investor relations a Samsung Electronics, to a group of investors and analysts in reference to the on-going probe into corruption in the Samsung Group.
Associated Press; international; 27 November 2007

"Corruption is Tanzania's burning fire that is taking off. I am enjoying these songs because more people will know the badness of corruption and how they can stop it. To do that will take the will of everyone."

Rasibu Sibuy, a 48-year-old security guard standing watch at the outdoor anti-corruption concert this weekend, on singing against corruption.
Inter Press Service; South Africa; 09 December 2007

MASTHEAD

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