



Corruption continues to threaten global values

The clamp down on money-laundering worldwide that we have seen in recent months is to be welcomed for what it is. However, as a key means of impacting on terrorism it has its limits and it can add to the totality of human suffering.

Underground banking arrangements are being targeted. Arrangements which have existed for centuries are being threatened, which in today's world enable rural poor, far from a world of high street banks, to receive remittances from family members working abroad. These are the latest unwitting victims of the atrocities of 11 September.

Yet even the casual observer would see that adroit money-launderers are not phased by actions such as these. They will move to exploit other weak links in the global financial armour, of which there are legion, particularly when countries such as Italy are moving in the opposite direction by repealing laws designed to counter money-laundering practices.

Policy-makers would be better advised to heed the words of warning which emanated from Russia in late November, pointing out that some of their own officials were susceptible to being bribed to provide terrorists with access to biological weapons. In the United States, bribes facilitated access to licences for the transportation of hazardous goods. Indeed, Interpol officials are convinced that 11 September would not have become a day of infamy had it not been for corruption. As Vaclav Havel said in opening our international anti-conference in Prague last month: "Fighting corruption is fighting terrorism." It is also telling that the UK is criminalising the bribery of public officials abroad under the banner of anti-terrorism legislation.

At a time when all eyes are focused on Afghanistan, the international community should not forget the lessons of reconstruction efforts in other conflict zones, including Bosnia-Herzegovina, where corruption is one of the biggest problems facing the country today. The formation of a sustainable government in Afghanistan hinges not only on the containment of civil war in the coming year, but also on the establishment of, and adherence to, clear lines of accountability and financial transparency at both the national, local and international level.

Events are proving, yet again, that corruption cuts across all the issues that threaten global values - be they human rights, the environment or terrorism. As I write, concern is sweeping Europe about the trade in children, smuggled out of West Africa and abused by those living in Western Europe. Again, a trade only made possible because the necessary documentation is available from corrupt officials at a price.

Our campaign against corruption should be seen in this broader light. And as such it is one that should attract the active support of concerned citizens everywhere.

Peter Eigen, Chairman, Transparency International

Special Feature: The 10th IACC

More than 1,200 people from some 130 countries converged on Prague, Czech Republic for the 10th International Anti-Corruption Conference (IACC) on 7-11 October. The conference outcome was summarised by The Prague Agenda, adopted by acclamation by the delegates. The text can be read in full online at www.10iacc.org.

The first conference of its kind to be held in Central and Eastern Europe or the Commonwealth of Independent States, the 10th IACC mobilised a strong representation from the region. The conference was opened by Czech President Vaclav Havel, himself once imprisoned by a totalitarian administration for speaking out against abuse of power and human rights.

The conference took place against the background of the world's worst single act of terrorism. In a plenary address, Ronald

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Noble, Secretary General of Interpol, stressed the role played by corruption in facilitating terrorism and said that fighting terrorism, like corruption, requires the collaboration of civil society, government, prosecutors and police.

President Vicente Fox of Mexico reiterated his determination to curb corruption by reforming institutions with the support of civil society. Chief Bola Ige, Nigeria's Attorney General and Minister of Justice, said that the issue of repatriating looted funds to Africa has gained momentum in the past year, evidenced by the co-operation their government had seen with the UN, the EU, and the Swiss and British governments. "But we should push further," he urged. Peru's Justice Minister Fernando Olivera made an urgent appeal to the international community to push for the extradition of former Peruvian president Alberto Fujimori from Japan. "We have to win the war against impunity," said Olivera in Prague. This appeal was shared by the many investigating judges who were in Prague, including France's Eva Joly and Spain's Baltasar Garzon. Civil society leaders such as Jubilee Plus's Ann Pettifor were on hand to remind delegates of the crippling effect of corruption on countries' economies and the need for transparent international debtor-creditor transactions. Further follow-up will also be required on the challenge issued by Patrick Alley of Global Witness to corporations in the extractive industries to declare royalties and tax payments to countries.

Delegates in Prague met in morning plenaries and more than 70 workshops on

everything from regional approaches to fighting corruption to money laundering, investigative journalism, public procurement, aid, the arms trade, national integrity systems. The conference triggered initiatives which delegates will continue in many areas including e-governance, corruption in sport, corruption in health and education, SMEs, corruption and gender, and the role of business schools. Conference papers are gradually being placed on the conference website at www.10iacc.org.

In addition, the Prague programme included a number of Creative Workshops and a Students' Forum, both new to the IACC. A series of cultural events inspired by the theme of corruption ran simultaneously to the conference. This included an international film festival, "Film for Transparency", and "Art against Corruption", a large exhibition of international visual art, video, literature, photography, and live theatre performance organised in downtown Prague. These were enjoyed not only by conference-goers but also by the general public.

Many thanks are due to the hosts of the 10th IACC – the government of the Czech Republic and Transparency International Czech Republic. The next IACC will take place in Seoul, Korea in 2003.

TI organises first ever anti-corruption film festival

From the story of a high-level executive who blew the whistle on a US tobacco giant and the struggle against graft by citizens in rural India, the theme of corruption has inspired film directors around the globe. On the occasion of the 10th IACC, TI held the first anti-corruption film festival, "Film for Transparency", in Prague on 6-8 October. Tickets for the films were sold out, and the festival received extensive media coverage. The festival featured a non-competitive retrospective section and a competitive section consisting of awards for best student films and documentaries. The winning films were: Best Documentary - *Right to Information* (India, 1999), directed by Anurag Singh; Best Student Film- *ID Citizen* (Venezuela, 1999) directed by Diego Velasco; Runner-up Student Film - *Home Sweet Home* (South Africa, 2000), directed by Norman Maake. For an overview of the programme please see:

www.transparency.org/activities/film/film_iacc.html

Eva Joly and Brazilian coalition win TI Integrity Award 2001

The TI Integrity Award 2001 were won by investigating magistrate Eva Joly of France, and by the Public Prosecutor's Office and the people of the city of Londrina in Brazil. The awards were presented at the opening ceremony of the 10th IACC, which was hosted by Czech President Vaclav Havel in Prague Castle on 7 October. Eva Joly, a Norwegian by birth, has been subjected to death threats in the course of her work, including during her seven-year probe into Elf Aquitaine, which included investigation of top politicians. In southern Brazil, public prosecutors in the city of Londrina, Bruno Galatti, Cláudio Esteves and Solange Vicentin investigated mayor Antonio Belinati until, with the mobilisation of exceptional public support, the mayor was impeached on charges of corruption. The prosecutors' investigations uncovered irregularities affecting more than 200 procurement procedures, including contracts with non-existent firms. More information about the winners is available at www.transparency.org/documents/press-releases/2001/04.10.2001.i_awards.html

The TI Awards Committee also honoured posthumously four individuals who lost their lives fighting corruption: Carlos Alberto Cardoso, an investigative journalist in Mozambique; Luis Carlos Galán Sarmiento, a Colombian politician and anti-corruption advocate; Georgy Gongadze, an outspoken Ukrainian journalist and government critic; and Norbert Zongo, an investigative journalist from Burkina Faso.



Bruno Galatti and TI Vice-Chairman Tunku Abdul Aziz



Eva Joly and TI Vice-Chairman Frank Vogl



From left to right: TI's Peter Eigen, Seoul Mayor Goh Kun, Prague Mayor Jan Kasl



Part of the "Art against corruption" exhibition which accompanied the 10th IACC

Lessons learned from amnesties for human rights crimes

by Mark Freeman



An amnesty is an act or grant of immunity given by the state to a designated class of persons for certain types of offences committed in the past. An amnesty is different from a pardon: amnesties

apply pre-judgment to shield persons from the process and consequences of legal judgment; pardons occur post-judgment.

Amnesties for human rights crimes and other serious crimes are problematic for many reasons. They can violate a victim's right to redress, subvert the rule of law, undermine specific and general deterrence, and promote public cynicism and disillusionment. At the same time, amnesties are a reality in the world, and often avoidable only at great political and human cost. For example, amnesties are frequently invoked by violent rebel movements as a precondition for disarmament and demobilisation, and by authoritarian or corrupt regimes as a precondition for a peaceful democratic transition. Where circumstances of this nature are present, it is essential to ensure, first, that the possibility of amnesty is considered only after having canvassed less extreme alternatives, and second, that it extends only so far as is strictly necessary in the circumstances.

Knowledge of past amnesties for human rights crimes can be extremely useful in this regard. In analysing such amnesties, one discovers that an amnesty can be varied as to:

- Its express legal consequences (i.e., whether it will provide for immunity from prosecution; from civil liability; and/or from other legal sanctions);
- The procedures and conditionalities involved (i.e., whether it will involve a democratic or victim approval element, a special commission to supervise the process, and/or a time-limited window for application; and whether it will be conditional on acknowledgment of responsibility, appearance at a public hearing, full disclosure of wrongdoing, and/or future compliance with the law);
- The persons to be included as well as excluded (i.e., whether it will apply to individuals or to classes of people; to public officials only or to private citizens as well; etc.)

- The geographical scope of application (i.e., whether it will apply to crimes committed both inside and outside the country);
- The time period that is covered (i.e., whether it will cover a broad or short span of time); and
- The crimes that are expressly included or excluded (i.e., whether it will cover human rights violations; violations of the laws of war; political crimes; common crimes; sexual crimes; property crimes; fraud).

Regarding the last variable, it is relevant to note that several amnesties for human rights crimes have distinguished between crimes committed with political motives and those committed with economic motives. In El Salvador, certain crimes carried out with a view to profit are excluded from a 1993 amnesty. A 1986 Uruguayan amnesty also does not apply to crimes committed for personal economic gain or to benefit a third party. In South Africa, acts committed for personal profit or out of ill will or spite were explicitly excluded from consideration for amnesty.

These examples suggest that amnesty may be more readily applied to acts of extreme terror and brutality than to acts of corruption. I think that there is an explanation for this – however it is one that I find troubling and unpalatable.

First, certain human rights violations can be rhetorically defended on the basis that they were necessary as part of a war or in pursuit of a greater cause. There is no similar justification available, however, when it comes to acts of corruption, which are only carried out for purposes of personal enrichment.

Second, with crimes of corruption, the public may collectively feel that they are the victims of theft. In contrast, human rights violations generally lack this sense of collective victimisation because in most cases the violations have not affected the majority of the public. If these assertions are true, this may partly explain why amnesties for high-level corruption are so rare. It may also imply that anti-corruption advocates will in many cases be in a relatively strong public position to block amnesties for corruption.

In brief, I believe that it is extremely important for anti-corruption advocates and negotiators to be familiar with the structure

and variety of amnesties, particularly amnesties for human rights crimes. This knowledge will place them in a much better position to oppose or overturn unprincipled amnesties, or alternatively, to limit or curtail the scope and content of any amnesties that have been invoked as a last resort in the course of a political negotiation.

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He has published numerous articles on human rights and legal issues, including most recently: "Doing Well By Doing Good: Linking Human Rights With Corporate Self-Interest" (2001), 6 *International Business Law Journal* 741; "Transitional Justice: Fundamental Goals and Unavoidable Complications" (2001), 28 *Manitoba Law Journal* 113.

Amnesties for economic crimes: Some recent examples

Hong Kong

The Hong Kong Independent Commission against Corruption (ICAC), acknowledged as one of the world's most successful anti-corruption bodies, tried to restrict its mandate to tackling offences committed after 1 January 1977. This led to rioting in the streets of Hong Kong. The amnesty legislation was *de facto* removed by giving power to investigate serious earlier crimes and therefore applies to petty corruption only.

Kazakhstan

A "capital amnesty" scheme allowed Kazakh citizens holding large foreign currency accounts abroad a one-month period (until 14 July 2001) to safely return their money to Kazakhstan, with no threat of fines, taxes or inquiries. The move recovered millions of dollars to the country's depleted coffers. Critics expressed concern over the country's decision to simultaneously destroy all tax records from 1995 to 2000.

Kenya

A provision for an amnesty for all economic crimes before 1997 was one of the issues which led to the failure of the Anti-Corruption Bill in parliament this year. Supporters of an amnesty argue that it would help ensure a smooth transition of power by reassuring politicians that they will be safe from any possible prosecutions when President Daniel arap Moi, who is due to step down at elections next year, retires. Opponents argue that it is wrong to leave corruption unpunished.

The Prague Agenda

(Excerpt)

The full text of the Agenda can be read online at: www.10iacc.org.

WE, some 1,300 people from 143 countries, drawn from governments, civil society and the private sector, assembled in our individual capacities in Prague, capital of the Czech Republic, from 7 – 11 October 2001 for the 10th International Anti-Corruption Conference. The theme was “Together Against Corruption: Designing Strategies, Assessing Impact, Reforming Corrupt Institutions”.

Our proceedings were honoured by being opened by President Vaclav Havel, himself once imprisoned by a totalitarian administration for speaking out against abuse of power and human rights.

We met against the background of the worst single act of terrorism the world has ever known, one which cost the lives of thousands of ordinary men and women from more than 80 different countries. In expressing solidarity with the victims of all such abuse, we welcome the actions being taken around the world to strengthen institutions and practices to contain the continuing menace those who would perpetrate such acts present to citizens everywhere.

The Secretary-General of Interpol stressed the role played by corruption in facilitating these crimes against humanity. He pointed out that none can afford to separate the fight against corruption from the fight against terrorism. Mutual legal assistance arrangements have to be strengthened, financial regimes improved and new laws passed, but none will have the effects intended if customs, police and security officials are corrupt. The best security structures are rendered impotent if undermined from within by corruption. We are also conscious of the need to fight the endemic corruption that is blighting the lives of many millions of people around the world, creating feelings of helplessness and despair and an environment that can provide a ready recruiting ground for those who seek allies in their murderous causes.

President Havel reminded us, in the context of the first occasion of our Conference taking place in Central or Eastern Europe, that there is a direct link between corruption and human rights abuse, with the corrupt suppression by all means of those who peacefully criticise those in power. The Prime Minister of the Czech Republic also observed that the main tool of the economic Mafia in its battle with political

establishments is not murder but corruption.

Ours is a powerful coalition which has grown increasingly in size and strength over the course of past conferences. We are committed to building global standards of transparency and accountability not only for governments but also for the private sector, civil society and international institutions alike. We do this in the belief that we are contributing to improving the welfare of people throughout the world, particularly the poor, and see these standards as fundamental to achieving acceptable levels of social justice buttressed by the Rule of Law. We must encourage others to embrace transparency and accountability, but we ourselves must ensure that our own practices also meet these standards.



In the process of forging these standards, the role of developed countries is of central importance. Not only do they have a legal and moral obligation effectively to enforce the OECD Convention Against the Bribery of Foreign Public Officials, but they have also to be aware that many other countries look to them for examples of good practice in building modern government.

When developed countries grant impunity to their political leaders; when they fail to enforce laws against their political and business elites; when they obstruct investigations; when they act to weaken laws designed to counter money-laundering and international mutual legal assistance; and when they prevaricate in providing assistance for the return of assets looted by leaders of developing countries back to the countries where these assets rightly belong, such developed countries serve actively to

undermine our undertaking. All developed countries have a duty to help the oppressed throughout the world, and to condemn – not grant succour to – the oppressors.

However, developing countries and countries in transition, with their more fragile infrastructures, face great challenges, and reforms in the developed world will serve little purpose in advancing social justice world-wide if developing countries and countries in transition, too, do not play a full and active part.

Transparent and accountable practices must be developed right across their institutions, including the private sector; ethics, both in and out of government, promoted; the voting records of individual legislators made public; clear and unambiguous conflict of interest provisions enforced; sound and timely accounting practices generated for government and private sector alike, consistent with international accounting and auditing standards; a free media encouraged; strong and effective regulatory mechanisms, including the financial sector, put in place; reliable records management systems established; score-cards for public procurement developed; and above all, the forging of independent and able judiciaries committed to upholding the Rule of Law.

These are just some of the features of individual national integrity systems that must be established and sustained if corruption is to be constrained. This is no easy task, but it is one with which we are all ready to assist – development agencies, IFIs, international institutions, the private sector and civil society alike. We were particularly encouraged to hear the recently-elected President of Mexico express his determination to adopt this approach, and to do so with the support of civil society. Effective regional arrangements are also essential, such as the recently-concluded SADEC Anti-Corruption Protocol for Southern Africa.

Our own experience confirms that the establishment of coalitions of interests such as our own at the national level is one of the most effective steps a society can take in its efforts to curb corruption.

It is incumbent on all to play a full and committed role in our struggle. In this a heavy burden rests with the professions – legal, accounting, financial and engineering – who have for so long played a sinister part in actively facilitating corruption and who now have an opportunity to make a positive contribution to our efforts. With the criminalising of much international bribery under the OECD Convention, these professions must realise the risks they will run if their habits do not change. Repeatedly, the point was made that civil society in various parts of the world is starting to offer

a secular framework for institutional change.

A further remarkable demonstration of the potential we have in working together was the offer made by Interpol (which has no authority over its member police forces) to share with civil society their materials for building ethical police forces to empower civil society organisations to take appropriate follow-up action in their own countries.

Some of the issues mentioned can be addressed through the proposed United Nations Convention Against Corruption. We look forward to the early conclusion of this new international instrument. However, we are concerned that the drafting process should not be used as a pretext by those who wish to delay urgently needed reforms. We also believe that any such Convention must have a strong and effective monitoring system if it is to have the impact that is needed. We look to the Convention to enshrine a prohibition against the affording of safe havens to corrupt officials who flee their countries, such as the one contained in the Inter-American Convention.

In this context we heard a strong call for the immediate return from Japan of the disgraced former president of Peru, Alberto Fujimori, to the country he governed for ten years and to whose people he should account for his stewardship. Similar demands were made for the return from Britain of the funds looted by the late Sani Abacha while military head of state in Nigeria, as called for by African civil society in their Nyanga Declaration.

International systems must ensure that these shameful events are not repeated. Arrangements for mutual legal assistance are clearly in urgent need of attention, and we will play our part in the efforts now under way to reform these as an element of the global initiative against terrorism.

We have worked for two years with eleven leading international banks from Europe and North America to improve "Know Your Customer" principles as a method to reduce money-laundering, among others by corrupt politicians and their business associates. We strongly support the resulting "Wolfsberg Principles", which continue to be refined and made more specific. We would like to see these Principles adopted by all leading banks and extended across the full range of the financial services industry. We strongly support current initiatives to make anti-money-laundering rules more effective, and to increase cross-border cooperation between bank supervisors and law enforcement officials.

We have noted with appreciation the new determination of the Swiss authorities, in

marked contrast to the past, to provide more effective international assistance, a process we expect to continue and broaden. We also noted the recent moves to introduce greater transparency into transactions financed by the World Bank, and look both to other international financial institutions to follow this lead and to the World Bank itself to pursue further an agenda of increased transparency.

The structural injustices that developing countries and countries in transition face also featured prominently in our discussions. These are also reflected in relationships with international financing institutions. In many heavily-indebted countries debt is negotiated in secret, a situation which we deplore, and in some there are no public records of debt at all.

The incurring of debt, we noted, is neutral. It can be an engine of development when used prudently and transparently. Debt can, however, be misused as a means of plundering a country, with catastrophic consequences for a country's people. Accordingly, we repeat our statement at Durban, namely that we support unreservedly debt relief in circumstances which ensure that the benefits flow to the poor.

We acclaim the initiative of JubileePlus in proposing that in future there should be an open and transparent judicial inquiry into the circumstances in which unpayable debt has been incurred to determine who should bear the liability for bad lending decisions. Such a mechanism would unquestionably introduce stronger elements of discipline, transparency and accountability into the international architecture.

Where debt is incurred by corrupt and repressive elites to enrich themselves, there is no reason why its burden should solely fall on their repressed people. Again, we look to international financial institutions and to the governments of industrialised countries to use their positions to require that borrower governments publish full details both of the loans they receive and of the purposes for which they are provided.

Likewise, we agreed to explore a suggestion by Global Witness that the U.S. Securities and Exchange Commission (SEC) and leading stock exchanges should make it mandatory for corporations in the extractive industries to declare the royalties and tax payments they make to individual countries.

Successful innovations range from the dramatic improvements for the children of Uganda that increased transparency in the funding of their schools has brought about, to the potential savings realised by transparent e-procurement now practised in

countries such as Chile, Korea and Mexico.

Class (i.e. community) court actions are being brought in increasing numbers, successfully challenging abusive government decisions; ethics programmes are being introduced in a professional and targeted manner; methods are being developed to identify successfully over-priced contracts before they can be signed by governments; and in some countries political parties are starting to cooperate with civil society to contain corruption in political party financing.

The issue of "conflict diamonds" is being addressed in practical ways; Transparency International is developing business integrity principles with actors from the private sector; a number of individual corporations are providing a strong lead on practising transparency and accountability in the societies where they operate; and techniques are being developed to assess and to monitor the progress being made to reform and refurbish national integrity systems. The International Olympic Movement has expressed a wish to work with us in the development of its own needed reforms.

We have also begun to address the special challenges presented by post-conflict situations, and the need to secure ways in which emergency assistance can be rendered more effective by being shielded from corruption.

All are the products of consultation and cooperation between major elements of our coalition – governments, the private sector and civil society.

For the future we identified initiatives, too numerous to list in a declaration. Appropriate groups from within our coalition will carry these forward and progress appraised when next we meet. Details will be posted on our web site. They cover governments, the private sector and civil society, and include preventive and awareness-raising measures no less than steps to achieve both enforcement and institutional strengthening.

We noted that the element of gender is of particular importance. Not only does corruption bear disproportionately on women, but they have a major role to play. We were delighted to welcome for the first time a number of youth groups to our discussions, and were similarly pleased that religious organisations are also joining in the coalition.

We look forward to meeting in the City of Seoul in two years' time, there to ensure that our deeds will have matched our words.

Prague, 11 October 2001

International Organisations

ADB/OECD

Anti-Corruption Action Plan endorsed by 17 countries

The joint Anti-Corruption Action Plan for Asia-Pacific - which focuses on identifying national priorities for action by governments - was endorsed at the end of the 3rd Annual Conference of the ADB/OECD Anti-Corruption Initiative for Asia-Pacific on 30 November in Japan. The conference was attended by TI chapters from the region, TI Vice-Chairman and head of TI-Malaysia Tunku Abdul Aziz, TI Board Members Peter Rooke and Devendra Raj Panday, and representatives of the TI-Secretariat. TI welcomed the plan as an important first step but stressed that implementation would be the key to its success. With its national chapters in the Asia-Pacific, TI will support and monitor this implementation. Under the plan, governments will choose two or three priorities from a comprehensive list of anti-corruption proposals to meet their particular needs. TI recommends that actions be taken by countries to reduce the supply side of corruption, including bribery by their companies abroad. In addition to countries determining their own national strategies, TI also recommends identifying priorities for collective action at a regional level. These might include developing guidelines for access to information, providing mutual assistance in investigation and anti-corruption enforcement, and co-operating on the seizure and recovery of the proceeds of corruption across national borders.

For more information please see: www.transparency.org/documents/index.html#press-releases

The Action Plan is available at: <http://www1.oecd.org/daf/ASIAcom/ActionPlan.htm>.

European Union

Corruption still hampering accession, say EU and TI

The latest report by the European Commission finds corruption to be a persistent problem for the accession countries of Central and Eastern Europe. The European Union's Strategy Paper 2001, "Making a Success of Enlargement", incorporates the input of nine national chapters of TI. This input was highly commended by the EU. This year's report on the progress made by the 13 EU candidate

countries bidding to join the Union records significant progress by all countries (except Turkey) towards implementing the *acquis communautaire*. However, the report stresses the necessity to strengthen mechanisms that root out corruption and calls on the candidate countries to accelerate the reform of the judiciary. Since the candidate countries feature substantially higher perceived levels of corruption than in the current 15 EU member states (with the exception of Italy and Greece), the expansion anticipated in 2004/5 will push the issue of fighting corruption closer to the heart of the EU's agenda. According to the paper released on 13 November, "corruption, fraud and economic crime remain widespread in many candidate countries, where they contribute to a lack of confidence by citizens and discredit reforms. Continued, vigorous measures are required to tackle this problem."

The EU's latest progress reports are at: <http://www.europa.eu.int/comm/enlargement/report2001/index.htm#success>

UNPAN launched

The Global Online Network on Public Administration and Finance (UNPAN) has just been launched to the general public at www.unpan.org.

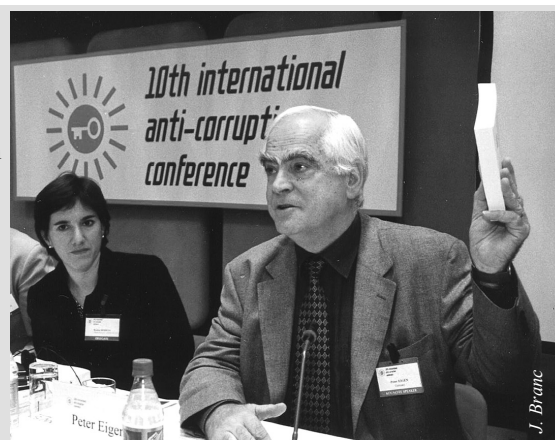
TI launches first Global Corruption Report

The first edition of TI's Global Corruption Report was published on 15 October. Audiences at the 10th IACC in Prague got a first look at the report which was subsequently launched at press events in the UK, Argentina, Indonesia, Latvia, Switzerland, the USA and elsewhere. The report tackles uncomfortable issues, from the Elf Aquitaine affair and corruption in conflict zones to the fall of corrupt leaders. In addition to regional reports, the GCR 2001 focuses on global issues including corruption in party financing, transparency in the international diamond trade, and an update on implementation of the OECD Anti-Bribery Convention. With the current spotlight focused on tracking terrorist financing, the GCR's chapter on money laundering attracted particular media interest. The entire contents of the book, plus ordering details, press coverage and information about next year's report are available at www.globalcorruptionreport.org. The GCR 2002 is due to be published in autumn of next year. It will include regional reports and a special focus on the theme of access to information.

OAS

Monitoring the OAS Convention

Since the adoption of the Follow-up Mechanism to the Organisation for American States (OAS) Convention against Corruption in June, TI together with the OAS, OECD and UNDP has organised two events in order to prepare the basis for a regional civil society strategy for participating in the monitoring: An e-group discussion among participants from Latin America and a subsequent workshop at the 10th IACC in Prague in October. The most important results of the workshop were: the call for the creation of a hemispheric monitoring network; the articulation of a common belief that civil society and private sector organisations play a crucial role in effective convention monitoring; the understanding that participating organisations need to develop high-quality technical skills and capacities; and the commitment of the proposed regional network to influence the OAS and member states to comply with their commitments. A first list of recommendations to the OAS, international organisations and civil society resulted from the e-discussion group and the IACC workshop. The documents can be obtained by writing to tilac@entelchile.net.



Robin Hodess and Peter Eigen introduce the GCR 2001 to journalists in Prague

"The TI report is the first attempt by any organisation to map the global fight against corruption...a travel-guide to the jungle of various standards and practices in different world regions..."

The Guardian (UK), 16 October 2001

"New global report showers hope on (the) fight against corruption"

The Nation (Kenya), 16 October 2001

"(I)t contains much of a very disturbing nature."

Letter to the Editor in The Irish Times, 10 November 2001

Recent Reforms

A global sample of initiatives to increase transparency and accountability

Canada

EDC moves to strengthen corporate social responsibility

The Export Development Corporation – a Crown corporation providing services to Canadian exporters and investors – has established an advisory council on best practices in corporate social responsibility. The new council will meet semi-annually and summaries of its discussions will be made public. It is comprised of seven highly respected leaders from the business, academic and civil society communities, including the chairman of Transparency International Canada. The establishment of the advisory council is the latest in a series of initiatives that EDC has taken to strengthen its corporate social responsibility. Other recent measures include introduction of a new disclosure policy, launch of public consultations to strengthen its Environmental Review Framework, recruitment of a senior corporate social responsibility officer, and information sessions for stakeholders.

Canada Newswire, 24 October 2001

China

Intitutional reforms envisaged

Two of the highest-ranking officials in Shenyang, the provincial capital of Northeast China's Liaoning Province, the former mayor and deputy mayor, were handed death sentences on 10 October after being convicted of corruption. Eight other senior officials in the same city were also implicated in this case, including the president and former vice-presidents of the Shenyang Intermediate Court and the former prosecutor-general, who were convicted of taking massive bribes. Meanwhile, Liu Liying, senior commissioner of the Chinese Ministry of Supervision, told the 10th IACC in Prague that as China focuses on cracking down on corruption, it should also try to prevent corruption by making institutional changes and reforming old systems and rules. She stressed three major tasks of the drive, namely, educating officials in self-discipline, investigating major cases and correcting malpractice in various departments and sectors. On 7 October the Central Committee of the Communist Party of China in an annual meeting called for a more comprehensive approach in combating corruption.

People's Daily, 11 October 2001

Germany

Company blacklist in the works

Germany's Interior Minister has called for a centralised corruption register to curb bribery in the allocation of public contracts. The nation-wide list would register all companies that have been caught using irregular measures of competition. In 2000 the Federal Criminal Investigation Office registered 5344 cases of corruption which meant an increase of 75% over the figure from the previous year.

Süddeutsche Zeitung, 5 November 2001; Frankfurter Rundschau, 11 September 2001

India

Corruption index planned

The Central Vigilance Commission (CVC) has called on NGOs to devise an index rating the scale of corruption in government departments. The Indian National Academy of Administration will assist with the methodology of an index based on Transparency International's Corruption Perceptions Index. The CVC will provide the data to NGOs who under the aegis of TI, will calculate the index. The index should be released by next July. TI had earlier been called on by the Indian Ministry of Defence to help it combat corruption in arms deals and recommend measures to improve its military procurement system.

The Times of India, 6 October 2001, The Tribune India, 5 November 2001, Jane's Defence Weekly, 3 October 2001.

India

Curbing huftha in New Delhi

The prime minister has intervened on the issue of huftha, a word used throughout urban India to refer to a weekly illegal tax extorted by low-level municipal and police functionaries from small players in the market economy. The prime minister has pointed to "rent-seeking" at the rate of 50 crore rupees (US\$ 10 million) a month from the city's 500,000 street hawkers and vendors. In an effort to curb huftha, he has instructed that all licensing be dispensed with, and further, that the powers of the petty officialdom to seize goods be taken away. He has recommended that the city be divided into three zones: red, amber and green. The red zones will be hawker-free; the amber zones will allow unlimited numbers of hawkers on the payment of a small fee; and in the green zones, free hawking will be allowed.

Economic Times (India), 24 September 2001

Indonesia

Delay in the review of anti-corruption law

The Indonesian House of Representatives is expected to pass an anti-corruption bill shortly. The amendment to Corruption Law No. 31 that was issued in 1999 will, *inter alia*, shift the burden of proof so that suspects held on corruption charges will be presumed guilty until they prove otherwise. The bill will also allow civil courts to reopen closed corruption cases in criminal courts if new evidence is found. So far the draft bill, which is expected to provide legal authorities with tremendous powers, has not been deliberated. It was submitted to the House of Representatives in June.

Asia Times, 30 October 2001; The Jakarta Post, 7 November 2001

Indonesia

Training for audit commission

The Public Servants' Wealth Audit Commission (KPKPN) will soon collaborate with the Attorney General's Office (AGO) and the National Police for the provision of training on conducting investigations. The Chairman of the audit commission said that based on the collaborative venture, commission officers would receive training on how to question suspects and prepare the dossiers required for further investigation of corrupt civil servants suspected of corruption. This collaboration is expected to help speed up the investigation process, he said.

The Jakarta Post, 19 September 2001

Ivory Coast

Justice minister vows to fight corruption

Justice Minister Oulai Siéné presided over a seminar in early November dedicated to curbing corruption within the public sector. The meeting brought together representatives of the judiciary and other public departments. Participants made a wide range of recommendations including: The creation of an independent Anti-Corruption Agency; the launching of a national anti-corruption campaign; the enhancing of existing public structures such as the Auditor General; accountability for all members of the government as well as the elaboration of a code of conduct for public servants. As preventive measures, the participants recommended the reintroduction of ethics courses at school and a broader public awareness raising campaign on corruption. Oulai Siéné said that the recommendations would soon be followed by concrete measures.

AllAfrica.com, 13 November 2001

Kenya

Moi to name experts to combat corruption

Kenyan President Daniel arap Moi yesterday said that he would appoint a team of internationally respected experts to combat corruption. President Moi said he has taken considerable care to ensure that the team is of highest integrity and has a proven track record in this field. But critics say "importing experts" will not help Kenya tackle the rot, as such a move is insensitive to the root cause of corruption. Effort towards eradicating corruption should focus on political will and not foreign expertise, they say. Other voices highlight that Kenya has the resources to combat graft, arguing that Kenyan lawyers have studied at the best universities in the world.

East African Standard, 17 November 2001; The Nation, 17 November 2001



bribes to release suspects. This has led to an increase in violent crime, particularly in the capital, Maputo. Analysts say the formation of the new anti-corruption unit will lead to the prosecution of many who until now have been considered untouchable. The attorney-general said the political will existed now to weed out corruption after the murders of several anti-graft campaigners.

BBC, 5 December 2001

Nicaragua

Newly elected president commits to fighting corruption

On 4 November Nicaraguans overwhelmingly voted Enrique Bolaños into the Presidency. He was the ruling Liberal Constitutionalist Party's (PLC) candidate, and previously served as Vice-President under President Arnoldo Alemán. Candidate Daniel Ortega who led the Sandinista revolution to victory in 1979 was defeated. Throughout his campaign, Bolaños tried to separate himself from Alemán, whose administration has been widely criticised for corruption. After learning the results of the race, Bolaños repeated a campaign promise to go after corruption. Despite this commitment and Bolaños' clear victory, some Nicaraguans criticise Bolaños for failing to fight corruption in the current administration.

Christian Science Monitor, November 7, 2001; Transparency International

Mauritius

Difficult beginnings for anti-corruption committee

A parliamentary committee against fraud and corruption was created 13 months ago. Its duties are, among others, the audit of existing legislation in this domain; a comparative analysis of other countries' legislation; and the elaboration of recommendations for the launching of an independent commission to prevent and fight corruption at the political and economic level. The committee was asked to make proposals for the creation of a body in charge of designing a code of conduct for business and politics, and also to suggest sanctions to prohibit corruption as well as proposals for the promotion of international co-operation in this domain. The committee has not yet finalised its work.

Renaud Marie in Actualité l'Express, 1 November 2001

Mozambique

New anti-graft unit formed

The government of Mozambique has announced the formation of a special unit to fight corruption. Attorney-General Joaquim Madeira said the new unit will be made up of magistrates who will be trained in Botswana, which has extensive experience of fighting corruption. The new body will focus first on corruption in the judiciary, Mr Madeira said, citing cases of judges taking

Namibia

Graft law passed

An anti-corruption law was passed by the National Assembly on 13 November, despite objections from some MPs. The Attorney General and Environment Minister failed to back the bill because they objected to the lack of an explicit definition of corruption. They also called for the Anti-Corruption Commission to have powers of prosecution rather than referring findings to the Prosecutor General. A new clause was introduced in the Bill to provide for a mandatory code of conduct and declaration of assets for members of parliament.

The Namibian, 15 November 2001

Nepal

Anti-corruption bills blocked in parliament

The government in Nepal failed to clear the passage of some highly important bills for combating corruption in the recent parliament session. The chairman of the State Affairs Committee, Hom Nath Dahal resigned in protest. He criticised the fact that the executive was not serious about the bills, especially those related to the investigation of corruption among judges and the CIAA (Commission for the Investigation of Abuse of Authority).

Transparency International Nepal

Nigeria

Government approves anti-corruption units

Worried by high corruption levels despite the passage of an anti-graft law late last year, the federal government has approved the establishment of anti-corruption units in all ministries and parastatals in the federal public service. The units will report to the Independent Anti-Corruption Commission and their staff will be nominated by the commission.

Vanguard (Lagos), 20 September 2001

Panama

Government body enacts access to information law

After almost two years of co-operation with TI-Panama, the Social Security Institute (CSS) enacted a full information disclosure policy in November 2001. This makes the CSS the first governmental agency ever to take such steps in facilitating the access to information in the history of Panama. From now on, any individual has the right to access information regarding decisions, registers, files, etc., with the exception of personal information about the persons insured. This also includes all processes in which the Institute is involved, such as public procurement and bidding offers and direct purchases. The Social Security Institute, the largest public agency in the country, has appointed the director's advisor to personally supervise the implementation

of this initiative. TI-Panama continues to lobby Congress to pass a freedom of information act mandatory for all public services. At present the proposed law is at the committee level and Fernando Berguido, President of TI-Panama, is optimistic that it will receive support from all political parties.

*La Prensa (Panama), 15 November 2001;
Transparency International*

Paraguay

Government repeals controversial information law

After a barrage of criticism from the local media and civil society, the Paraguayan government on 24 September repealed a controversial new access to information law that restricted the ability of journalists to obtain public records. The law signed by the President on 16 July ostensibly codified Article 28 of the Paraguayan Constitution, which states that public sources of information “are free to all”. In fact, the law had made it extremely difficult for journalists to obtain any public records and left a dangerous amount of discretion in the hands of the president and other officials. Paraguayan journalists also argued that public officials could take advantage of the law to hinder or delay newspaper investigations into corruption, and that the complicated bureaucratic procedures provided for obtaining official information hampered the media’s ability to report news. The parliament has drafted new legislation to address access to information, with the input of the Paraguayan Press Union and other civil society groups.

Committee to Protect Journalists, 27 September 2001

Pakistan

Computers to combat court corruption

Corruption among judges and other court officials often hampers the delivery of justice. But now the Asian Development Bank has offered aid for judicial reforms. The ADB is expected to approve more than US\$950 million in support to Pakistan this year, \$300m more than planned before 11 September. That includes \$350m for a legal reform programme. Under the terms of the loan, legal cases heard before Pakistan’s courts will be documented in a database, laws so far kept in voluminous documents will be brought online, and laws only written in English will be translated into Urdu. Part of the loan is to be spent improving police investigative capabilities. Law ministry officials are convinced that keeping track of cases under trial will alert regulatory authorities such as the law ministry to unusual delays.

Financial Times, 6/13 November 2001

Papua New Guinea

Cuts in slush funds welcomed

The decision of Papua New Guinea’s government to slash its “slush” funds was welcomed yesterday by corruption watchdog group, Transparency International PNG. TI-PNG chairman Anthony Siaguru called the government’s move a step in the right direction. It was announced that funding for the district development programme, commonly known as the “slush fund”, would be reduced by PGK89 million (US\$23 million). The savings would be redirected to agriculture and other priority areas. The change will lead to a reduction in the incidence of corruption in the political sector, according to TI-PNG. The announcement was timely because with the approaching elections, there might have been a temptation by some parliamentarians to use the funds in their campaign drives.

*The Papua New Guinea Post, 22 November 2001;
Radio Australia, 8 November 2001*

Romania

Bureaucrats bribes barrier to business

Some have cited the election last summer of Traian Basescu, the reform-minded, populist mayor, as a catalyst for change. Mr Basescu recently introduced a one-stop shop for investors. Previously investors needed 13 permits, collected in person from 13 different offices, to operate in Bucharest. Now investors can apply for all the permits at the one office. Mr Basescu hopes centralisation will help to reduce corruption, too. Last September, a study by USAID outlined the multiple layers of bureaucracy investors face. In Romania it takes anything from 49 to 102 days to register a new company: 83 pages of forms have to be completed, weighing half a kilogramme. In the US it takes a day, with just seven pages. Foreign investors also complain that laws are often poorly drafted and change frequently. Bureaucrats make their own individual interpretations of regulations, and change these interpretations on a whim or, more often, with a bribe. A recent Gallup survey found two-thirds of Bucharest’s citizens had bribed a public official within the past year.

Financial Times, 4 October 2001

Russia

Audit Chamber turns up heat on ministers

Audit Chamber head Sergei Stepashin recently turned up the heat on embattled Railways Minister Nikolai Aksyonenko, fuelling speculation that the Yeltsin-era

insider’s career is over and a wider war on corruption is under way. Stepashin said an audit by the chamber, the State Duma’s budget watchdog, uncovered some US\$370 million worth of “misappropriations” and “inefficient use of funds” (i.e. embezzlement). The Prosecutor General’s Office has already filed criminal charges against Aksyonenko for other illegalities revealed by the chamber last month. Aksyonenko has denied the allegations, and has accused prosecutors of playing political games. Earlier Stepashin accused the State Fisheries Committee of being responsible for robbing the budget of US\$4-5 billion in revenues every year. And he said the Prosecutor’s General Office current investigations of the Emergency Situations Ministry, the State Customs Committee and the Press Ministry are based on Audit Chamber reports. Stepashin also said that the Audit Chamber is “very seriously” checking the Natural Resources Ministry and the presidential property department.

The Moscow Times, 6 November 2001

Russia

Investigative journalist awarded government prize

The Interior Ministry has awarded its annual prize in literature to “Moskovskii komsomolets” journalist Aleksandr Khinshtein for his coverage of corruption not only generally but also within the ministry itself, his paper reported on 6 November. By giving him this award, Interior Minister Boris Gryzlov hopes to show that he is serious about overcoming corruption within his own agency’s ranks, the paper said.

RFE/RL, 7 November 2001

Serbia

Pillars of financial discipline strengthened

Serbia’s government adopted four new draft laws to assure tighter financial discipline and to crack down on corruption. The draft laws on the budget system, public procurement, gambling and tobacco are expected to come into effect in January 2002. The budget law introduces legislation on the Treasury, foresees tightened internal and external budget controls and regulates financial planning and debt management. Stricter regulation on public procurement will enable the government to avoid irregularities and secure transparency, according to the Finance Minister.

Serbian government website, 1 November 2001

South Africa

New weapons to fight white-collar crime

South Africa is moving on many fronts to combat corruption. Efforts include programmes funded by Business Against Crime for investigators, prosecutors and advocates to prosecute cases. Furthermore, new guidelines in King 2, the new version of the King Report on Corporate Governance, will be implemented in March. The King 2 report calls for full disclosure of directors' remuneration, share options and other benefits. A Registrar of Companies is to set up a register of delinquent directors. Perpetrators of crime now also have to contend with the Scorpions investigative unit and a new Special Commercial Crime Unit. The Special Commercial Crime Unit is attached to a special court that can prosecute quickly. It was run on a pilot basis in Pretoria for 18 months and is being extended to Johannesburg, Cape Town and Durban.

The Sunday Times (South Africa), 11 November 2001

South Africa

Police must reveal their financial interests

In a move to fight corruption, police officers in South Africa are going to be required to submit an annual signed declaration of their personal financial interests including their ownership of property and shares. The declarations will have to be submitted to the safety and security minister, and only he, his designated staff, and the director general and members of the Public Service Commission will have access to them. The Public Service Commission will assess the declarations and will report to the minister of safety and security if it believes there is any conflict of interests. Police officers who fail to disclose an interest or provide incorrect or misleading details will be guilty of misconduct.

Mail & Guardian (South Africa), 14 September 2001

Taiwan

Mixed reviews of anti-corruption efforts

After their first year in office the progress of Taiwan's first non-Nationalist government in combating illicit ties between officials, the mafia and businessmen gives cause for both pessimism and optimism. Since June 2000, prosecutors have charged more than 2,600 people with corruption or vote buying, among them seven members of the legislature and more than 300 elected

officials. However, Taiwanese prosecutors have arraigned few of the suspected top gang bosses, or senior politicians. Effective reduction of graft in high places depends on the consequent realisation of some fundamental reforms. Many find the breaking up of the ministry's investigation bureau, which has long divided its time between security work and anti-crime action and the approval of a permanent anti-corruption commission essential. An immediate next step towards an accountable public sphere will be to ensure that the crucial local and legislative elections in December will be transparent and clean.

Financial Times, 25 November 2001

Togo

National anti-corruption commission highly contested

Created in January 2001, the national Commission for the fight against corruption and economic sabotage (CNLSCE) has carried out a wide range of investigations in various public departments around the country. Investigations have taken it from the Office of the Presidency to the public treasury via the port of Lome and Togotélékom. But criticism has surfaced over the commission's composition and functioning. Critics say the commission's members were selected on an arbitrary basis. The commission also seems to ignore the "big fish" and concentrate only on the small ones. There have been calls for the commission to revise its working methods in order to gain more credibility. Otherwise, critics argue, the following saying will be confirmed: "the holes in the commission's net are too small to let the big fish pass through and too big to keep the small fish from escaping."

Carrefour, 6 September 2001

Turkey

Cabinet gets anti-corruption measure

The long-awaited law to overhaul corruption and corrupt public procurement has gone to the cabinet for ministers' signatures. This is a key step in final approval of a measure aimed at reducing corruption and increasing transparency in government purchases and contracts. Passage of the legislation is part of Turkey's efforts to ensure continued financial aid from international lending agencies. Turkey has just won an extra US\$3 billion from the International Monetary Fund.

New York Times, 2 November 2001; Financial Times, 2 November 2001; BBC, 29 November 2001



The Economist, 14 April 2001

United Kingdom

Emergency terrorism bill includes anti-bribery measure

Companies will be outlawed from bribing overseas officials under anti-corruption measures included in a new terrorism bill. The measure will make it a criminal offence to bribe overseas public officials, ministers, MPs and judges. It will also give the courts the right to rule on such acts of corruption by UK individuals and companies, even if the bribery took place wholly overseas. "Corrupt and bad government can be a breeding ground for terrorism," said Home Secretary David Blunkett. The move will relieve the sustained pressure on the UK from many other countries to update corruption laws dating back more than a century. This summer, the US State Department said the UK, along with France and Japan, was "falling short" of the commitments they had agreed under the 1998 OECD anti-bribery convention (which the UK ratified in 2000). The change in UK corruption laws is expected to have a radical impact on UK businesses. Richard Thomas, director of public policy at Clifford Chance, the law firm, said: "Any international (UK-based) organisation is going to have to take this seriously and think about putting a compliance programme in place."

Financial Times, 10 November 2001

Recent banking initiatives

Way for EU money laundering laws cleared

European Union finance ministers cleared the way for a long-sought agreement on tougher money-laundering laws that could be used to fight terrorism. It is set to be voted on by the full European parliament next month, ready for transposing into member states' laws. The directive will extend existing EU legislation against drugs trafficking to the proceeds of other serious crimes. The legislation will also extend rules on client identification, record-keeping and the reporting of suspicious transactions to accountants and auditors, real estate agents, notaries, casino owners and fund transporting companies. While classic legal advice will remain subject to professional secrecy, lawyers will have to report their clients if they know they are engaged in laundering.

Financial Times, 16 October 2001

US Congress to curb illicit cash flow

The US Congress is set to give final approval to a range of measures aimed at cracking down on money laundered by terrorist and criminal groups. The House of Representatives passed by a vote of 412-1 the toughest set of anti-money laundering laws in more than a decade, matching action taken by the Senate. The bill would give new powers to federal law enforcement officials. It would bar anyone from carrying more than US\$10,000 in cash across US borders and require reporting on suspicious activities by smaller money exchange businesses that are thought to be favoured by terrorist groups. It would also give the treasury secretary new powers to shut US markets to banks operating in countries that are deemed as havens for money laundering activities.

Financial Times, 18 October 2001

Swiss 'name and shame' Bank Leumi over account

Switzerland's Federal Banking Commission (FBC) has ordered Bank Leumi, Israel's second biggest bank, to replace the head of its Swiss banking subsidiary after it failed to exercise due care in opening a bank account for Vladimiro Montesinos, the former Peruvian spy chief. Switzerland's decision to "name and shame" Bank Leumi is the latest sign of its aggressive efforts to clean up its reputation following years of scandals involving deposed dictators and wealthy fugitives who had funnelled looted money into Swiss bank accounts. Switzerland is one of the few countries publicly to reprimand banks that break its rules. Just over a year ago, the FBC publicly reprimanded Credit Suisse, the country's second biggest bank, and more than a dozen others for handling \$600m of funds from the former Nigerian dictator Sani Abacha. Bank Leumi was one of five banks investigated after Switzerland blocked \$114m of Montesinos's money last November.

Financial Times, 15 November 2001

United Kingdom/International Towards more transparency in the mining industry

TI and Mining Minerals and Sustainable Development (MMSD) have co-sponsored a survey and assessment of corruption issues in the mining and minerals sector. A follow-up meeting to identify possible courses of action took place in Berlin in September 2001, bringing together experts from mining companies, research institutions, NGOs and international organisations. The report discussed and a summary of proceedings is now available at the web site of the International Institute for Environment and Development IIED:

<http://www.iied.org/mmsd/activities/corruption.html>

In March 2002, MMSD will make recommendations to 30 mining companies that operate worldwide. The project includes a new code of conduct for companies that will require mining groups to contribute to sustainable development and reveal more about their financial dealings with governments. The leading lender to the worldwide mining industry, the global mining finance group at Barclays Capital, is providing support for the US\$7 million project.

*Transparency International;
The Times (UK), 22 October 2001*

USA

Ethics issue pressed by medical group

The American Medical Association is mounting a US\$1 million campaign to educate doctors about its ethics guidelines against accepting gifts from drug companies - with most of the funding for the effort coming from drug companies. Nine large pharmaceutical companies are contributing a total of about \$675,000 to help pay for the campaign, which is aimed at medical students, physicians-in-training and drug company sales representatives as well as practising doctors. The ethics guidelines allow doctors to attend company-sponsored conferences and to receive textbooks or drug samples that will directly benefit their patients, but advise them against accepting individual gifts of more than nominal value.

International Herald Tribune, 31 August 2001

Vietnam

Salary reform expected

A comprehensive salary review scheduled to take place in 2002 is designed to be an effective anti-corruption measure, said the Deputy Prime Minister. The government has also proposed other administrative measures

such as a declaration by civil servants of their property and their engagement in business activities, and the establishment of punitive administrative regulations. The Deputy PM said that the resolution passed by the fourth plenum of the Party's Central Committee contains concrete solutions to strengthen the fight against corruption and wasteful spending. Those solutions cover the improvement of loopholes in the existing mechanisms for organising tenders, approving investment projects, and the management of public finance.

Asia Pulse, 28 November 2001

Corruption Reports

*A sample of corruption cases from
around the world*

Africa

Kenya

Ministers graft charges quashed

Cabinet Minister Kipng'eno Ng'eny will not face trial over an alleged Sh186 million (US\$ 2.4 million) fraud and abuse of office case, after all. A Constitutional Court yesterday quashed the charges against the Water Development Minister and said the Attorney-General had brought the case with ulterior motives. The justices ruled that the prosecution was unconstitutional and an abuse of court procedure. They said the AG had abused court process by charging Mr Ng'eny, the former managing director of the defunct Kenya Posts and Telecommunications Corporation (KPTC), nine years after the alleged offences were committed. The minister was the first to be charged with corruption-related offences while in office. The judges noted that Attorney-General Amos Wako never explained the delay. "Nine years is a too long a delay... It is not a fair prosecution", they ruled.

Daily Nation (Kenya), 14 November 2001

Nigeria/UK

Abacha millions untouchable

A Nigerian court has blocked government attempts to recover hundreds of millions of dollars illegally transferred abroad by the regime of late dictator Sani Abacha. Justice Okechukwu Okeke, sitting in a federal high court in Abuja, said he saw no reason to lift an October 8 injunction blocking the

government from seeking the recovery of money linked to the Abacha regime. The ruling – which was bound to infuriate an already exasperated Nigerian government – came after a British court gave the British government the go-ahead to help Nigeria trace hundreds of millions of dollars allegedly looted by the Abacha regime. Already hundreds of millions of dollars in accounts in Switzerland and Luxembourg have been frozen. And on October 18, a London High Court threw out a court ruling preventing Abacha's son Mohammed and a London-based business partner from blocking attempts to freeze their accounts in London. In total, billions of dollars is believed to have gone missing from public funds during Abacha's rule from late 1993 to his death in 1998. The Abuja court ruling on Tuesday is expected to anger President Olusegun Obasanjo who has expressed frustration at a series of court injunctions he said were stopping his government's battle against corruption. Recently, Nigeria's most senior judge criticised courts that grant injunctions blocking corruption trials. Nigeria's chief justice said that suspicion was growing throughout Nigeria that judges were taking bribes in corruption cases.

Daily Mail & Guardian, 7 November 2001

The reckless indulgence of our public officers in bribery and extortion has not only robbed Africa of the much-needed local and foreign investments, but has also attracted a negative reputation around the world.

*Nigerian President Olusegun Obasanjo
(Reuters, 18 October 2001)*

Sierra Leone

Minister suspended in diamond probe

Sierra Leone's Minister of Transport and Communication Momodu Pujeh was suspended on Tuesday until the completion of a probe into his alleged involvement in illicit diamond dealing. Police on Thursday arrested Pujeh and his wife following the allegations of the Anti-Corruption Commission (ACC), who is conducting investigations into his conduct. A statement issued by the ACC alleged that the couple was in illegal possession of a large quantity of diamonds, contrary to the laws of Sierra Leone. The statement also alleged that diamonds in their possession had been sold abroad illegally, "depriving the government of Sierra Leone of much-needed revenue".

Some see the arrests as proof that President Kabbah is cracking down on corruption and has adopted a policy to "discipline" any government ministers who are involved in corrupt practices.

Mail & Guardian, 16 November 2001

South Africa

Pretoria in clear over arms deal

A long-awaited report on South Africa's controversial R43 billion (US\$ 4 billion) arms deal has cleared the government of any unlawful or improper conduct. The investigation was jointly conducted by the director of public prosecutions, the auditor general and the public protector. The director of public prosecutions said that "some individuals and department officials may have used their position to derive some form of benefit from the acquisition process, which may render them criminally liable".

Where claims of corruption had been substantiated, action had been taken against those individuals. They include Tony Yengeni, who was forced to resign as chief whip of the ruling African National Congress last month after being arrested on corruption charges. The report exonerates Joe Modise, who was minister of defence at the time of the arms deal and who went on to be involved in a company that benefited from arms deal offsets. The report admits, however, that the situation was "extremely undesirable" and in an indirect reference to Mr Modise, suggests that high-ranking officials should not be involved in contracts awarded by the state for a "reasonable" time after leaving office. The Democratic Party staged a walkout from the National Assembly in protest against what it said was a public relations exercise stage-managed by government to exonerate itself. The full text of the Parliamentary Report can be viewed at <http://www.parliament.gov.za/committees/SDP/index.as>.

Financial Times, Business Day, 16 November 2001;

Sudan

Thirty newsmen arrested

On 22 November, Sudanese authorities were reported to have detained 30 journalists and other employees of an independent daily after, "Al-Watan", the individuals marched to the Information Ministry to protest a decision by censors to ban the publication of a story on corruption. Sudanese law punishes the publication of unsubstantiated accusations of corruption by fines and jail terms. The story in question was about eighteen trucks in Khartoum loaded with allegedly expired medical supplies destined for sale in rural areas. Just before going to print, the newspaper's management was told that it risked a ban if it went ahead and printed the story. The newspaper's editor chose not to bring out the newspaper in protest.

Network for the Defence of Independent Media in Africa (NDIMA), Nairobi, 23 November 2001

Zambia

Presidents missing paycheck goes unnoticed

The arrest of three men last week on charges of stealing President Frederick Chiluba's salary over the past 16 months is instructive. Apparently, Chiluba hadn't noticed that 82 million kwacha (US\$21,500) had been diverted from his bank account. Fraudsters had opened an account in his name and switched the funds there. The theft prompted an opposition presidential candidate to ask how Chiluba had been surviving without his salary. Deafening silence from the presidency.

Africa Confidential, 26 October 2001



The Americas

Argentina

Ex-president freed but corruption inquiry goes on

An Argentinian high court ordered former president Carlos Menem freed from house arrest yesterday, nearly six months after he was detained on charges of running an illicit arms smuggling ring. On Tuesday, the supreme court threw out the charges against him as well as Emir Yoma, his aide and former brother-in-law. Martín Balza, the former army chief, and Erman González, the former defence minister, are to remain in jail to face charges in a related case. The arrest marked the first time Mr Menem had been touched personally by the corruption scandals that swirled around his 1989-1999 presidency. Freeing Mr Menem allows him to fight to retain his grip on the leadership of Argentina's biggest opposition party at a time when the tattered ruling coalition is struggling with a deep economic crisis. Mr Menem has said he yearns to run for president in 2003. Investigators are looking into how some 6,500 tons of weapons worth more than US\$100 million officially listed as being bound for Panama and Venezuela ended up in Croatia and Ecuador despite international arms embargoes. Argentinian investigators say they are still looking into whether he or anyone from his inner circle profited from the sale.

The Guardian (UK) 21 Nov 2001

Brazil

Football rife with corruption

A congressional commission in Brazil has recommended that some of the country's top football officials face criminal proceedings. The suggestion follows an investigation into alleged corruption in the sport. The Senate commission accused the president of the Brazilian Football Confederation (CBF), Ricardo Teixeira, and other senior officials of abuses including fraud and disappropriation of funds. The commission held them partly responsible for debts of over \$10m that the CBF has incurred in recent years. General secretary Geraldo Althoff said: "Lack of control, disorganisation and bad management reign rife in the CBF. The investigation began a year ago amid growing public discontent over the way football in Brazil is being run. Althoff said that between 1998 and 2000, the CBF's income had rocketed thanks to lucrative television and sponsorship contracts. But, he added, this had been offset

by "the voracity and lack of control over its expenditure" and by the fact the confederation did not have a budget. He said expenditure on staff had jumped 400% and on services - including transportation and hotels - by 600%.

5 December, 2001 BBC News

Honduras

Army admits former officers spent \$8 million in secret funds

In an unprecedented admission of corruption within its ranks, the armed forces reported last week that at least five former commanders-in-chief had embezzled US\$8 million of state funds. The funds were appropriated during the 11 years when the head of the army enjoyed a confidential state-bank account. There were no government controls over the use of the funds, and no mechanisms to ensure accountability. Those who benefited from the account include Walter Lopez Reyes, Vice-President in 1990-1994, and Mario Hung Pacheco, the Liberal party candidate for the 25 November presidential elections. The general prosecutor's office is investigating all of those who had access to the account between 1986 and 1997.

Latin American Weekly Report, 13 November 2001

Peru

Montesinos said to demand \$700,000 bribe from jail

From his top security jail cell, former Peruvian spy chief Vladimiro Montesinos last month demanded a \$700,000 bribe from a former electoral official in exchange for keeping his mouth shut about a vote-rigging scandal, the lawyer used as a go-between has alleged. The allegations by lawyer Jose Luis Echaiz were a fresh embarrassment to the government just a month after a television station aired an unauthorized interview from jail with Montesinos who is accused of being the chief architect of a web of corruption permeating Peru for a decade. Justice Minister Fernando Olivera told a news conference an investigation would begin and if the allegations turned out to be true, they proved "Montesinos is still doing whatever he likes and moving the tentacles of his corrupt power."

Reuters, 7 November 2001

Peru

Fujimoris immunity lifted

Congress has lifted the immunity of former President Alberto Fujimori, clearing the way for embezzlement charges and adding more

pressure on Japan to extradite him. In a special session, Congress voted 65-0 to lift the immunity of Fujimori and three former Cabinet ministers, which allows prosecutors to file charges of embezzlement and criminal activity against them. Fujimori allegedly signed a secret decree in September 2000 to divert US\$15 million in defense funds for an illegal payoff to former spy chief Vladimiro Montesinos, the ex-president's top aide, so that he would leave without a fight last year. The vote came as the attorney general announced that she asked the legislature to approve further charges of embezzlement as well as illicit enrichment against Fujimori and 10 former officials. Calderon said the charges involve Fujimori's alleged responsibility for more than \$372 million in public money that went missing during his administration, including some \$260 million that has been found in foreign bank accounts linked to Montesinos and his cronies. The charges, punishable by six to ten years in prison, would be the latest in a series of accusations that Peruvian officials hope will persuade Japan to extradite Fujimori.

AP, USA Today, 31 October 2001; CNN, 30 October 2001

Trinidad & Tobago

Gas and graft

Allegations of corruption, ruling party infighting, and civil servants demanding millions of dollars in back pay is the scenario faced by Trinidad and Tobago as it prepares for the second election in as many years. Polls scheduled for 10 December would have been held four years from now had not Prime Minister Basdeo Panday's administration collapsed, splitting the ruling United National Congress (UNC). The PM has come under sharp criticism from three of his ministers who denounced what they claimed was his government's corruption. One of the dissidents, Ramesh Maharaj, was sacked as attorney-general by Mr Panday on 1 October; the other two resigned in protest. Critics accuse the government of a host of irregularities, including undervaluing a share in the state rum company which was to be sold to a local conglomerate. In September, Mr Maharaj sent files on alleged malpractice at three state enterprises and an insurance company to the director of public prosecutions. But Mr Panday denies any wrongdoing; he says the dissidents' "constant bickering" is holding the country back. Trinidad is enjoying a natural-gas boom. But the country's challenge is to use its gas wealth wisely. For years, demands for the investigation of corruption have been ignored.

The Economist, 4 October 2001; Inter Press Service, 10 November 2001

Asia/Pacific

India

Industrialist arrest exposes high-level corruption

The dramatic arrest of an industrialist, Ashok Chaturvedi, held bribing top customs officials in Delhi has put the spotlight on the thriving politician-businessmen-socialite-bureaucrat nexus in the country. Chaturvedi's aide paid Rs. 1 million (US\$ 21,000) to Someshwar Mishra, Delhi's chief commissioner of excise and customs. Both of them were arrested. Chaturvedi confessed to bribing customs officials on behalf of other industrial houses. In return, officials waived off or reduced excise duties on their goods.

Indo-Asian News Service (New Delhi), 9 November 2001

Indonesia

Jakarta calls Habibie for graft probe, Tommy arrested

Indonesia's Attorney-General's office said it had summoned former president B.J. Habibie for questioning on Wednesday over a 54.6 billion rupiah (\$5.3 million) scandal involving state food distribution agency Bulog. The summons follows earlier investigations into parliamentary speaker Akbar Tandjung and former military chief Wiranto. Mr Tandjung denied allegations that he took US\$4 m from Bulog to finance the election campaign of his Golkar party in 1999. Mr Habibie is due to be questioned as a witness in the Bulog case. Meanwhile, Tommy Suharto, the youngest son of the former Indonesian president, was arrested in connection with the death of a judge who had earlier convicted him of corruption.

BBC News, 31 October 2001; Reuters, 19 November 2001, The Economist, 1 December 2001

Myanmar

Seven ministers sacked

Myanmar's junta has sacked seven ministers in a sweeping reshuffle aimed at rooting out corruption that has undermined the economy and embarrassed the military regime. Among them were the ministers for Military Affairs, Culture, Co-operatives, and Immigration and Manpower. Observers in Yangon said the sackings appeared to be a repeat of a dramatic 1997 sweep when four ministers were fired after foreign investors accused them of graft.

The Daily Star (Bangladesh), 12 November 2001

Singapore

Curbing politics on the Internet

The Singapore government has proposed new laws to control political campaigning on the Internet in a move to further tighten media controls before the next general election (before August 2002). If passed, the legislation would allow Prime Minister Goh Chok Tong to regulate material that promotes political parties and candidates on the Internet. The legislation was presented for the first time in Parliament in July. The government partially owns all broadcast and print media. Under the proposed law, Internet and print material promoting political candidates must name the publisher, printer and person for whom the advertising is being done. Opinion polls in the days leading up to elections and exit polls before the release of election results could not be published. Anyone violating the law could be fined and jailed for up to 12 months.

The Associated Press, 27 July 2001

suspicion of bribery or malfeasance. The police suspect that "several" members of the Building Property Division have committed crimes when dealing with a building contractor from Salo. The contractor has evidently evaded taxes for years by establishing new companies to replace previous ones that went bankrupt over tax liabilities. However, this chain of companies received renovation contracts worth some FIM 20 million (US\$3 million) on an annual basis from the Building Property Division, and the city was even overcharged for the work in some cases. The investigation has been going on for months. Helsinki Mayor said that she felt the case was extremely serious. The last time Helsinki suffered from a corruption scandal was in the early 1990s, when several employees of the city's Sports Department received fines and suspended sentences. All in all, Finland is one of the least corrupt countries in the world according to international comparisons on corruption over the past few years.

Helsingin Sanomat, 14 November 2001

Europe

Finland

Bribery scandal brewing in real estate department

The City of Helsinki was threatened with a serious scandal on Tuesday when the police brought in several employees of the city's Real Estate Department for questioning. The employees are under

France

Charges against PM dropped; former minister cleared

An investigation into allegations of financial corruption against the French Prime Minister, Lionel Jospin, has been dropped because of a lack of evidence. A regional taxpayers' association in Toulouse, south-western France, had accused Mr Jospin of employing two people in fictitious jobs at an economic development agency which he ran during the 1990s. In



Title: Embezzlement
Bubble: "Feeding my stomach and not my nation"

"The Political Road (Sudan)"

another case, Mr Jospin was questioned last week over alleged illegal funding of his Socialist Party during the 1990s. The interview with an investigating judge came after Mr Jospin had agreed to testify voluntarily and with the approval of the French government. It was the first time that a serving French prime minister testified in a judicial investigation. BBC correspondents say the French prime minister's willingness to testify contrasts with President Chirac's refusal to be questioned over similar allegations. On 13 October, judges of France's highest court said that during his presidency Jacques Chirac could not be made to answer judicial questions even as a simple witness. He has been beset by mounting financial scandals that go back to his time as mayor of Paris. Meanwhile, Mr Jospin's former finance minister, Dominique Strauss-Kahn, was cleared of forgery charges by a Paris court. He had been accused two years ago of making out back-dated invoices for FF603,000 (US\$84,000) for work done as a lawyer before joining the government.

BBC News, 7/27 November 2001

Georgia

President sacks government amid rows over corruption

Georgia was in a state of confusion in November with public protests culminating in President Edward Shevardnadze's decision to sack his entire government amid rows over corruption and incompetence. TI issued a set of recommendations to guide the incoming government of Georgia in the fight against corruption. TI highlighted the urgent need for clean government to ensure the stability of the region. David Kikalishvili, Chairman of TI-Georgia, said that it was essential to act quickly at a time when fighting has broken out again in Abkhazia. Kikalishvili, who is also a journalist at Rustavi-2, stressed the need to guarantee press freedom in Georgia. "A programme of judicial reform, in co-operation with international donors, has been launched," said David Kikalishvili, "in particular the introduction of qualifying exams and higher wages for judges." He added that it was essential that the priorities identified by the Georgian Anti-Corruption Programme Elaboration Group, launched by President Shevardnadze in July 2000, be put into effect.

AP, 2 November 2001 and Transparency International

Latvia

New bribery scandals rock Latvia

The latest blow to the reputation of Latvian public officials came on 19 November, when Tatjana Durova, deputy chief of the economic police (which reports to the Interior Ministry), was accused of accepting a 10,000 lat (US\$16,100) bribe in May. Corruption accusations in other branches of government came in rapid succession. On 20 November another high-ranking official was detained for bribery and two other officials were accused of smuggling. Security police said Anda Busmane, head of the Environmental State Inspectorate, took a 1,200 lat bribe for completing routine duties. All in all, over the past year, 14 Interior Ministry employees have been detained for bribery, along with 12 police officers and 2 border guards. Twelve of the detained have had charges pressed against them. Latvia ranks 59th on Transparency International's Corruption Perceptions' Index - a lower score than all other European Union candidate countries except Romania.

The Baltic Times, 22-28 November 2001

Russia

Corruption as big a threat as terrorism

Speaking at a Russian Security Council meeting, Prosecutor General Vladimir Ustinov indicated that widespread bribery of officials is jeopardizing Russian security no less than terrorism. State corruption and the merger of business and organised crime has become a "fifth column" that can internally destabilise the state, he noted. Another national security concern is the plundering of state funds on an epidemic scale. Among those recently caught for misuse of funds and currently awaiting investigation are 14 MPs at the federal and regional levels, as well as 302 bankers and 21 state officials, Ustinov revealed.

Russia Reform Monitor No. 879, October 26, 2001

United Kingdom

BBC executive held in bribery inquiry

A senior BBC executive has been arrested in connection with an alleged £1m bribery scam in Hong Kong. Jeff Taylor, BBC Worldwide's director of global marketing and brand development, is one of 12 people being investigated by Hong Kong's Independent Commission Against Corruption (ICAC). He was arrested during a business trip last week, after a report alleged that a senior executive of the BBC's commercial

arm had accepted illegal commissions to place orders with suppliers in Hong Kong. A spokeswoman for the corporation last night said Mr Taylor had been suspended from his duties while the investigation was carried out. The BBC is co-operating with the ICAC and will also conduct their own internal inquiry.

The Guardian, 27 October 2001

Middle East/North Africa

Israel

Probe into Sharons campaign financing

In mid-October Israel's Attorney General opened criminal proceedings against Prime Minister Ariel Sharon for alleged violations of political fund-raising laws. The police investigation follows a scathing report from Israel's comptroller's office, released in September, that documented widespread abuse of campaign and political party financing laws by an array of parties. But no significant reform has ever been enacted, nor has any probe led to punishment of guilty individuals or groups. Sharon and his son Omri will be expected to answer questions about a sum of approximately US\$1.5 million that was allegedly funneled through a straw corporation into Sharon's 1999 campaign for head of his Likud Party. Sharon's predecessor, Ehud Barak, also faced a criminal investigation over finance practices in his 1999 campaign for prime minister. Under Israeli law, non-Israelis are not allowed to donate money to candidates or parties in election campaigns.

Los Angeles Times, 11 October 2001

Libya

Results seen in anti-corruption crackdown

A total of 47 defendants were found guilty in Libya's biggest ever corruption trial. Finance minister al-Ujaili Abdel-Salam Breini was sentenced to one year in prison for negligence. Former finance minister Mohamed Bayt-al Mal was jailed for three years for damaging public property. Others Despite having been formed in 1999, they have received longer prison terms. Most of the defendants who received the longest sentences - 16 years - were businessmen and employees of the Central Bank. The arrest is to be seen as measure of an anti-corruption campaign that Libya's head of state, Colonel Gaddafi, announced earlier this year.

BBC 5 November 2001, AP, 7 November 2001, Neue Zürcher Zeitung, 11 September 2001

TI Country Activities

Algerian Anti-Corruption Association (TI's contact in Algeria) has still not been registered by the Interior Ministry. In a recent press release, the AACA announced that in accordance with a 1990 legal requirement on associations, the group is considering itself to be *de facto* registered. According to the group, the government's attitude stems from a deliberate will to create obstacles for civil society anti-corruption efforts and to create a situation where the association has no legal recourse. The Association also announced that they plan to challenge the government on issues including amendments to procurement regulation, the need for transparency in the execution of the government's programme, real estate plunder, and the prevention of electoral fraud in the next elections. The association plans to make these issues public in the coming weeks.

TI-Australia, together with Westpac and nine other banks from seven countries in the region, held a workshop on money-laundering issues. Special guests included the head of AUSTRAC and former head of Australia's National Crime Authority. The head of private banking at Citibank Australia made a presentation on the implementation of the Wolfsberg Principles. It seems certain that at least one major Australian bank will adopt the principles in the near future. A follow-up conference is planned.

TI-Australia and The Key Centre for Ethics, Law, Justice and Governance at Griffith University have joined together to undertake a National Integrity Assessment of Australia. A Handbook is now available as the first product of this collaboration, the mapping and analysis of the integrity system of the Queensland public sector. The Handbook reflects the first ground-breaking efforts towards developing a means of auditing integrity mechanisms in the public sector on a systematic basis. It is available directly from TI Australia at AUD 25.99 (USD 14.99). Inquiries should be directed to [tiaz@transparency.org.au](mailto:tioz@transparency.org.au) or fax: +61-3-9890 0503.

During the national general election campaigns in Bangladesh in September, three Concerned Citizens' Committees (CCC) of **TI Bangladesh** played a watchdog role in monitoring the election. They prepared report cards on local candidates and

disseminated the leaflets to voters in order for them to make a more informed choice. In Mymensingh and Madhupur, most of the candidates from the major political parties and representatives from different sectors of society attended a public presentation of the report cards. In late October TI-Bangladesh also began a new project called Parliament Watch, which consists of monitoring the various activities of the Parliament, including its committees. TI-B will monitor, *inter alia*, the role of the Speaker, activities of parliamentary committees, the passing of bills, and the presence and role of MPs. A report will be released after each session of the parliament.

In November, **TI Bosnia-Herzegovina** began work on the first ever national corruption perception index. The planned research will be the first systematic continuing study done on domestic corruption. Surveys will monitor the public perception of corruption and results will feed into round table discussions with academics and professionals, after which results will be published.

The **TI-Botswana** chapter-in-information held a national Symposium on Corruption and Transparency in Botswana on 13 September. The symposium was attended by more than 80 persons from all sectors of society. The country's president sent a message of support. Participants called for: the declaration of assets by high-level civil servants; the introduction of a long overdue code of conduct for members of the National Assembly and the Cabinet; and unrestricted access by the public to information about the policies, operations and activities of government including budgetary performance. TI-Botswana was requested to organise such conferences each year to review the progress made in combating corruption and achieving greater transparency in Botswana.

According to **TI-Czech Republic's** 1998-99 research on the corruption climate in the Czech Republic, the police rank among the institutions most widely perceived as corrupt by the public (along with public administration). As a result, in 1999 TI-Cz began to direct its activities towards tackling police corruption. The results of initial research were published in May 2000 and they have now finalised the second phase of the project: a comparative survey of anti-corruption strategies in the police in 25 countries. Results of this survey have just been published in the "International Annual Review of Anti-corruption Strategies in the Police: Crossing the Thin Blue Line." This is

Monitoring election campaign finances

Poder Ciudadano, the **Argentinian** chapter of TI, has been monitoring campaign finances in the Argentinian Senate elections. A study conducted by the group based on monitoring of the last presidential elections revealed that the Argentinian campaign was 100 times more expensive - in terms of monitored television and newspaper publicity - than the corresponding Chilean campaign. (In large part this is due to the fact that Chile allows for public television space for all candidates and parties.) In response to the recommendations of the chapter, the ruling party, Alianza, is promoting legislative reform that would limit political party advertising on television to free airtime provided by the government.

The Costa Rican chapter has based its work on the model of Poder Ciudadano. Following an invitation from **Transparencia Costa Rica**, seven out of eight of the Costa Rican presidential candidates for the February 2002 elections agreed to sign a Transparency Agreement committing themselves to provide regular, detailed information on their election campaign finances. The chapter will make this information accessible to the public and will crosscheck the data by monitoring party expenses.

Poder Ciudadano has also been supporting **Transparencia Paraguay** in the implementation of election campaign finance monitoring. In co-operation with local partner organisations, the Paraguayan TI chapter has been monitoring campaign finances in the Asuncion mayoral election campaign. Recently released results indicate that since August, US\$425,000 has been spent on publicity by the four candidates running for mayor. The monitoring has led to increased transparency in the campaign.

A study conducted by **TI-Zambia** during a by-election in September measured the electorate's perception of corruption in the Zambian electoral process. The overall view of the respondents was that the levels of bribery and corruption during elections in Zambia were extremely high. Slightly more than half of the respondents reported malpractices during election campaigns. The report notes institutional shortcomings such as the lack of adequate powers of the Electoral Commission. The electoral law also does not prohibit the distribution of relief food or donations through the so-called Presidential Discretionary Fund during elections. TI-Zambia has called for legislation to regulate election campaign financing and public disclosure of funds received including a list of donors of political parties and candidates.

a unique international review covering police corruption and the strategies employed to combat this global threat. The study uses questionnaires completed by experts in the field from 25 countries, as well as case studies examined by distinguished international experts all of whom are involved in fighting police corruption. For more information, please visit www.transparency.cz or contact Czeslaw Walek (walek@transparency.cz).

CLD, (Corporación Latinoamericana para el Desarrollo), TI's national chapter in **Ecuador**, has recently established two data base projects: i) a database of public officials and municipal work programmes of mayors and ii) a database on public procurement bids. The who's who database gathers and classifies personal information, assets, academic and professional background, and criminal records of public officials currently working in the Executive, Congress and Judiciary. It also provides a basis for following the work plan of the 7,360 elected political leaders. Highly ranked air force and national police officers are also included. The main purpose of this database is to encourage accountable practices within the public sector and to promote civic monitoring and the citizen's right to know his or her candidate. The database can be viewed at www.viviendolademocracia.org.

CLD has also continued its work on procurement in a joint effort with the private sector. LICITENET.COM is a nation-wide database that includes all of the bidding announcements published daily in the country's 28 newspapers. Anyone can access it through Internet, where most of the information is free. New sections such as legal advice in the procurement area and corruption accusations as well as a list of the state service suppliers will be introduced in the near future. Please see www.licitenet.com.

A study by **TI-Germany** suggests that corruption is one possible cause of the inefficiency of the German healthcare system. The study estimates that the costs of illegal practices amount to billions of dollars every year. The study shows that the pharmaceutical industry has the means to influence the scientific press, experts and regulatory bodies on the national and European level. As a consequence, drug prices in Germany are considerably higher than in other European countries. In a recent press release, TI-Germany criticises the attempts by the German government to correct this imbalance. The chapter's

recommendations for effective control of the pharmaceutical industry include:

- Fixed prices and price reductions, as practised in Denmark with price freezes
- The setting of profit margins for pharmaceutical companies, as in the UK
- A list of all drugs handed out against prescription only
- A ban on collaboration between opinion leaders of the medical sector and the pharmaceutical industry.

One of the main focuses of **TI-Greece** in the past years has been lobbying Greek parliamentarians to introduce transparency standards in public life. Within the framework of this long-term commitment, on 1 November, TI Greece and Citizens Movement, a Greek NGO, co-organised a conference on "Parliamentary Institutions and Transparency in Public Life" under the auspices of the Greek Parliament. The event was extremely well attended and widely covered by the press. Participants credited TI Greece for its work in raising awareness about the problem of corruption in Greece.

The **Lebanese Transparency Association**, now a TI national chapter-in-formation, recently urged the government to amend the one-year old privatisation law to avert mismanagement in the sale of state assets. The law, which was passed in April last year to empower the government to sell its stakes in public enterprises, was full of legal loopholes that could lead to corruption. The Association released a study of the law, which received extensive press coverage. The study revealed drawbacks and vague clauses that could be misinterpreted. They suggested that the Higher Privatisation Council may not be able to make impartial decisions because most of its members are directly appointed by the government. The study noted that the make-up of the council changed with every Cabinet reshuffle, thus creating instability due to sudden changes in privatisation policy. The Association further complained that the privatisation law did not define which sectors were up for privatisation, leaving the door open for the sale of state assets in areas that could be deemed unconstitutional. The government is currently working on two privatisation laws for telecom and electricity. The Association also expressed concern about the absence of an independent body capable of evaluating the assets of a public firm before its sale and called on the government to set up a special fund for revenue from privatisation projects to avert misuse.

TI and the Daily Star, November 2001

TI-Lithuania completed a survey this fall based on public opinion and market research

Anti-corruption on the airwaves

Kenya

Since April, TI-Kenya has sponsored a 60-minute weekly radio show called "Face Off", which focuses on corruption and governance issues in Kenya. Face Off has so far addressed such topics as amnesties for economic crimes; corruption and aid conditionality; and the Anti-Corruption and Economic Crimes Bill 2001. Audio recordings of the programme will be available on-line.

Nepal

TI Nepal signed an agreement with Nepal Television in November to provide airtime for short announcements to be broadcast 15 times/month on Nepal TV. Earlier in the year, the chapter had also signed an agreement with Radio Nepal to regularly broadcast news on anti-corruption issues.

Thailand

Since July TI-Thailand has been running a radio show on corruption. The programme airs every Saturday for two hours on City Radio - a popular radio station with a large audience. Listeners call in to report cases of corruption and actively voice their intention to join the anti-corruption movement. The radio programmes have addressed a wide range of topics, including conflicts of interest, state mechanisms for combating and preventing corruption, declaration of assets, elections and the constitution.

from Baltic Surveys and Gallup. The "Map of Corruption in Lithuania" project involved analysis of institutional and geographical aspects of corruption in Lithuania and the preparation and realisation of practical anti-corruption tools. For more information, please see the chapter's web site: http://www.TILS.lt/En/TILS_projects.htm

TI Nepal organised an international workshop on Transparency in Development Aid in Kathmandu, Nepal, in September 2001 with some 20 participants, including ministers, government advisers and the Auditor General. In the workshop, the Finnish development minister stressed the need for transparency for an effective mobilisation of resources while the Nepalese Auditor General emphasised the need for transparency in monitoring aid to Nepal. TI-Nepal's Dr Devendra Raj Panday said that in order to ensure the effective use of resources, citizens must have a say in decision-making.

Benchmarking corruption in Mexico

by Eduardo Bohórquez

When Transparencia Mexicana, the national chapter of TI in Mexico, decided to start work on a survey, our Board and executive staff were well aware of the technical difficulties and political consequences of measuring corruption. But we all agreed that it was a necessary condition to be able to track the evolution of the problem in the next few years. The result of a year of technical discussions and hard work is the National Survey on Corruption and Governance (NSCG) and its Corruption and Governance Index (CGI).

According to the NSCG, Mexican households paid US\$ 2.3 million in bribes last year to receive public services. On average, every household used 6.9% of its income for bribes. A regressive tax, this figure raises to 14.9% in those households earning less than the minimum wage, which accounts for an extra VAT for the most deprived sector of Mexican society. On average, each bribe amounted to US\$10. Although this figure seems low, Mexican households reported their participation in almost 214 million acts of corruption during the past twelve months.

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- On average, each household used 6.9% of its income for bribes. This figure raises to 14.9% in those households earning less than minimum wage.
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These results, which are part of a larger document to be released by early 2002, reflected the economic impact of corruption on households and its clear implications for development. It is true that "petty corruption" only represents a part of the problem, but its reflection on the way millions of families live in Mexico makes the case for understanding it better. This was also the reason for developing an index that reflected how frequent corrupt acts were in 38 public services. The result is the Corruption and Governance Index (CGI) which ranks both the public services and the 32 states in the country. We now have a better idea of how common it is to pay a bribe to receive fresh water or obtain a construction permit, and in which states of the country the problem is more acute.

Released in early November 2001, the NSCG and the CGI generated much interest among the public, and consequently, in ministries and state level governments. While no single actor is entirely responsible for the total range of public services, they all have to collaborate better in order to reduce the risk of corruption in their own realms. As expected, reactions have also included strong criticisms of the survey. This is understandable. Transparencia Mexicana's main interest is to see that these comments can be used to correct some possible mistakes and improve future editions of this instrument.

For more information please see www.transparenciamexicana.org.mx.

Eduardo Bohórquez is a member of Transparencia Mexicana's executive staff.

At the request of the **Nigerian** government, TI organised a recent series of workshops in Abuja on Professional Ethics in the Public Service. Workshops in November covered four Ministries: Defence, Federal Capital Territories, Finance and Industry. Each of the workshops concluded with an undertaking to develop a Code of Ethics for that particular Ministry. In the course of the workshop a Drafting Committee was chosen as well as a Monitoring Committee that would take responsibility for supervising Ministry practice once the code was adapted. Members of the workshop who were not on either committee were encouraged to take personal roles in promoting the development of an improved sense of

professional ethics in their own Ministry. The Committees were expected to co-opt other members so as to ensure a proper representation of the range of the work and concerns of the Ministry. The workshops were led by Course Tutor Howard Whitton and TI consultant Neville Linton. These workshops were a follow-up to earlier ones held for the Ministries of Transport, Works, Immigration and Customs. For each of these the respective Ministry committees had been working on a draft Code of Ethics and the TI consultants held discussions with the committee representatives on improving their drafts and implementing the process. The pilot programme initially was to be limited to three workshops but was expanded to 8 at the request of the government and

because of a declared interest by some Ministries. It is anticipated that the project will be continued on a routine basis by a Nigerian civil service training institution which was also associated with the pilot project.

TI Philippines assisted in organising a forum on the roles of government, civil society and private enterprise in Davao City in September. The forum was well-attended, and the Mindanao Business Council and the Inter-Agency Anti-Graft and Corruption Council members and regional offices were present. The meeting was preceded by a seminar-workshop which was attended by representatives of government agencies and civil society. Further information can be obtained from the TI-Secretariat or TI-Philippines.

Representatives of the TI-Secretariat visited **Honduras** in order to link up with several civil society organisations interested in getting involved in anti-corruption work. In the run-up to the November presidential elections, corruption was a prominent issue in the country. International organisations are providing the instruments to assess the nature of corruption in the country, primarily through surveys and studies. The newly created Anti-Corruption Council will build upon the results of the surveys and studies in order to elaborate anti-corruption strategies to be presented to the next administration.

A report released by **TI-Korea** found that only about half of the 30 largest firms in South Korea have codes of ethics, and of these only a minority pledged real commitment to the code. According to the survey, 14 of the 28 local firms that responded have codes of ethics for their employees. But seven of the 14 firms either have an inadequate set of ethical principles or are reluctant to share them with the public, TI-K said. "A code of ethics reflects the firm's commitment and responsibility to its clients, who have the right to know what its ethical standards are," said TI Korea's Sung Eun-mi. "A firm's transparency is also important in determining whether or not it is practising the code." "The business environment in Korea needs a lot of improvement," Sung said. "In developed countries like the United States, 90 percent of businesses have implemented codes of ethics; in Japan it's 80 percent." *The Korea Herald, 1 October 2001*

TI-Thailand has released a new survey on the "unusually rich". The results, based on a poll of 2,000 respondents conducted throughout the country from May to

September, showed that a majority of the population thinks that the state should act on the problem of public servants and politicians accumulating unusual wealth. According to the results, 53 % of those polled want the state to take action, while 34 % merely say they dislike the existing situation. Only 4 % expressed real anger about the situation. For more information about the survey, please contact TI-Thailand at juree@nida.nida.ac.th

TI-Zambia recently commissioned a study of the privatisation of the Zambia Consolidated Copper Mines (ZCCM). It aimed to examine the extent to which the exercise followed the procedures laid out in the Privatisation Act of July 1992. The study uncovered conflicts of interest and showed that privatisation was conducted outside the provisions of the Privatisation Act. The report found that pressure by the donor community for quick privatisation had resulted in costly mistakes being made. It also charged that the proceeds of the privatisation exercise were not managed in accordance with the law. The lack of basic resources for maintaining proper records in the relevant ministry had further hamstrung

Initiatives in Education

TI Thailand launched its first Youth Programme against Corruption with a youth camp. The chapter has assisted the Anti-corruption Network with a Youth Leader Camp Anti-Corruption Programme organised in five areas of the country. Each camp hosts some 30-40 youth, aged 15-18 years. At the camps, TI-Thailand helps to facilitate a group brainstorming about how the youths perceive corruption and how they can deal with the problem.

In October, **TI Pakistan**/Karachi Chapter together with the Sindh Provincial Ministry of Education launched an anti-corruption education programme for children aged 6-16 in 400 public schools in Karachi, Pakistan. The 3-month project will involve some 400 teachers and 20,000 children. The programme includes speech and debating competitions, painting exhibitions, music programmes and street theatre.

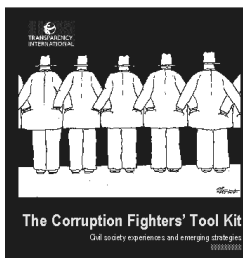
Representatives of Education International (EI) visited the **TI-Secretariat** in Berlin in November. EI is a union of teachers and educational professionals from 155 countries. Both sides expressed a strong interest in co-operation. Ideas for concrete collaboration were raised and will be followed up. For more information on EI, please see www.ei-ie.org.

the government's accountability. TI-Zambia recommended a more deliberate approach to deregulation in order to reduce opportunities for corruption by public officials and called for legislative reform to strengthen checks and balances. The report is available from the TI-Secretariat.

TI INTERNAL

Tool Kit CD-Roms now available

Two new CD-ROMs have been produced by TI. The Corruption Fighters' Tool Kit is a collection of anti-corruption experiences



from around the world and will be continually updated on the web site. A Tool Kit of Latin American anti-corruption experiences called Herramientas para el Control Ciudadano de la Corrupción has also been produced. This contains 25 different experiences from across the region, tools that were developed and financed by TI National Chapters as well as other civil society organisations. To receive a copy of the global or Latin American Tool Kit CD-Roms, please contact Jessica Berns at TI-S: jberns@transparency.org. Both tool kits will also be available on the TI web sites www.transparency.org and www.tilac.org (for the Latin American edition.)

In October, **Peter Eigen** and other TI representatives met with Liu Liying, the Deputy Director of the Central Commission for Discipline and Inspection and the Head of the **Chinese** Delegation to the 10th IACC in Prague. Ms Liu briefed TI about the current anti-corruption campaign in China. Peter Eigen presented TI's coalition-building approach and explored the possibilities of future co-operation Ms Liu expressed interest in TI's efforts at fighting corruption and a desire for further co-operation between the Chinese Society of Administration Supervision and TI. She also invited TI representatives to visit China in the near future.

A meeting was held between **Peter Eigen** and the Ugandan Minister of Ethics and Integrity Miria Matembe in Prague during the 10th IACC. Also present were Augustine Ruzindana of

the TI Advisory Council, representatives of the TI-Secretariat and officials from the Uganda government. The main topic of discussion was this year's Corruption Perceptions Index which saw Uganda's score slip considerably. Peter Eigen briefed the delegation on the background to the production of the CPI. He pointed out that the CPI showed only one side of the corruption equation, and detailed TI's efforts to give a more comprehensive picture of the phenomenon, including the Bribe Payers' Index, and the new trends barometer, both expected early next year. Ms Matembe listed some of the efforts of the Ugandan government in fighting corruption, which did not spare high-level officials. This exchange followed a visit to Uganda by TI in August, in response to concerns expressed in Uganda and at international conferences. TI affirmed its intention to intensify awareness-raising work, particularly with the media, in co-operation with Transparency Uganda before the release of the next CPI.

In September 2001, TILAC published its first ever **Annual Report in Spanish**. The Informe Anual 2001 is a translation of the TI Annual Report 2001 but also includes an additional nine pages of text specifically related to the regional and national work of TI chapters in Latin America. This was a joint effort of the Latin American and Caribbean chapters of TI and the TI-Secretariat. The report includes an introduction by Luis Moreno Ocampo, President of both TILAC and the Argentinian chapter of TI, and contributions from all chapters and chapters-in-formation. The regional initiatives highlighted in the Informe Anual include: a regional project to increase transparency in public contracting, national citizen observatories on corruption, the Tool Kit, and country studies. To receive a copy of the Informe Anual, please contact Sandra Pabón: spabontilac@entelchile.net.

At the two-day regional meeting in Prague, representatives from 11 Latin American



Cui Guohua and Liu Liying at the 10th IACC

chapters and the TI-Secretariat met to review and analyse the work of the regional network TILAC (TI Latin America and Caribbean). The assessment showed that the network provides an important space for sharing experiences and adapting projects beyond country borders (the example of public procurement monitoring), generating a voice in the region (the example of OAS convention monitoring), and creating identity with the movement. Participants agreed that TILAC, with the facilitation of TI-S, should play a more active role in elaborating projects for the whole region, including raising funds for such initiatives. Particular working sessions during the meeting were dedicated to a number of regional projects. The outcome was as follows:

- In the area of public procurement, chapters will elaborate national risk maps on the most vulnerable areas of their procurement systems. The results will feed into a regional risk map.
- In the area of Citizen Observatories of Corruption, the Colombian pilot project was presented. The TILAC chapters will parallelly monitor one particular pillar of integrity using the same indicators. The pillar chosen is Parliament.
- In the area of Access to Information, it was agreed that the chapters could play a significant role in monitoring access to information in the public with the aim to pressure for citizen-friendly and easily understandable systems of information.

TI Annual General Meeting in Prague focuses on core values

Some 260 delegates from more than 80 countries attended TI's Annual General Meeting (AGM) on 6 October 2001 in Prague, Czech Republic. The theme of this year's AGM was "Accountability, Integrity and Credibility - TI's Core Values". Besides discussions on the newly published Global Corruption Report and Corruption Fighters' Tool Kit, the AGM formally adopted a Values Statement for TI's Code of Ethics and the principle of a systematic National Chapter accreditation review was agreed upon. With Maria Eugenia Estenssoro, Ibrahim Seushi and Adam Terták leaving the international Board of Directors of TI, three seats were voted for at the formal membership meeting: Emilia Sicakova (Slovakia), Mame Adama Gueye (Senegal) and Cláudio Weber Abramo (Brazil) were elected. TI-Secretariat wishes to express its thanks to TI-Czech Republic for hosting this year's Annual General Meeting. Next year's AGM will be held in Morocco.

EVENTS & CONFERENCES

24-26 January 2002, Miami, Florida Money Laundering 2002

The 15th international anti-money laundering conference hosted by Oceana Publications and the Centre for International Financial Crimes Studies.

For more information, please see: <http://conferences.oceanalaw.com>

16-21 March, Oxford, UK

Combating Global Corruption and Raising Standards in Public Life

Organised by: Mansfield College Oxford

Working conference aimed at agencies encountering corruption in the process of managing projects or carrying out their work.

For further information please contact: Mansfield College, Oxford, OX1 3TF

Pearl Aldridge, The Conference Administrator, Tel: +44 (0) 1865 270997

Fax: +44 (0) 1865 270970 Email: pearl.aldridge@mansfield.ox.ac.uk

Publications

Grand Juries in California: A study in citizenship

By Bruce T. Olson

Stating at the outset that the role of civil grand juries are essentially to "investigate certain local-government activities and, at the end of their year, publish reports about what they have found," Olson evaluates how effectively California citizens fulfil their responsibilities as civil grand jurors. The author, Executive Director of the American Grand Jury Foundation and a long-time participant in local government, takes readers behind the scenes of this controversial public institution which is meant to serve as a weapon against crime and corruption.

The American Grand Jury Foundation, 2000
US\$39.95, ISBN 0-9702322-0-9.

Korruption begrenzen - Praxisfeld Entwicklungspolitik

by Georg Cremer

Having worked as a World Bank project manager in Indonesia, Cremer is convinced of the damaging effects of corruption on development. Starting with a summary of the different forms of corruption, he then challenges the assumptions that corruption is either culturally determined or useful in certain ways. He gives a detailed analysis of corruption and the difficulties of evaluating its costs. Cremer highlights the different sources of corruption - internal and external - and dedicates a quarter of the book to changes that can be implemented.

Lambertus, 2000, 180 pp. ISBN
3784112897.

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