



Politicians have a duty to demonstrate that their hands are clean

It is not only important that elected politicians should be individuals of the highest integrity; under today's media spotlight, it is truer than ever that they must actively demonstrate their integrity, and the best way to do so is to publish full and timely records of political party donations.

From Germany to the US and Britain, campaign finance is once again attracting a blaze of publicity. The slush-fund scandal that faced Helmut Kohl's Christian Democratic Union (CDU) has now been compounded by a municipal party funding scandal, also from the 1990s but only now uncovered, facing the Social Democratic Party (SPD), the party of his successor as Chancellor Gerhard Schröder. These scandals have not been prevented by the new legislation on party funding enacted in 1992.

Meanwhile the Enron case – where the majority of members of the US Congress (from both leading parties) were recipients of campaign donations from the now collapsed energy giant – has finally focused politicians into enacting a Campaign Finance Reform bill to tackle “soft money”, which is so tainted by suspicions of “influence-peddling”. The same charge has been levelled against Tony Blair's Labour government over a letter written by the Prime Minister to the Romanian government on behalf of a company owned by a major Labour Party donor. The purpose of the letter: to recommend the company in a tender bid. This might not be unusual practice, but it is the duty of politicians, not least a prime minister, to prove that they have not sullied their hands and that their actions are above suspicion.

Transparency International has consistently argued that success in the fight against corruption is contingent on not just an effective legal and regulatory framework, but also on serious commitment at the highest level. It is increasingly clear that even the best legislation in the world is not sufficient without the scrutiny of independent groups, such as TI chapters. The Visible Candidates campaigns in Colombia, Ecuador and Panama have proved to be a tremendous tool to monitor the policies and voting records of candidates, and to challenge them to declare their financial assets and open up their campaign finances to public scrutiny. The model has now been adopted by TI chapters to monitor municipal and state elections in Germany and Latvia.

Nor should we forget the vital work of election monitoring in repressive conditions, in particular the recent elections in Zimbabwe, where the TI chapter led a coalition of civil society organisations as election observers. Although the TI chapter declared the elections as neither free nor fair, their efforts in informing voters of their rights – from the right to insist that they cast their ballot secretly to the determination to protest that the voting period be extended so that all city-dwellers could cast their vote – have deepened still further the awareness among citizens of Zimbabwe that they are entitled to a free and fair vote, and a government that represents their wishes. That conviction will be even harder to eradicate after the bravery and determination of civil society organisations in this year's presidential election.

Peter Eigen, Chairman, Transparency International

International Organisations

United Nations

Progress on a UN convention against corruption

No comprehensive global anti-corruption treaty currently exists. But this seems set to change. The opening of negotiations to agree a United Nations Convention against Corruption were launched in Vienna on 21

January. There will be three such sessions of the ad hoc negotiating committee this year and three more in 2003, each lasting two weeks. There will be a First Reading (begun at the first session) and a Second Reading (where suggestions and formal proposals will be fed in), followed by the process of finalising the text, and the removal of those suggestions where there is no consensus. TI Executive Director Jeremy Pope, who

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attended the meeting, noted that the draft is extremely ambitious. There are presently more than 80 proposed articles on the table. Notably, it includes a specific section dealing with civil society (Article 13) proposed by Argentina, Austria and the Netherlands. TI's input may centre on identifying what is not yet on the table, and making proposals to that end. Before the meeting began, TI issued a press statement calling for the provision of a monitoring mechanism in any resulting convention. TI will also consider making input as follows:

- Review the preamble and strengthen it from a civil society viewpoint
- Argue that the definition of public official be extended to include officials and officeholders of political parties (which would also advance TI's OECD agenda)
- Argue for “secret commissions” to be treated as a criminal offence under the corruption definition
- Argue for the inclusion of “post-public sector employment restrictions”
- Argue for no asylum for seriously corrupt officials
- Argue for extradition or prosecution (as frequent reference is made to the Organised Crime Convention, the provision in that Convention could be supported)
- Challenge the requirement that 40 countries must ratify the Convention before it enters into force (the Convention Against Illicit Traffic in Narcotic Drugs required only 20).

The draft covers domestic and international

Coming soon: TIs Bribe Payers Survey 2002 is due to be published on 14 May.

corruption as well as mutual legal assistance matters. It is far too early to predict the success of the convention. There are delegations who are deeply suspicious and who will weaken the chances of attaining the essential "consensus". Some concerns can be headed off through the mechanism whereby countries can enter reservations. TI has emphasised that it is important that a lengthy UN process is not misused by politicians as a cover to delay practical action pending its outcome. "The convention should not be cited as an excuse to delay action that is urgently needed now," said TI Chairman Peter Eigen. For more information, including draft texts of the convention, please see:

<http://www.odccp.org/corruption.html>
Transparency International

United Nations Working towards co-ordination of UN anti-corruption efforts

While the United Nations Office for Drug Control and Crime Prevention (ODCCP) holds the UN global legislative mandate on anti-corruption, there are a variety of anti-corruption initiatives by various UN agencies. In order to foster co-ordination, ODCCP has begun to organise a broader interagency effort. A UN Interagency Anti-Corruption Co-ordination Meeting was held in Vienna on 4-5 February, at which various UN agencies presented initiatives they had been undertaking in assisting countries and organisations to fight corruption. TI was the only NGO present. Participants expressed a high degree of interest in working with TI, for example in the monitoring of the UN convention if and when it is concluded and comes into force.

Transparency International

United Nations Poland's UNICEF Committee accused of mismanagement

Officials from the United Nations Children's Fund (UNICEF) in Geneva withdrew support in December for the Polish arm of the organisation, accusing representatives in Warsaw of gross mismanagement. Lucjan Wolniewicz, the UNICEF head in Poland, is accused of racking up a huge debt, mismanaging charitable contributions, and abusing the UNICEF structures for private purposes. According to the UNICEF European Regional Director, the charge of mismanagement means that less than 75 percent of charitable contributions made in Poland were used to help children.

Radio Free Europe/Radio Liberty, 20 December 2001

OECD Convention update

Phase 1

The OECD Convention has now been ratified by 34 of its 35 signatories (There were originally 34 signatories; Slovenia acceded to the Convention on 6 September 2001). The only country that has not yet ratified is Ireland. In addition, the following countries have not yet adopted implementing legislation: Brazil, Chile, Slovenia and Turkey. The UK legislation was found to be seriously inadequate by the OECD Working Group and in November 2001 the British government finally decided to introduce follow-up legislation tacked on to its emergency terrorism bill. This legislation entered into force on 14 February. (See also page 8.) The Phase 1 reviews by the OECD Working Group have been conducted for the 30 countries that have introduced implementing legislation.

Phase 2

The Phase 2 Review process involves study of the structures put in place to enforce the laws and rules implementing the Convention and an assessment of their application in practice. For more information, see www1.oecd.org/daf/nocorruption/selfe2.htm. The first country to be reviewed was Finland, with an OECD Working Group examination in November 2001. TI's input to this review was co-ordinated by Michael Davies of TI Canada. A copy of the Finnish government's main response to the Phase 2 questionnaire, as well as TI's submission to the OECD Working Group meeting in November 2001, are available from gdell@transparency.org. The United States is the next country to be reviewed, with a country examination planned for June 2002. Germany and Iceland are to be reviewed after the USA.

OAU Anti-Corruption Convention in the works

An experts meeting of the Organisation for African Unity (OAU) was held in Addis Ababa in November 2001 to consider a draft convention on combating corruption. Representatives from 42 OAU states, the African Commission on Human and Peoples' Rights, the Economic Community for Central African States (ECCAS), the Organisation of African Trade Unions Unity and observers from a dozen organisations (including Andrew Nongogo of TI Zimbabwe) participated in the discussions. The draft convention will be submitted to the Council of Ministers of the OAU in May

2002 before its adoption by heads of state and government. TI's African chapters are looking at ways of lobbying for its ratification and adoption by member states and monitoring its implementation once it is ratified. The draft convention is available at: <http://www.oau-oua.org/corruption/index.htm>

OAS Monitoring mechanism defined

The first meeting of the committee of experts established under the monitoring mechanism to the OAS Convention against Corruption was organised by the OAS (Organization of American States) in January in Washington, DC, with the aim of defining the rules and procedures for this follow-up mechanism. TI was invited to present its experiences with convention monitoring. TI stressed the need for civil society participation and noted that the openness of governments to provide for civil society participation seems to have considerably increased over the past three years. The TI chapters in the Americas had prepared a set of recommendations to the experts on points they consider crucial for an effective and politically independent review process. A copy of the recommendations can be requested by writing to jberns@transparency.org.

The four days of negotiations were not open to the public, but the final document can be consulted at www.oas.org. The review process will be organised in different rounds - as the convention is very broad - with the first round focusing on the implementation of a set of preventive measures (codes of conduct, higher control bodies, mechanisms for civil society participation, etc.) and a set of measures for judicial and technical assistance. The first round will last two years.

European Union New EU arrest warrant covers corruption

A new European arrest warrant will replace the current cumbersome system of extradition between member states. It will allow wanted persons to be handed over directly from one judicial authority to another. Normally, extradition can take place only if the infringement constitutes a crime in both relevant countries ("double incrimination"). The European arrest warrant goes further: It covers cases of serious crime even if the condition of double incrimination is not fulfilled. A list of 32 crimes was

Please note that the views expressed here are those of the author and do not necessarily represent the viewpoint of Transparency International

Viewpoint: Corruption and mismanagement in Indian NGOs

by Suman Bhowmik



Having joined the development sector largely to get away from the near all-pervasive sleaze in corporate India, three years of revelations now tell me the grass is no greener here.

Despite bucking the worldwide trend of decreasing foreign aid over the last decade and in spite of staggering amounts of official government funds spent for the benefit of the underprivileged, little actually trickles down to those it is meant for.

An inefficient, self-serving bureaucracy is simply not bothered about proper disbursement of government funds. In turn it often devises ways of eating into them. But what's truly appalling is the way thousands of individuals and organisations, credited as agents of social betterment, have systematically been swindling both private donors and communities alike.

At the macro level this becomes apparent in the astronomical number of not-for-profit organisations actually registered – trusts, societies, NGOs, etc. Bihar alone is supposed to have more than 17,000 such organisations, yet remains the most backward of India's states. It is common knowledge that a large section of them exist only on paper. Very many are meant for tax planning (evasion?), political games, money laundering, etc. With no proper regulatory authority and archaic legal requirements, this is to be expected. And this is exactly the reason there is now so much opposition to checks and balances being planned.

Digging deeper, corruption flourishes primarily as a result of the quality of people attracted to this sector. Unfortunately, in India, thanks to ever burgeoning competition, most of those who get into sociology or rural development do so not out of any real conviction but only because they were not good enough for more lucrative options. They therefore carry the aspirations to match their corporate friends, but lack both talent and accountability. As a result those responsible for doing "good work" are too busy "making good", waiting for the first opportunity to jump into the "dollar income" big league. Imagine my shock on learning that a large, foreign-funded NGO working with street children pays workers' cab fares

for distances I expect my MBA students on summer projects to walk. Or in realising how senior managers in a well-known, UK-based funding agency used loopholes in a travel-by-train-only austerity notification to continue flying!

It is tempting to overlook such "minor" transgressions. Unfortunately, it does not stop there. I note with concern how orders for supplies get handed out to people with questionable credentials, for grossly exaggerated amounts and without any checks on quality or timely arrival of goods. One could argue that it merely indicates inefficiency. While that might be true, continuing in this manner despite warnings can only indicate otherwise.

At an organisational level, the huge expenditures incurred on administrative costs by large NGOs require more intense scrutiny. In many cases, this is consequent to personal expenses being put under official banners (not too difficult as many NGOs are close family units). But it is not always so. The obnoxious sums spent on window dressing various activities, especially by foreign organisations, including UN bodies, may earn some brownie points with headquarters but certainly won't live up to any impact audit.

Interestingly, a couple of years ago British co-operation agency DFID funded an AIDS awareness fair in a children's museum here. In an article in *The Statesman**, I was very critical of their entire approach to AIDS intervention and even more of the inappropriateness of the venue and the utterly insensitive communication style. Fortunately, DFID has since closed down their massive countrywide implementation programme. DFID apparently spent some 20 million pounds between 1995 and 2000 in HIV intervention programme implementation in six states. While the Labour government has substantially increased support, they now spend the money through the NACO (National Aids Control Organisation - an umbrella NGO) and state governments.

These incidents happen essentially because many well-meaning foreigners have little idea of existing ground realities. Unfortunately, they often depend on locals who know even less. In a country as diverse as India, where everything from dialect to soil changes every few hundred

miles, there are no standard solutions. And discussing anti-poverty measures within five star environs isn't exactly the same as providing on-hand alternatives in remote villages every time the rice in a food-for-work scheme is found inedible.

If all this indicates poverty of the soul, there is poverty of thought too. A Christian NGO chief, during a strategic planning workshop of mine, stumped me by refusing to be "efficient", as he thought that this was a rational process not done with the heart! Just about every NGO runs some sort of vocational training, but only because funds are available for such programmes. Consequently, students learn skills they can rarely market. Such training is a complete waste of money, time and effort. Easily marketable, high-profile issues - rights, disability, evictions - are much catered to, especially by the politically ambitious intelligentsia, while crucial but silent ones that need immediate support - population, pollution, corruption - are often passed over, as these are difficult waters to tread.

Lest all this should make you too cynical, let me clarify that there are also thousands of honest, dedicated people serving communities quite selflessly. The irony is that they are usually the silent types that go unnoticed. It is most important, therefore, that to avoid external supervision, these people come together as an industry; to improve human resources (attracting amply paid and qualified people to ensure efficiency and productivity), develop transparency and accountability standards (statutory audits, published accounts, impact assessment studies) and to choose issues with care and deep thought in order to serve communities better.

* *The Statesman* is Calcutta's largest circulated English newspaper.

Suman Bhowmik has an Honours in Economics and an MBA in Marketing. He was attached for over a decade to among others, The Times of India, ITC, DSJ, and IFB in areas as diverse as sales & marketing, financial services, credit control, special projects, training and corporate communications. Since 1998 he has worked as a media and PR consultant, freelance journalist, and has conducted training workshops for companies, NGOs and management institutes. But he is most involved as the regional representative of Partners in Change - a small Indian NGO promoted by ActionAid and supported by the Ford Foundation and others to promote corporate involvement in the development sector, essentially through the establishment of non-fund based partnerships.

drawn up to which the warrant will apply without a requirement to check double incrimination. These crimes include not only terrorism and participation in a criminal organisation, but also money laundering, fraud and corruption. Italy wanted to exclude fraud and corruption and tried to limit the scope to terrorism but at the last moment caved in to pressure. A compromise had to be found for retroactivity. The text allows each member state to decide for itself whether it will apply the arrest warrant retroactively and for which period. The new system will come into force on 1 January 2004.

TI Brussels, 12 December 2001

European Union EU strengthens judicial co-operation

On 6 December EU justice ministers approved the creation of Eurojust, a new judicial co-operation body. Eurojust will be an office composed of one senior lawyer, magistrate, prosecutor, judge, or other legal expert with prosecuting power, seconded from each EU member country with the aim of facilitating cross-border co-operation between prosecutors and finding links between cases in progress in different countries. The scope of power of Eurojust is broad and includes the infringements covered by the Europol Convention, computer crime, fraud and corruption, money laundering, environmental crime, and participation in criminal organisations.

TI-Brussels and Agence Europe, 10 December 2001

European Union EU states aim to further dirty money crackdown

European Union parliaments agreed at a February conference in Paris to crack down harder on money laundering. The four-pronged plan includes citing the transparency of capital flows and the introduction of sanctions against non-cooperative countries. European police and legal systems would tighten co-operation and countries would look at how to make the risk policies of banks more efficient. Countries would work to harmonise rules on professional secrecy codes in the financial sector, create a central register of bank accounts and make Internet service providers tell police who was behind suspect financial transactions. They would restrict, ban or slap surcharges on transactions with individuals or organisations based in countries identified by the Paris-based Financial Action Task Force as non-cooperative.

Reuters, 11 February 2002

Olympic Notes

IOC sets guidelines for conflicts of interest

Olympic officials who fail to declare possible conflicts of interest will face suspension under new rules announced by the IOC. The guidelines, which take effect in April, require all members to file a list of potential conflicts of interest with the IOC's ethics commission.

New York Times, 3 February 2002

Officials allege efforts to fix ice skating competition

A controversy erupted during the Salt Lake City games in pairs figure skating where a French judge admitted to favouring Russia over Canada. The dispute was resolved with both pairs receiving gold medals. The International Skating Union (ISU)'s secret investigative committee charged with looking into the figure skating judging scandal was given three letters that allege a deal between Russian and French officials to attempt to rig the outcomes of the Olympic pairs and ice dance competitions. Two of the letters allege that French judge Marie Reine Le Gougne said Russian officials promised her first place for the top French ice dancing team in exchange for her vote for the top Russians in the February 11 pairs final. International Olympic Committee officials urged the ISU to resolve the scandal quickly and openly. Canadian IOC member Dick Pound, who chaired the IOC's investigation into the Salt Lake bidding scandal of 1999, criticised the closed nature of the investigation, saying "a secret committee of anything always makes me nervous," but lauded the ISU for beginning to look into corruption in judging.

The Washington Post, 20 February 2002



Remarkably prescient cartoon by Cameron Cardow dated 17 February 1998

FIFA Probe into finances at soccer's world governing body

In an emergency meeting, Fifa's executive committee has decided to set up an investigating committee to look into the state of Fifa's finances and the handling of the collapse of former marketing partners ISL. It may also look into allegations that supporters of Sepp Blatter paid cash for votes before his 1998 election as Fifa President. Blatter insists the collapse of ISL cost Fifa around £22million (USD 31m). But there have been claims the true damage could be as much as ten times that.

BBC Sport, 8 March 2002

Forest Integrity Network (FIN) Corruption accelerating forest destruction, group says

A meeting of the Forest Integrity Network (FIN) took place in Washington, DC, in November 2001. FIN was launched in May 2000 under the aegis of TI and with the support of the Center for International Development (Harvard University), the World Conservation Union (IUCN), and the World Bank. FIN partners recognise that uncontrolled deforestation is wreaking environmental and economic havoc around the world, and that corruption plays a key role in this destruction. The Washington

meeting was attended by representatives of NGOs, government departments, international organisations, research institutes, and the private sector. Present from TI were Peter Eigen and Pierre Landel-Mills, who manages the TI Secretariat's involvement with the issue. The meeting included presentation and discussion of country case studies from Papua New Guinea, Indonesia, Georgia, Benin and Honduras aimed at illustrating the potential contribution of an active FIN. Participants agreed on a mission statement, structure and action plan for FIN. In particular, it was agreed that FIN should establish a comprehensive documentation centre and database on forest corruption, identify and disseminate best practice, encourage research, and foster national stakeholder coalitions to fight corruption at the country level. Finally, the meeting recommended that a focal point for FIN should be established. Ideally this should be located within the TI Secretariat. Funding is now being sought to realise this. The next FIN meeting will be held in conjunction with the G-8 Summit in Kananaskis, Canada in June 2002.

If you are interested in FIN developments, please send an email to Ken Rosenbaum at kenro@syenco.com requesting that your name be added to the FIN newsletter circulation list. Or, for more information or for copies of the FIN Concept Paper, please write to vlerch@transparency.org.

Mining

MMSD prepares for public consultation

The Mining, Minerals & Sustainable Development (MMSD) Project, an independent two-year process of research and consultation seeking to understand how the mining and minerals sector can contribute to sustainable development, is now entering a new and decisive phase. A draft report by the MMSD has just been published and is available for comment at <http://www.ied.org/mmsd> (until 17 April). This report is the outcome of a two-year process involving 23 global workshops. TI national chapters are encouraged to review the draft, and send in their reactions either directly to MMSD or to Miguel Schloss (ms.transparency@verizon.net), who is co-ordinating TI's input. In March 2002, MMSD was planning to make recommendations to 30 mining companies operating worldwide. Background papers and the proceedings of a meeting co-sponsored by TI and MMSD in Berlin in September on corruption in the mining and mineral sector are now available on the TI website at: http://www.transparency.org/working_papers/index.html.

Recent Reforms

A global sample of initiatives to increase transparency and accountability

Argentina

Reforms proposed in response to crisis

Through continued protests since December, the people of Argentina are sending a clear message: the political class needs to overhaul itself and implement institutional reforms working for the good of society. In January, Eduardo Duhalde became the fourth president in less than a month. He came to power on a broad congressional consensus basis, although he is also accused of involvement in a number of corruption scandals in the Greater Buenos Aires province. Duhalde is seeking USD 15 billion in loans from the IMF and other foreign creditors. In an effort to improve the formal and informal systems that contributed to the crisis, of which institutionalised corruption is a part, Duhalde has expressed his commitment to reduce the exorbitant number of elected officials. This will help to reduce political patronage. According to the research group Grupo Sophia, spending on political patronage jobs is estimated to have totalled USD 2.2 bn in 2001 alone.

Meanwhile, a congressional committee has opened an investigation into nine Supreme Court judges for alleged malpractice, four of whom were nominated by the administration of President Carlos Menem in an extremely controversial expansion of the Supreme Court. The judges are facing dismissal over a series of controversial rulings, including one to lift the government ban on withdrawals from bank accounts. The inquiry is also expected to focus on another ruling releasing from jail former President Menem, who was charged with involvement in an arms scandal. The inquiry is an attempt to restore the image of an institution widely perceived to be corrupt and lacking in independence.

In an effort to turn citizen protests into concrete action, Poder Ciudadano (TI national chapter) has been working closely with local citizens, assisting neighbourhood groups to lay the necessary groundwork to begin monitoring public expenditures and demanding public officials to be accountable for their actions.

Poder Ciudadano; Transparency International; International Herald Tribune 19 February 2002; BBC News 7 February 2002

TI chapter calls on NGOs for support

In January Poder Ciudadano (TI-Argentina) prepared a letter of recommendations and presented it to President Eduardo Duhalde. TI calls on national chapters and other organisations around the world to support Poder Ciudadano by sending the letter to the Argentinian embassies in their countries. The letter highlights the responsibility of elected politicians in overcoming the present difficulties and proposes a set of recommendations for reform. The letter has already been distributed through the Inter American Network for Democracy. Some 45 NGOs from 15 Latin American countries confirmed their support and a concluding letter was sent to President Duhalde. Poder Ciudadano's original letter is on the TI website at http://www.transparency.org/news_ti.html#poder.

Brazil

Immunity lifted

After approval by the lower chamber on 20 December the senate voted definitely to lift constitutional safeguards prohibiting criminal charges being filed against legislators. Legislators will now only be immune from prosecution for opinions expressed, or votes cast, in the exercise of their mandate.

Latin American Weekly Report, 2 January 2002

Canada

New policy on disclosing information of wrongdoing

The new Canadian government Policy on Internal Disclosure of Information Concerning Wrongdoing in the Workplace is available at

http://www.tbs-sct.gc.ca/Pubs_pol/hrpubs/TB_851/idicww-diicaf_e.html

Ghana

Hotline to weed out passport contractors

The Ghanaian Ministry for Foreign Affairs has issued a hotline service number to Ghanaians for use when they encounter difficulties in acquiring passports. The public are encouraged to contact the ministry, after

which they should receive their passport within 24 hours. Under a new mechanism, passport acquisition should not be delayed for more than four weeks. The operation of his system has been piloted for two months and proved successful. The Ghanaian Foreign Minister Hackman Owusu-Agyeman issued a strong warning to “passport contractors” against collecting bribes from customers. He also said that due to gross misappropriation in the issuing of diplomatic passports, the number has been cut down from 1,800 to 660.

Accra Mail, 19 February 2002

Germany

New code of corporate governance

A new code of corporate governance was proposed in Germany, supposedly to make businesses more shareholder-friendly. But the code will be voluntary. In other corporate news, ThyssenKrupp, the steel group, is to become the first German company to disclose the salaries of individual directors. The move would mark a significant step towards more transparent corporate governance in Germany where companies' annual reports currently give only a figure for the pay of the whole board. Gerhard Cromme, head of ThyssenKrupp's supervisory board, said he expected other quoted companies to follow its lead. An expert commission set up by Chancellor Gerhard Schröder last year concluded that shareholders had the right to know board members' salaries. In the past, industry representatives have argued that the right to privacy should override shareholders' rights.

*The Economist, 2 March 2002;
Financial Times, 31 January 2002*

India

Decentralisation a tool to fight corruption?

In response to allegations of corruption and misappropriation of funds, the Assam state government – in a historic move – has decided to decentralise and make villagers responsible for purchases and other activities of the District Rural Development Agencies (DRDA). Under the plan, all construction and maintenance works in the village falling under various rural development schemes would be conducted under the overall supervision of village-level construction committees. The local committees would be monitored by supervisory bodies. “The whole system is being made very transparent,” said one official. “Stakeholders would decide on schemes to be implemented in their village. Even the purchases would be made by the villagers themselves...and they

will definitely get cheaper rates than the price at which the government usually buys various products.”

The Times of India, 31 January 2002

India

Right to Information Act on the anvil in Andhra

Governor C Rangarajan told the state Assembly on 15 February that the Andhra Pradesh government in India was planning to enact a Right to Information Act to empower citizens and to improve administrative transparency and accountability. Mr. Rangarajan outlined recent IT-related initiatives undertaken by the government to improve the quality of citizen services and said the ‘e-Seva’, a computerised one-stop facility offering services, would be extended to new areas. The introduction of e-governance, citizen's charters and civil service reforms were aimed at preventing corruption and making the administration transparent, responsive and accountable, he said. The website can be viewed at www.esevaonline.com.

The Times of India 15 February 2002

Japan

Foreign minister announces policy on ministry reform

Foreign Minister Yoriko Kawaguchi pledged on 12 February to make efforts to reduce inappropriate influence on the ministry's decision-making. Her 10-point basic policy for reforming the corruption-riddled Foreign Ministry includes an emphasis on making Japan's official development assistance to poor countries effective and transparent and building a stronger relationship with Japanese non-governmental organisations. She reiterated plans to unify procurement in a single division and reinforce internal inspections of the ministry's headquarters and overseas offices with the help of outside experts such as lawyers and certified public accountants. On ways to curb politicians from exerting influence on foreign policy, Kawaguchi said she plans to make written records of any overt or tacit demand from a politician on specific affairs available to the foreign minister and other political appointees to the ministry and also to make the records subject to information disclosure.

Kyodo News Service, 12 February 2002

Kuwait

Money laundering law passed

Kuwait's parliament gave final approval for an anti-money laundering law as part of global efforts to crack down on terror

financing. The law allows better registering of sources of money and other organisational measures. Although the law was under review for several years, Kuwait wanted to pass it by February to avoid measures being taken against it by the Group of Seven-sponsored Financial Action Task Force. Kuwait is working on a draft law to regulate operations by Islamic banks. Bankers in Kuwait have said that so far no suspicious accounts have been found.

Financial Times, 12 February 2002

Mexico

Puebla traffic police don new anti-corruption vests

The government of the central city of Puebla has taken drastic steps to curb corruption by ordering its traffic police to wear neon green vests covered in anti-bribery slogans. Starting this week, officers are sporting the vests, each bearing a picture of a crocodile whose gaping jaws represent a huge *mordida*, or bite, a Mexican reference to a bribe. Beneath the picture are slogans such as “violations are free” and “honesty has no price”. The idea, a local spokesman said, “is to make citizens equate the crocodile with the end of *mordidas* and realise they don't have to allow traffic cops to extort money from them.” The programme, which has been fiercely criticised by local police, is being tried for a month. Police dislike the tacky vests and feel their authority is being undermined. City hall, in contrast, says police are only upset because “many of them are going to see their extortion income dry up considerably.”

EFE, 21 February 2002

Mexico

Innovation in e-government

In January President Vicente Fox of Mexico announced the launch of Tramitanet, a website through which thousands of government transactions can be made. The Spanish word *tramite* refers to administrative transactions. The website is a clearing house for all kinds of federal government application forms, from fishing permits to marriage licenses. The forms can be searched by government departments, and many can be filled in electronically and returned by mail. On the website there is a space for users to send complaints, feedback and suggestions. The project is part of Fox's efforts to promote efficiency and transparency in public administration and move the federal government into the information age. It falls under the purview of SECODAM, the Ministry for Administrative

Development and Control. Tramitanet is predicted to eliminate 500 million paper transactions over the next two years. The web address of Tramitanet is: www.tramitanet.gob.mx.

www.news.com, 19 January 2002

Nepal

Judicial commission to probe wealth of leaders

Nepal's King Gyanendra has ordered a judicial probe dating back over a decade into assets of high-ranking government officials in a bid to stamp out corruption. The investigation, headed by a Supreme Court judge, is to probe the assets of people holding the positions of prime minister, deputy prime minister, heads of constitutional bodies, members of parliament, judges and bureaucrats during the last 12 years. Their families will also be investigated. The three-member panel will also investigate the finances of the heads and office-bearers of state-owned companies. The commission has been given six months' time to complete the work from the date it starts its function. But critics say the task is too big to be completed within the deadline. Successive governments have been criticised for failing to crack down on corruption in one of the world's 10 poorest countries. International donors, who fund over 60 percent of Nepal's economic development, have urged the country to keep corruption in check.

Reuters, 8 March 2002

Peru

Changes in government

Reforms, transitions in government, and quests for justice have all been part of the Peruvian reality since the Vladimiro Montesinos case exploded in 2000 and ex-President Alberto Fujimori fled the country. Jose Ugaz, Special Prosecutor on the Montesinos case, has been instrumental in revealing a web of corruption and human rights abuses that took place under the Fujimori government. With 130 people in jail, USD 65 million repatriated and USD 30 mn worth of goods seized or frozen in connection with the scandal, he has been key in ending a decade of immunity in Peru. Ugaz is now stepping down from this post and assuming the Presidency of the recently created anti-corruption civil society coalition Proética, which is also the national contact of TI. A new Comptroller General has also been appointed. Genaro Matute Mejia will be responsible for the process of decentralising control of public administration and its total separation from the Executive.

Respondanet, No. 29; BBC News, 31 January 2002; Transparency International

Philippines

Campaign finance reform bill

A Campaign Finance Reform Bill spearheaded by Senator Edgardo Angara is being considered which would seek external audits of political campaign funds. The bill would create government subsidies for hiring professionals to run campaign secretariats, and for training and related matters to lessen the dependence of political parties on "vested interest" money. Angara has said that the bill was imperative at this time to "change the rules of the political game and to imbue the electoral system with a sense of integrity."

The Philippine Star, 18 February 2002

Poland

Easing sanctions against bribe payers

The President has presented a draft bill to parliament on amending the Criminal Code, which would ease sanctions against bribe-givers. At present, both parties to a bribery transaction are equally liable for this criminal offence. In fact, a bribe-giver confessing to his action may face stiffer punishment than the receiver, who may in his official capacity be able to cover up the crime. Judge and Deputy Speaker of the Lower House of Parliament Janusz Wojciechowski has argued that although the President's proposal is a step in the right direction it is nevertheless too weak an incentive to forestall corruption. Those who give bribes still do not have adequate guarantees of immunity from prosecution or monetary fines. He says full freedom from punishment could forestall bribery, particularly in instances when it is coerced or where officials flagrantly exploit their power to intimidate citizens.

Polish News Bulletin, 30 January 2002

South Africa

Legislation targets public service corruption

Anti-corruption legislation, partly aimed at regulating post-public service employment, clamping down on the abuse of state resources and protecting whistleblowers will be passed by Parliament this year. Cabinet approved the Prevention of Corruption Bill last week as part of a broader plan to clamp down on corruption and mismanagement.

The law includes a restraint-of-trade clause, which temporarily stops public servants from volunteering for severance packages and later returning as consultants. Key areas of the bill would focus on awareness, training and education about corruption, more institutional capacity and stopping corrupt individuals and businesses from qualifying for future government assignments. Government announced an urgent need to introduce anti-corruption laws after wide media coverage of corruption allegations in the multimillion rand arms deal.

Business Day, 12 February 2002

South Korea

Measures announced to root out corporate corruption

The Ministry of Commerce, Industry and Energy (MOCIE) announced a plan to establish an ethical management infrastructure and the creation of social peer pressure among companies to adopt moral management guidelines to cope with managerial corruption. Illustrating cases of developed countries, the ministry said that ethical corporate management has become one of the core global competitiveness issues for enterprises. The ministry will first invest a total of 50 million won (USD 38,000) into developing a standard corporate ethical management system together with research institutes, while simultaneously conducting a survey on actual ethical management status at local corporations. MOCIE plans to jointly urge companies to adopt ethical guidelines together with five economic



Financial Times, 9 April 2001

groups including the Federation of Korean Industries (FKI). It said it will start with the top 30 conglomerates this year and let them drive medium-sized companies and venture firms to adopt ethical management guidelines by the end of 2003, and make all top 500 companies adopt the guidelines by the end of 2004.

Korea Times, 24 January 2002

Turkey

Turkey set to unveil action plan to fight corruption

Turkey is expected soon to unveil a master plan for fighting corruption and bad governance as part of a USD 16.3 billion loan agreement recently approved by the International Monetary Fund. The action plan, drawn up by the Economy Minister, sets out solutions for virtually every problem of public life – ranging from over-employment and petty corruption in public services to the judiciary's inadequate handling of financial crimes. The plan also stipulates the need for effective regulations to clean up campaign finance. This includes requiring parties and candidates to declare the amounts and sources of all political donations. A World Bank report published last year suggested that contractors have traditionally been asked to pay up to 15 per cent of the value of state contracts to politicians as "campaign contributions". The system of awarding such contracts is already earmarked for reform from next January under a new public procurement law approved by parliament last month in another precondition for the IMF loan.

Financial Times, 6 February 2002

Ukraine

Banks watching for money launderers

Under pressure from the United States, Ukraine is stepping up efforts to combat money laundering. A presidential decree signed last month ordered that, effective January 1, the nation will introduce tighter controls over large or suspicious financial transactions. The decree covers all financial transactions defined as large or suspicious by Ukrainian law. The decree is a preliminary measure that will remain in effect until parliament enacts an asset-control law, expected later this year. Under the terms of the decree, financial institutions have the primary responsibility for identifying transactions to be reported to a government monitoring agency being established within the Finance Ministry.

Kyiv Post, 3 January 2002

United Kingdom

Anti-bribery legislation enters into force

British nationals or companies paying bribes anywhere in the world face prosecution in the UK since new legislation to clamp down on bribery overseas took effect on 14 February. The Anti-terrorism, Crime and Security Act 2001 makes any corrupt payment that would be unlawful in the UK illegal if it is paid abroad, even if the payment is legal in the country concerned. Offenders face heavy fines and up to seven years' imprisonment. The equivalent law in America, which has been in force for more than 20 years, has resulted in about 50 successful prosecutions and fines running into millions of dollars.

The Times (London), 19 February 2002

USA

Campaign finance bill passes

The US Senate gave final approval to an overhaul of the nation's campaign finance law, and President Bush said he would sign it, putting the US political system at the brink of its most sweeping change in a generation. The votes in the House of Representatives on 14 February and then the Senate, capped a seven-year effort to ban the large, unlimited donations to political parties, known as "soft money". The legislation (sponsored by Representatives Shays and Meehan) would ban soft money, which grew to nearly USD 500 million in the last presidential election, and require the political parties to rely on smaller, more

closely regulated "hard money" donations. It would also impose new regulations on thinly disguised campaign ads by outside groups, prohibiting their broadcast within 30 days of a primary and 60 days of a general election. In exchange for a ban on soft money, the measure allows some new fund-raising. It would give donors the right to contribute as much as USD 10,000 to state political parties for get-out-the-vote drives. And it would raise from USD 1,000 to USD 2,000 each election the limit on how much an individual can give to Senate, House and presidential candidates.

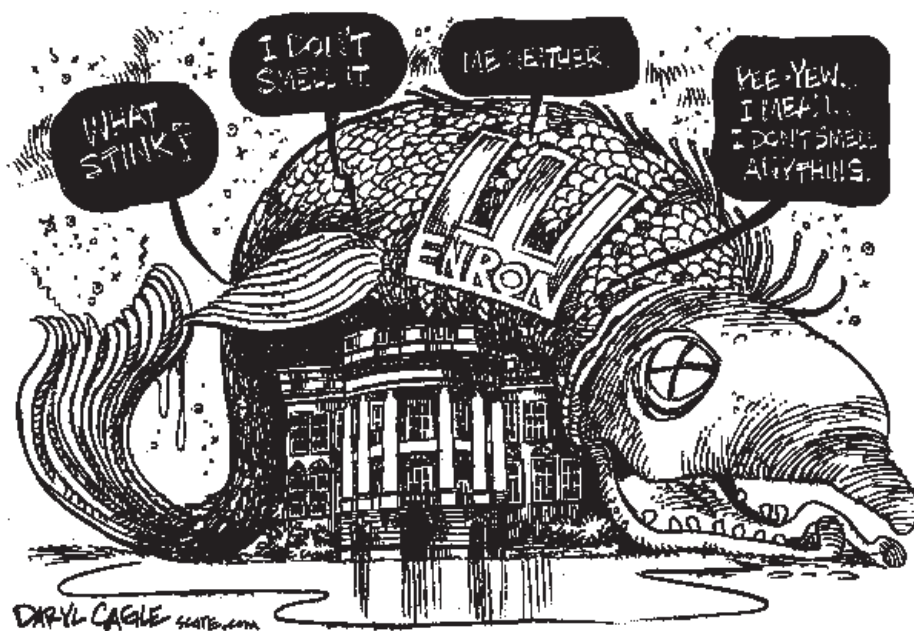
The New York Times, 14 February/21 March 2002

Zambia

New anti-corruption coalition enters the scene

A new anti-corruption group – the National Movement against Corruption (NAMAC) – has recently formed in Zambia. NAMAC says that the movement is open to any interested individuals or organisations and that they hope that national leaders, including those from the government, political parties, religious organisations and the business community, will take part in the initiative. Members of the NAMAC steering committee recently undertook visits to all Zambian provinces to see how best the movement could be launched at a provincial level. NAMAC's steering committee includes the Anti-Corruption Commission, Office of the Auditor-General, Integrity Foundation Zambia, Transparency International Zambia and the Zambia Institute of Mass Communication.

The Post (Lusaka), 5 February 2002



Corruption Reports

A sample of corruption cases from around the world

Africa

Benin

Nine magistrates reported arrested for embezzlement

Nine magistrates accused of stealing more than 1 billion CFA francs (USD 1.4 million) have been arrested. These arrests bring to 29 the number of magistrates who will have to face charges of embezzlement of court funds between 1996 and 2000. The country's nine courts have 92 active magistrates. This recent experience shows the extent of corruption in the country and represents a new resolve by the government to fight corruption.

Africa No 1 Radio via BBC Monitoring Service, 21 January 2002

Nigeria

Murdering sleep

The murder of Attorney General and veteran politician Chief Bola Ige on 23 December raises new doubts about the prospect of free elections in 2003. He was murdered at his home in Ibadan, south-west Nigeria. Ige had sided with Osun State Governor Bisi Akande, who has been locked in an increasingly vitriolic battle with his deputy, Iyiola Omisore. On taking office, Akande cancelled a water supply contract awarded to one of Omisore's companies by the military government. Ige had accused Omisore of being close to the late military leader General Sani Abacha. Omisore also believed Ige had blocked his path to the governorship. A top-level police investigation has failed to make headway.

Africa Confidential, 11 January 2002

The Americas

Canada/Lesotho

Canadian firm charged with bribery

A Canadian firm of contractors, Acres International, was charged on two counts of bribery in the Lesotho High Court on Tuesday in connection with the two-nation Lesotho Highlands Water Project. The leader of the prosecution team, advocate Doguido Penzhorn, said in the outline of the Crown case that evidence would show that Acres

International paid bribes totalling CAD 681,316 (USD 430,000) to intermediaries who transferred the money to the Swiss bank account of the former chief executive of the Lesotho Highlands Authority, Masupha Sole. It is alleged that the two intermediaries were a Lesotho civil engineer, the late Zalisiwonga Bam, and his wife Margaret Bam. The prosecution alleged that the monies were paid into Sole's Swiss bank account in 1991 and also in 1998. According to Penzhorn, the court will be asked to draw "the inescapable conclusion" that the payment of these monies to Sole by Acres International was intended as bribery. The hearing continues.

South African Press Association, 19 February 2002

Colombia

World Bank publishes corruption survey results

The World Bank has recently released the results of its survey on corruption in Colombia. The survey was carried out in 2001 at the request of the Pastrana administration. The survey was conducted in five cities of different sizes across the country with 8,308 individuals: 3,472 civil servants, 1,343 business people and 3,493 users of public services. General results demonstrate higher levels of corruption at the municipal level than at the central government level, low levels of bribes in administrative transactions and a lack of confidence in the justice system (48% of respondents). Specific findings on procurement included that bribes are paid in 50% of public contracts and contractors pay a bribe averaging 19% of the total contract in order to win public bids. The full results of the survey and the corresponding World Bank analysis were to be discussed in mid-March at a seminar on corruption and governance, supported by Transparencia por Colombia (TI national chapter). For more information on the study, see:

<http://www.transparenciacolombia.org.co/1eventos.htm>.

El Tiempo (Colombia), 22 February 2002

Colombia

Anti-graft reporter dies after attack

Orlando Sierra, the deputy editor of the Colombian newspaper *La Patria* (Manizales, Colombia), died in early February from

wounds inflicted by two gunmen. Sierra was known for his ironic columns attacking official graft in Manizales and the coffee-growing province of Caldas. Colombia is one of the most dangerous countries in the world for journalists. Ten reporters were killed last year in attacks.

Reuters, 4 February 2002

Honduras

Accusations brought against Attorney General

The Attorney General of Honduras, Roy Edmundo Medina, was accused before a high criminal court of seven crimes of violation of his obligations as a civil servant, three crimes of acting against state security and one for abusing influence. The newly installed President of Honduras, Ricardo Maduro, recently re-established the National Anti-Corruption Council. The leadership of the Council falls to the Cardinal Oscar Andrés Rodríguez and is made up of up individuals representing government and civil society. Transparency and accountability of government are priorities of the new administration. The Council will look at changing the culture of impunity that exists in Honduras, strengthening accountability of the state and improving the monitoring capacity of civil society.

La Tribuna (Honduras), 20 February 2002; Transparency International

Mexico

Investigation into fraud at government's oil monopoly

The organised crime division of the Mexican Attorney General's office claims that USD 120 million was illegally siphoned from Petroleos Mexicanos, or Pemex, the state-run oil monopoly, and channelled into the oil workers' union. Federal Comptroller Francisco Barrio alleges that at least a portion of that money was then used to subsidise the Institutional Revolutionary Party (PRI) in the final weeks of the presidential campaign of 2000.

Wall Street Journal 15 February 2002; The News Mexico 21 January 2002

Asia/Pacific

China

Officials at Chinese state bank steal 500 million dollars

Five Bank of China officials in the southern city of Kaiping have stolen nearly USD 500 million from the bank. The theft is the latest in a wave of scandals that have hit the Bank of China, the most international of China's

big four state banks. The bank's president said the theft, spread over seven years, was uncovered by an internal audit last year. The five had a well-organised escape plan, "dozens" of fake passports and had fled overseas after an audit team arrived at the local branch. He said some of the money was laundered in the gambling centres of Macao and also in Las Vegas. The bank's New York branch was fined a record USD 20m last month by the US Office of the Comptroller and the People's Bank of China for misconduct which led to the detention this year of its former chief, Wang Xuebing. The former managers of the Kaiping branch are believed to have fled to the US and Canada.

Financial Times, 16 March 2002

Indonesia

Parliamentary speaker to face corruption charges

Akbar Tandjung, Indonesia's parliamentary speaker, is to stand trial for corruption on 25 March in the latest in a series of legal moves against figures associated with Indonesia's corrupt former president Suharto. Mr Tandjung is to face charges of graft and abuse of power. Last week, Syahril Sabirin, the central bank governor was convicted of corruption, and Mr Suharto's son, known as Tommy, is to face murder charges. Several other former minister and businessmen once close to Mr Suharto have been detained. Mr Tandjung has denied any wrongdoing over the case known locally as "Buloggate II", which involves some USD 4 million being siphoned out of the state food agency, Bulog. Mr Tandjung is alleged to have approved the transfer while serving as state secretary.

Financial Times, 18 March 2002

Pakistan

NAB agrees to free Admiral Mansur for Rs 457.5 million

The army-run National Accountability Bureau (NAB) has accepted an unprecedented offer from the former chief of naval staff Mansurul Haq to pay about Rs 457.5 million (USD 7.5 million) – an equivalent of 1,270 years of salary of an admiral or two years' salary of all naval personnel in Pakistan – in exchange for his freedom and closure of all corruption cases. Admiral Mansur is expected to return to his home in Karachi shortly in a deal cleared by President Pervez Musharraf. NAB officials privately admit that the plea bargain deal in the Admiral Mansur corruption case has now effectively shut the doors on the investigation in various other defence deals. Officials who were involved in various



corruption probes against Admiral Mansur say that while serving as the director Naval Intelligence, head of Pakistan National Shipping Corporation and finally as chief of the naval staff, Admiral Mansurul Haq caused an estimated loss of Rs 500 crore (USD 87 million) to the national exchequer through corruption. Mansurul Haq was accused of receiving commissions, kickbacks and bribes from suppliers who were under contract with the Pakistan government to supply defence materials to the navy. He was arrested in the USA on an international arrest warrant and extradited to Pakistan in May 2001. The charges against him included receiving kickbacks in contracts with the French firms Aerospatiale and Thompson CSF.

The News International Pakistan, 1 January 2002

Prigent, and exposed allegations of endemic corruption at the company during the tenure of President Francois Mitterrand. During a four-year period ending in 1993, as much as USD 400 million was looted from the company for personal and political gain, the judges concluded. The allegations have ramifications in several European countries, including France, German and Spain, and into Africa, where Elf draws its oil.

International Herald Tribune, 1 March/5 February 2002; Transparency International

Italy

Judicial shenanigans

Silvio Berlusconi has yet to remove the ubiquitous conflicts between his private and public concerns. Because his companies are embroiled in almost every part of the economy, his failure to do so casts doubt on the motives behind so many of his projects, whatever their merits. A much-vaunted monitoring body, designed to warn politicians if a conflict of interest should arise, is soon to be appointed-by a parliamentary committee run by the speakers of the two chambers, both of them Berlusconi men. As proposed, it lacks teeth. Still more embarrassing is recent legislation that might help rescue Mr Berlusconi from his various legal troubles. On a range of judicial issues, new laws have looked patently helpful: there are plans to downgrade false accounting (for which Mr Berlusconi is on trial) to a non-criminal misdemeanour; and evidence obtained in foreign countries has been made less easily admissible in Italy. It is extraordinary that the chairman of the parliament's main committee that reviews legislation in judicial matters is one of the lawyers defending the prime minister in one of the criminal trials

Europe

France/Norway

Eva Joly leaving France following end of Elf probe

French judge (and TI Integrity Award winner) Eva Joly announced that she would move to Oslo from Paris to combat international corruption and money laundering. Joly will help Norway's Justice Ministry draft international conventions against corruption on a three-year contract, beginning 1 May. Joly said she was moving after wrapping up a six-and-a-half-year inquiry as investigating magistrate into a kickbacks scheme at Elf. The investigation into Elf, which ended on 5 February, implicated more than 40 people in one of the country's biggest corruption scandals ever. Joly's inquiry led to jail terms, including one for the former Elf chairman, Loik Le Floch-

he is facing. Since he took office, Mr Berlusconi has been acquitted in one bribery case and has escaped another thanks to a statute-of-limitation law. But he still faces other charges, including bribery of judges.

The Economist, 17 January 2002

Russia

Last independent television network closed

Russia's last independent television network fell silent, in the culmination of a campaign orchestrated by the Kremlin to drive critical voices off the air. Bailiffs sent by the Press Ministry pulled the plug at midnight on Monday on TV-6. Its coverage of the war in Chechnya and official corruption is said to have angered the Kremlin. Electricity and telephone services to the channel's Moscow studios were shut off along with all its broadcast links to 150 cities across Russia. The TV-6 network, Russia's fourth largest, was 75 per cent owned by renegade financier Boris Berezovsky (who went into self-imposed exile last year) and staffed largely with journalists from NTV, the formerly independent television empire seized by the state-controlled natural gas giant Gazprom amid a storm of protest last year. Sergei Ivanenko, a liberal member of the state Duma's press commission, said: "What happened to NTV, and now to TV-6, is the clear result of a Kremlin effort to place all the biggest media outlets under state control." The Kremlin denies any involvement and insists the takeovers of the two critical media outlets by state-connected firms have resulted from straightforward "business disputes".

The Independent (UK), 23 January 2002

The good news...

"On our part, we are fully committed to accountability, transparency, and efficiency in the use of financial aid."

Hamid Karzai, Chairman of Afghanistan's interim government, speaking at an international donors' conference in Tokyo in January on the disbursement of some USD 3 billion to Afghanistan. (*Financial Times*, 22 January 2002)

...and the bad news

"This was a very large corporation. It would be impossible to know everything going on."

Jeffrey K. Skilling, Enron's former chief executive. (*New York Times*, 8 February 2002)

"I've had my eyes opened. People who make off with large sums of money escape justice or get insignificant sentences, while the thief who steals a handbag on the subway gets six years. We have a two-speed justice system."

Eric Halphen, French judge who had been investigating Jacques Chirac, upon his resignation from the bench. (*International Herald Tribune*, 15 January 2002)

TI Country Activities

In an aim to promote regional standards in transparent public procurement, seven **Latin American and Caribbean TI** (TILAC) chapters convened national workshops between November and December 2001 to develop country risk maps, which identify and diagnose vulnerabilities in the national procurement systems. Based on these results, national chapter and TI-S representatives met for a regional workshop in Quito, Ecuador, in January in order to design the framework for a full-scale regional initiative. The framework establishes working guidelines for national chapters' activities under this initiative. Apart from addressing legal deficiencies in procurement matters, the project will aim at promoting better public access to information as well as citizen participation in this area. It will further support activities that look at strengthening of procurement-related institutions and improving systems of monitoring and evaluation. It will also encourage research on the topic. Finally, the project will address multilateral procurement practices in Latin America.

Djilali Hadjadj, TI's national contact in **Algeria** and a journalist at *Soir d'Algérie*, was summoned for questioning by the police after the Algerian customs authority lodged a complaint against him on charges of defamation. The complaint pertained to an article by Mr Hadjadj published on 28 January 2002, in which he outlined corruption scandals in the customs office, including the suspicious appointment of the

current managing director. *Le Soir d'Algérie* sees this recent complaint as yet another attempt by the authorities to intimidate the press and the public and discourage civic anti-corruption efforts, made possible by the misuse of controversial new articles of the penal code.

Le Soir d'Algérie, 17 February 2002

TI Bangladesh, alongside politicians, civil society members and representatives of various professional bodies, has called for an independent commission to investigate high-level corruption in the country. In a report released on 30 December, TI Bangladesh found that the National Anti-Corruption Bureau was directly controlled by the Prime Minister's Office and needed clearance to open inquiries against politicians and other senior officers. Legal complexities also prolong investigation and settlement of cases. This report was based on TI-B's survey of 31,746 complaints in the country between 1994 and 2000. TI-B says that constant political interference and lack of political support and goodwill are the reasons for the bureau's weak performance.

BBC News, 30 December 2001

Transparencia Brasil will co-ordinate the design of the curriculum for a course on transparency to be offered at the newly formed City of Sao Paulo School of Government. The school is for public managers already in place in the city government. The course will cover ethics, the formal legal framework, and transparent management and administration. TI Brazil proposed the creation of such a class to the School of Government and will be responsible for designing the curriculum and co-ordinating the production of texts and other materials.

Administrative decisions in **Germany** continue to be shrouded in secrecy. While four federal states have passed access to information legislation, the federal government has still not presented a draft law to the Lower House of Parliament. In a recent press release, TI Germany urges the government to pass this law before the next elections. Meanwhile, during the municipal election campaigns in Munich and several other towns in Bavaria, TI Germany together with AGENDA 21, confronted the candidates and their political parties with "Wahlprüfstein" (literally "touchstones" or benchmarks) against which they can be measured. TI Germany sent questionnaires to candidates of the various parties in which

they were asked about their opinion on the importance of access to information laws, making administrations more transparent, giving citizens the opportunity to obtain information on administrative decisions via the internet and election campaign finances. For more information on this initiative, please contact office@transparency.de.

The **Ghana Integrity Initiative (GII)** – TI’s chapter-in-formation in Ghana – recently launched a national campaign against corruption with a “walk for integrity”. Organised on 10 December in partnership with Ghanaian institutions, the walk provided an opportunity for national leaders to serve as role models by declaring themselves in favour of integrity and also afforded ordinary citizens the opportunity to stand up against corruption. Among those leading the walk were the Minister of Information and Presidential Affairs, a member of the Council of State, the majority leader in parliament, and the president of the Ghana Journalists’ Association. There was a wide turnout with participation from business associations, religious bodies, youth groups, public servants and community leaders. For more information about this event, please contact the GII at gii@ighmail.com.

At an international conference of the Public Procurement Council in February in Budapest, **TI Hungary** Chairman Adam Terták underlined that there are still flaws in current procurement procedures that provide opportunities for corruption. While the 1995 Act on Public Procurement was amended in 1999 and 2001 and, from 1 January 2002 public procurement contracts are open to the public, there are still loopholes for both contractors and the bidders. He stressed that the institutional separation of the technical and financial components of the proposals could help to decrease the possibilities of graft. Meanwhile, TI Hungary, in co-operation with the Public Control Journalist Association, is conducting research aimed at assessing the anti-corruption policies of the main parliamentary parties. The results of the survey were scheduled to be announced at a press conference at the end of March.

TI India was commissioned by the government of Delhi to carry out an assessment of the extent of corruption and mismanagement in some government departments and a study of existing citizen’s charters. According to TI India, the central government of India has adopted 61 citizen’s charters while more than 100 charters were issued by various departments in the state government. However, in all of these

charters, ranging from one to 120 pages, well-defined parameters are lacking. Even in cases where citizen’s charters appeared satisfactory, implementation has not been achieved. For example, in the Public Distribution System, the charter specified a period of 7-14 days to obtain a new card, while the actual waiting time averages 83 days. In the health sector, even though the charter prohibits bribery, 37% of users reportedly still pay bribes. Based on their findings, TI India made a number of recommendations to the Delhi government.

One priority activity of **TI Indonesia** over the next few months will be to develop regulations for audited reports of political parties. The chapter is now co-ordinating the organisation of a workshop on the issue together with other stakeholders such as the Association of Indonesian Accountants. The chapter is also taking part in preparations for the Earth Summit 2002, with a preparatory meeting scheduled to take place in Bali this spring. TI Indonesia will participate in the Summit’s Corruption and Sustainable Development Workshop on 4-6 June.

A recent survey released by **TI Korea** showed that 91 % of middle and secondary school students believe Korean society is full of corruption, and 41 % feel no need to abide by the law, as long as “no one is watching”. The chapter polled 1,005 students from 10 middle and high schools in Seoul. Furthermore, 28.4 % of respondents said they would resort to bribery if that solved a problem, while 33 % said they would feign ignorance of corruption if acknowledging it were to result in personal loss. Asked why they think bribery persisted in Korean society, 64 % cited inadequate punishment, followed by 29.9 % who attributed it to the perception that a person stands to suffer by obeying the law. Students considered politicians the most corrupt social group, with 33 % of respondents identifying them as such. Corporations were in second place (12 %), followed by public servants, lawyers, the media, and police.

The Korea Herald, 3 January 2002

The TI Secretariat officially announced the recognition of the **Lebanese Transparency Association (LTA)** as a chapter-in-formation. Recognising the unacceptable levels corruption had reached in Lebanon, a group of individuals joined forces to found LTA in May 1999, and the group has been collaborating closely with TI since that time. The chairman of the Executive Board is Salim Al Azar, a former judge at the Constitutional Council, and the executive director is Charles Degaulle Adwan. One recent initiative of the chapter is the

adoption of a code of ethics. LTA has also just released a booklet outlining the steps to follow in securing a building permit. The building booklet is an attempt to steer citizens safely around the red tape which causes potential builders to either bribe officials or hire a middleman to get a permit or license approved. To receive a copy of the booklet, please contact the chapter at cadwan@inco.com.lb.

The **Malaysian** chapter of TI recently released a public opinion survey on local government agencies in the Selayang Baru Township. The survey, the first of its kind in Malaysia, is part of a comprehensive ongoing project to determine the quality of services delivered by the local authorities. TI Malaysia wanted to test the widely perceived view that corruption was rampant in local government administration. A total of 979 respondents representing users of local council services, shop owners, hawkers and households were interviewed. The survey found that 60% of the respondents viewed corruption to be serious. The police, the road transport department, the land office and the municipal council were seen as the most corrupt agencies. The survey was an attempt to raise public awareness of citizens’ rights to local facilities and services and aimed at creating a local area-based coalition against corruption by working closely with the local council authorities. For more information on this study or future survey plans, please contact the chapter’s Executive Director, Teresa Benedict, at manager@transparency.org.my.

In January, **TI Moldova** began work on the implementation of a national anti-corruption project backed by the United Nations Development Programme (UNDP). The goal of the project is to raise public awareness concerning the causes and the impact of corruption on the overall development of the country, to organise periodical assessments of the consequences of corruption, to consolidate the capacities of NGOs in implementing anti-corruption activities, to develop proposals for the government to fight corruption and to monitor their implementation. TI Moldova has already submitted proposals for a national anti-corruption programme, drafted anti-corruption laws and organised workshops with government ministries, business associations and civil society.

Transparency Morocco has decided to withdraw from the “Moralisation of Public Life Commission”, which was established

by the government in 1999. This commission was expected to be a forum to develop an anti-corruption action plan and to monitor its implementation, but it was used instead by the government for general PR purposes. Transparency Morocco calls for the creation of a new body responsible for promoting and following up collective anti-corruption initiatives.

Transparency Morocco press release, 11 December 2001

On 4-7 February, the **Nepal Development Forum 2002**, formerly known as the Aid Nepal Group (www.ndf2002.gov.np), convened in Pokhara, Nepal. The Forum was attended by 89 representatives from donor countries and agencies. The forum was addressed by, among others, the Prime Minister, the Foreign Minister, and the Vice President of the World Bank. **Dr Devendra Raj Panday**, President of TI Nepal, attended the forum on behalf of civil society. In his address, Dr Panday highlighted the importance of transparency and better management of development aid for greater effectiveness. He welcomed the emphasis in recent years by major donors on transparency and the anti-corruption agenda. The Forum meeting usually held in Paris was organised by the Nepalese government in the recipient partner country for the first time. For a copy of Dr Panday's speech please write to press@transparency.org.

The year 2001 witnessed a growing number of municipalities in Nepal adopting TI's Integrity Pact (IP). In January, Mayor of Vyas, Dhruva Wagle, and TI Nepal's Advisory Council Chairman Shree Bhadra Sharma, signed an IP on behalf of their respective institutions. Meanwhile, Mayor of Ratnanagar, Narayan Ban, and Mr Sharma signed an IP in a function attended by local civil society leaders. So far, six municipalities in Nepal have signed an IP. They are: Bhaktapur, Butwal, Bharatpur, Lekhnath, Ratnanagar and Vyas. The District Development Committee of Bhaktapur has also followed the practice enshrined in the IP.

London-based NGO Public Concern at Work (PCaW) recently worked with **Transparency In Nigeria (TIN)** and other local organisations on whistleblowing as a tool to fight corruption. Forty delegates representing government, media, law enforcement and academia gathered for a three-day workshop in Abuja in December with a view to promoting whistleblowing protection legislation in Nigeria. The workshop was supported by the International Human Rights Law Group (IHLRG) and the Zero Corruption Coalition. After a series of interactive sessions co-chaired by PCaW, a

Transparency in action at the polls

COLOMBIA

Transparencia por Colombia and its partners, including some of Colombia's main media organisations, has launched an election information portal related to the presidential campaign to be held in May 2002. The website provides the latest news, surveys and opinion polls and invites readers to participate in discussions. Please visit the site at www.votebien.com.

COSTA RICA

As reported in the December issue of the *TI Newsletter*, **TI Costa Rica** has been monitoring the finances of the presidential election campaign, which comes to a close in April 2002 after a second round of elections. Seven of the eight Costa Rican presidential candidates for the February 2002 elections signed a Transparency Agreement committing themselves to providing regular, detailed information on each of their party's election campaign finances. With the Costa Rican press giving this initiative high prominence, especially when the monitoring of TI Costa Rica proved that parties had declared expenses that were too low, the issue of transparency in political party financing has become a priority of the campaign and Costa Rican politics. Since no candidate reached the minimum of 40% of the votes, making a second round of elections necessary, TI Costa Rica renewed its invitation to the two final candidates – one of which had refused to sign the initial agreement – to provide full information and sources of income and amounts of expenses. Given that no public financing will be provided for this second round, it is particularly important that TI Costa Rica and the Costa Rican public continue playing the role of a transparency watchdog. At the time of writing, both finalist contenders had agreed to make their finances public in the second stage of the campaign.

LATVIA

TI Latvia has produced a final report on their monitoring of political campaign finances for the 2001 municipal elections. This was the first initiative by a European TI chapter aimed at engaging the public in controlling campaign expenditure in a pre-election period. It was a pilot project for future monitoring of election campaign finances and fed in to recommendations on a new law on party financing drafted in 2001. The chapter managed to successfully involve the Latvian media in the monitoring. TI Latvia is now set to monitor spending ahead of the parliamentary elections in October 2002.

For more information, please contact TI@delna.lv.

MOROCCO

Transparency Morocco and a local network of NGOs recently made transparency in elections the focus of the sixth National Day against Corruption. Parliamentary and municipal elections are due to be held in September. The Moroccan chapter has recently held a workshop on the topic and published a study on transparency in elections.

UKRAINE

TI Ukraine along with a local coalition of NGOs monitored political party campaign spending ahead of the March 2002 elections. According to results as of 17 March, candidates spent some USD 4 million on mass media advertisements, with 64% of this sum spent on direct political advertisements and 36% on social advertisements with a political message. Their monitoring revealed instances when the expenditure limit set by Ukrainian law was exceeded.

ZIMBABWE

In mid-February, the media reported that **TI Zimbabwe** was accredited by the Zimbabwean government to monitor the March elections. The Zimbabwe Crisis Coalition, a civil society group chaired until recently by TI Zimbabwe Chairman John Makumbe, criticised the election process. According to Makumbe: "The election can never be free and fair. The political playing field is not even." (*LA Times*, 10 March 2002). TI Zimbabwe has already had experience monitoring the elections in the country. The group was the driving force behind civil society monitoring efforts in the parliamentary elections of 2000. For more information on that initiative, please see TI's Anti-Corruption Fighters' Tool Kit at: http://www.transparency.org/toolkits/election_monitor-zimbabwe.html



From Transparency Morocco's National Day against Corruption

draft bill was finalised and presented to the National Assembly. The resulting bill placed the issue firmly on the government agenda. This initiative benefited from the support of the Partnership for Transparency Fund (PTF). To receive an electronic copy of the press release issued in Abuja, or the draft whistleblowers bill, please write to press@transparency.org.

A no-bribes Integrity Pact agreed by the Karachi Water and Sewerage Board (KW&SB) and monitored by **TI Pakistan** resulted in savings of more than Rs 187 million (USD 3.1 million) for the Karachi Water and Sewerage Board (KW&SB). The Integrity Pact was used in conjunction with the Least Cost Selection Method in the tender for a consultant for the Greater Karachi Water Supply Scheme. Techno Consult, the winning bidder, will receive Rs 61,918,170, a price the quarter of the estimated consulting fee of Rs 249 million. TI Pakistan monitored the bid evaluation and award process. According to the chapter, this project “represents a milestone in transparent bidding, the first of its kind in Pakistan”. Recognition of the success of the Integrity Pact has taken root at the highest levels in the Karachi City District Administration, and the Karachi city government plans to apply the same transparent process in projects for the construction of three bridges on Sharea Faisal. In a further development, the Asia Development Bank has now indicated that it will consider introducing TI’s Integrity Pact (IP) methodology for adoption by its Board of Directors in April 2002. The KW&SB Integrity Pact was funded by the Partnership for Transparency Fund (PTF) and TI Board Member Michael Wiehen worked closely with TI Pakistan and the KW&SB during the entire process. For more information on the Karachi IP, please contact Nooruddin Ahmed at: ti-pak@khi.paknet.com.pk.

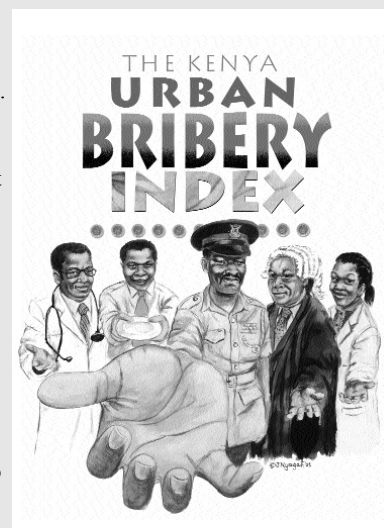
The Coalition for Accountability and Integrity-AMAN, TI’s national contact in the **Palestinian Territories**, is organising a series of workshops in order to develop a National Action Plan. The first workshop on the role of civil society in enhancing accountability and integrity was held in Ramallah in October and was attended by a number of representatives of governmental and non-governmental organisations. This was followed by a widely-attended workshop organised by AMAN on the role of the media in combating corruption. The workshop revealed the need to encourage and facilitate investigative reports on corruption, for example by activating the role of the Journalists Association in providing protection for journalists and by

BELLING THE CAT

On 18 January, Transparency International Kenya launched its first Kenya Urban Bribery Index. Representatives from the UN and donor agencies, academics, NGOs, anti-corruption police forces and both local and international media attended the launch. Graham Stockwell, one of the foreign experts appointed by President Moi to analyse and report on Kenya’s anti-corruption measures was also present, as was Kenyan musician Eric Wainaina who performed his famous song, Nchi ya Kitu Kidogo (“Country of Bribes”).

The Kenya Urban Bribery Index is an attempt to empiricise bribery. It presents preliminary analysis of the magnitude of bribery in Kenya. A total of 1164 individuals from across the country responded. The survey showed that the average urban Kenyan pays 16 bribes per month to both public and private institutions. Bribery was found to be most prevalent in the police force, followed by the ministry of public works and the immigration department. Law enforcement and local authorities occupied six of the ten most corrupt institutions.

TI-Kenya plans to conduct and release this survey annually. The cost of conducting the survey was relatively low, but it generated immense response and avenues for advocacy, networking and capacity building with various institutions. Public reaction to the Index has been overwhelmingly positive, but several named institutions were not happy:



www.tikenya.org

“I do accept that corruption exists in the force, just like in other sectors, but the few rotten apples engaged in the vice have been nabbed and charged.”

Peter Kimanthi, Kenya Police Spokesperson. *Daily Nation*, 19 January.

“The report was exaggerated, inauthentic and meant to discredit the government and the ruling party. TI-Kenya is known to have a soft spot for the opposition.”

Joseph Kamotho, Secretary General, KANU, & Minister of Environment. *Daily Nation*, 19 January. (KANU: Kenya African National Union, Kenya’s ruling party).

“The findings were mere allegations. This is a wild goose chase with no basis...I challenge the organisation to give specific incidents of bribery by the department’s officials.”

John Odongo, Spokesman, Prisons Department. *Daily Nation*, 19 January.

“We are an open organisation and are unaware of any existence of corruption at the KBC... KBC has nothing to hide and anyone with a graft report implicating the organisation should seek police intervention”.

Joe Khamis, Managing Director, Kenya Broadcasting Corp (KBC). *East African Standard*, 19 January.

“We have not been given a fair hearing. I dismiss their report”

Justice Bernard Chunga, Chief Justice of Kenya. *Daily Nation*, 24 January.

TI Kenya wrote to all named institutions after the launch and plans to develop advocacy and technical assistance engagements with a few who are responsive. These may include the revenue authorities and local government. TI Kenya believes the survey provides the chapter with a great opportunity to build new partnerships with the public sector.

Dr David Ndii, the principal researcher in the bribery survey, hopes that data in the Index will be useful to policymakers and that it generates more research. In addition, it should provide a benchmark of integrity so that organisations can see the impact of their effort in reducing corruption. “What we would like to see,” he said, “is that in three to five years, an organisation that started out with a 76% incidence of bribery is down to 5%. The Index should then become a tool organisations use to set performance targets. If it does all this, it will have achieved its primary objective.”

It may be true that some are already pre-disposed to change if the comments of Nairobi Deputy Mayor, Joe Aketch, are anything to go by: “It is true that the Nairobi City Council is the most corrupt institution”.

The time has come to seize the day.

TI Kenya

advocating free access to information. For further information please contact Shuaa Marrar of AMAN: smarrar@aman-palestine.org.

After two years of proposals and lobbying by **TI Panama** for a Freedom of Information Act, the act was officially approved and signed on 22 January by President Mireya Moscoso. Panama is now in a leading position with respect to public access to information. The law's provisions include:

- Any citizen has the right to request and promptly receive an answer pertaining to information from public sources;
- The habeas data is included (i.e. recourse can be taken in order to obtain access to information denied by a government agency);
- Restrictions and exemptions to accessing information are very clearly established;
- Information regarded as restricted will remain so for only ten years and extended only once for an additional ten-year period;
- Penalties will be imposed on those officials not complying with this law.

TI Panama will continue to promote public awareness of the new law.

Transparencia Paraguay recently signed a co-operation agreement with the municipality of Ciudad de Coronel Oviedo in order to establish guidelines for the promotion and development of a more transparent and honest public administration. This makes Coronel Oviedo the first municipality in the country to sign such an agreement and thereby commit itself to become more transparent. The Paraguayan chapter will monitor the implementation of

the agreement. The agreement covers transparency and accountability of the local administration in a range of areas, including, but not limited to: public procurement, access to information, and ethics. The main aim of the agreement is to improve the quality of services in the municipality and ensure commitment to continuing self-evaluation and improvement on the part of the administration.

In agreement with the **Fundacao Transparencia Internacional Portugal** (TI national chapter-in-formation), the TI Board of Directors has recently taken the decision to terminate the Agreement of National Chapter-in-Formation with the group. The mutual decision to terminate comes after two-and-a-half years of co-operation and dialogue. The termination of the Agreement leaves TI open to work with all interested groups in the country.

TI Serbia and the European Movement in Serbia have published their National Integrity System Survey. The country study examines which measures of fighting corruption have been implemented in Serbia and the Federal Republic of Yugoslavia. The analysis was conducted by an independent expert team commissioned by the chapter. The resulting study consists of two parts. The first part is a questionnaire in which experts provide answers to questions formulated on the basis of the TI Source Book. In the second part, the authors highlight the main findings and give some specific policy recommendations. The survey can be downloaded at http://www.transparentnost.org/index2_en.htm.

TI Slovakia has become a member of a newly established group called Alliance - Stop Conflicts of Interest, an independent, non-partisan alliance of NGOs, think tanks and foundations. TI Slovakia has also been working with the Office of Public Procurement on a new procurement system, and has also prepared anti-corruption measures in the form of Integrity Pacts. These measures will be tested in the Ministry of Interior for the procurement of vehicles and at the Government Office for the procurement of paper.

TI UK is shortly due to release a Policy Research Paper on Corruption in the Official Arms Trade. This assesses the reasons for the unique susceptibility of the arms industry to corruption and offers concrete policy recommendations for UK institutions. The paper draws upon the two conferences on this issue organised by TI-UK with the Swedish Ministry of Foreign Affairs and a meeting of the international steering committee established with representatives from government, civil society and industry in February 2002. The UK paper is due to be released in mid-April when it will be available on www.transparency.org.uk. A further policy research paper with international application will be released by TI-UK in collaboration with other members of the international steering committee later in the year. For more information please contact Catherine Courtney on catherine@flat1615.fsnet.co.uk.

Nearly 50% of 1,493 Zimbabweans who participated in a survey by **TI Zimbabwe** (TI-Z) last year blamed rampant public and private sector corruption for the country's severe economic crisis. According to the survey, most Zimbabweans said corruption had taken a heavy toll on the country's economy. Official statistics show that about USD 1.5 billion was lost to corruption in the public sector in the first nine months of last year alone, while more than USD 500 million was lost in the private sector during the same period. The TI-Z survey, conducted between July and August last year, found that 90.8% of the respondents had personally experienced some form of corruption at some time in their lives. "This is a very worrying statistic but (what) is even more worrying is that 28.9% and 49.1% of the respondents say that they have experienced corruption all the time and many times respectively," the chapter's report said. The police force was deemed the most corrupt arm of government, followed by the civil service and the government's tender system. About 50.5% of respondents said the tender system was corrupt.



Jonathan Shapiro in the Sowetan (South Africa), 6 February 2002

Financial Gazette, 14 February 2002

TI Internal

The Permanent Council of the **Organization of American States (OAS)** has just approved the request of TI and TI-USA to be accredited to the OAS, adding TI to the group of NGOs with the formal right to participate in the activities of this regional body. TI has already been giving input into OAS anti-corruption activities and civil society participation, to date focusing on monitoring of the OAS Convention (See page 4).

TI was officially granted NGO consultative status with the **Council of Europe**, effective 21 December 2001. For more information, please contact TI's representative to the Council of Europe in Strasbourg, Frits Hondius (hondius@wanadoo.fr) or Sara Morante at TI-S on smorante@transparency.org.

Recent staff changes at the TI-Secretariat

Recent appointments at the TI Secretariat have included Anna Hakobyan (Knowledge Management Officer), Tania Inowlocki (Assistant Project Manager, Global Corruption Report), Sarah Tyler (Press Officer), and Chantal Uwimana (Programme Officer, Africa department). More details are available on the TI website under "contacting TI". Gustavo Rayo, Executive Director for Latin America will no longer serve in this capacity but will continue to advise TI. Meanwhile, Silke Pfeiffer, Programme Officer (PO) for Latin America will serve as Acting Director of the LAC department at TI-S. In March Karen Hussmann, PO for Latin America, will go on extended leave from TI-S to take up full-time graduate studies and Sandra Pabon, Assistant PO, will also be leaving TI-S.

WEBSITE TIPS

www.tilac.org/02_sourcebook.htm

Spanish version of the TI Source Book 2000, now available on the TILAC web site.

www.transparency.md

New website of TI Moldova

www.ecgi.org

Website of The European Corporate Governance Institute (ECGI), a research centre just launched in Brussels.

www.transparency.org

TI's website has a fresh look and structure. New features include:

- a poll of the month
- a full-text searchable archive of the Daily Corruption News
- a new section, "Building Coalitions", to be developed as a resource for NGOs, the private sector and IGIs
- the Corruption Fighters' Tool Kit in easy-to-read html and PDF formats.

EVENTS & CONFERENCES

25-28 May 2003, Seoul, South Korea

11th International Anti-Corruption Conference

The 11th IACC will be followed by the Global Forum III, to be held on 29-31 May 2003.

Information will be posted on the conference website as it becomes available:

<http://www.11iacc.org>.

26 August - 6 September 2002, Johannesburg, South Africa

UN World Summit on Sustainable Development

For more information, please see: <http://www.earthsummit2002.org>

15-19 April 2002, Mexico City, Mexico



México contra la Corrupción

Organised by national and international institutions including the Mexican government, Friedrich Ebert Foundation, and the Organisation of American States (OAS).

<http://www.mexicocontralacorrupcion.org>.

Publications

Final Report: A Diagnostic Study of Corruption in Indonesia, February 2002

The final report has just been published of a recent study by the Partnership for Government Reform (a partnership between Indonesia and the international community). This national study presents new observations on people's behaviour towards corruption in Indonesia and refutes some common misperceptions on the causes of corruption. For example, contrary to the common argument, the income of public officials was found not to be significant as a corruption factor. Factors found by the study to be "highly significant" were Quality Budget Management, Organisational Anti-Corruption Orientation, and Quality Personnel Management. The study thus supports the hypothesis that corruption among public officials is more determined by the institutional environment. The publication is available at:

<http://www.partnership.or.id/data/pdf/DiagnosticStudy-eng.pdf>.

Policies, institutions and the dark side of economics

By Vito Tanzi

As Director of the Fiscal Affairs Department at the IMF, Victor Tanzi provides a collection of essays on institutions and the influence of the behaviour of government officials and economic agents on economic decision-making. The first part indicates the different ways of looking at the role of government and its instruments. The focus of the second part lies on the dark side of economics and discusses phenomena like corruption, tax evasion, money laundering and the underground economy. Finally, the publication outlines examples of the role that institutions play in economic policy.

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Transparency International

Otto-Suhr-Allee 97-99

D-10585 Berlin, Germany

Tel: 49-30-34 38 20-0

Fax: 49-30-34 70 39 12

e-mail: ti@transparency.org

Internet: www.transparency.org

Bank Account No. 09 332 145 00

Dresdner Bank Berlin

(Bank code 100 800 00)

Editors

Jana Kotalik, Jeff Lovitt

Contributors

Jessie Banfield, Jessica Berns, Suman Bhomik, Catherine Courtney, Stan Cutzach, Sergei Chereikin, Stian Christensen, Gillian Dell, Karen Förnzler, Nina Goette, Arwa Hassan, Karen Hussmann, Veronique Lerch, Peter Mansary, Mwalimu Mati, Bettina Meier, Sara Morante, Anna Myers, Francoise-Nicole Ndoume, Gladwell Otieno, Sandra Pabon, Silke Pfeiffer, Jeremy Pope, Lisa Prevenslik-Takeda, Sarah Tyler, Liao Ran, Chantal Uwimana, Folkard Wohlgenuth, Marie Wolkers

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