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The Minister of Justice of Cameroon signs the UN Convention against Corruption in Merida on 10 December. Photo courtesy of UNODC.

FROM THE CHAIRMAN

## Keeping the momentum of Merida

By the end of the three-day signing ceremony in Merida, Mexico, on 9-11 December, 95 countries had signed the UN Convention against Corruption - including the USA, UK, France, Germany, Russia, Japan, and China. Kenya made history by being the first country simultaneously to sign and ratify the Convention. The Convention provides the first comprehensive international framework for dealing with domestic and foreign bribery in the public and private sectors and for technical assistance and information exchange. It also addresses glaring inadequacies in two critical areas of combating international corruption: mutual legal assistance and repatriation of funds sent abroad by corrupt officials.

The gathering of government leaders in Merida was an extraordinary display of political will. The important task now is to urge countries to ratify the Convention as soon as possible so that it becomes an active, legally binding instrument. For its entry into force, the Convention requires ratification by 30 countries.

The absence of concrete provisions for a follow-up monitoring mechanism is the most serious shortcoming of the Convention. Work on developing a monitoring process should not, as is currently planned, be deferred to the year after the Convention enters into force. It needs to start immediately, and must deal not only with the adequacy of laws and enforcement programmes, but also with the capacity-building measures needed to carry out effective anti-corruption programmes.

To ensure that an effective monitoring process is developed, TI proposes that a group of experts be convened in 2004 to develop monitoring proposals for consideration by the signatories in 2005. The objective should be to start the monitoring process promptly after the Convention enters into force. The group of experts should include representatives of the UN, governments and non-governmental organisations experienced in the implementation of existing anti-corruption conventions.

Civil society has an essential role to play in ensuring that states honour their commitments under the Convention. TI has been raising awareness of the Convention and successfully pushed for the adoption of December 9<sup>th</sup> as an annual UN International Anti-Corruption Day. This day will provide an opportunity to evaluate progress on the Convention and global efforts to combat corruption as a whole.

We must maintain the momentum of Merida. Monitoring can ensure that diplomacy translates into effective government action, for history will judge the UN Convention not by pomp and rhetoric, but by the real impact it has on the injustice of corruption around the world.

*Peter Eigen, Chairman, Transparency International*

*continued on page 10*

SPECIAL REPORT

## A day to remember: 9<sup>th</sup> December

By Peter Rooke

Ninety-five countries signed the UN Convention against Corruption in Merida, Mexico, on 9-11 December. The Convention is the result of two years of negotiations by countries leading to its adoption by the UN General Assembly on 31 October. The Convention will enter into force when 30 countries ratify it.

The Convention is the first global instrument covering a comprehensive range of anti-corruption measures to be taken at national level. It also aims to enhance international co-operation in corruption prevention and enforcement.

Delegates at the first negotiating session in January 2002 expressed the view, strongly endorsed by TI, that the Convention should be binding, effective, efficient and universal, and that it should be a flexible and balanced instrument taking into account the legal, social, cultural, economic and political differences

SPECIAL REPORT

### UN Convention

The Convention's signing is a great step forward in the global fight against graft, but will it live up to expectations? An analysis of the Convention's strengths and weaknesses, by Peter Rooke.

*page 10*

SURVEY

### CPI 2003

Transparency International's Corruption Perceptions Index 2003 measures levels of corruption in 133 countries. Seven out of ten countries score less than 5 out of a clean score of 10 in the latest index.

*page 12*

COUNTRY WORK

### Oil revenue transparency in Nigeria

Speaking in Berlin, Nigeria's President Olusegun Obasanjo announced his government's intentions to clean up the country's notoriously rampant corruption and urged international companies to aid their efforts.

*page 7*

# In the Headlines

» A sample of corruption reports from around the world

## ● AFRICA

### • KENYA

#### Forestry staff axed

More than 800 forestry officers in Kenya have been suspended while the government investigates alleged links with illegal loggers. They were given compulsory leave in an attempt to reverse a "worrying trend in forest destruction", said Kenya's Environment Minister Newton Kulundu. "The government has decided to send all forestry officers on compulsory leave with immediate effect and they will be interviewed for re-employment depending on what information we get about each of them," said Mr Kulundu. He told journalists that some staff in the government-run forest department had "joined the looters of trees".

*BBC News, 25 October 2003*

### • ZAMBIA

#### Chiluba on trial for corruption

The trial of former Zambian President, Frederick Chiluba, charged with 168 counts of theft from state coffers, totalling more than US\$40 million, has begun. Mr Chiluba is accused of conspiring with a number of senior officials to divert public funds into a London bank account for private use. His lawyers deny the charges, saying the account was used to fund overseas intelligence service operations. This is the first of two corruption trials against the former president. The second trial is due to start on 16 December, in which he is charged with the theft of some US\$4 million.

*BBC News, 9 December 2003*

### • ZIMBABWE

#### Mugabe builds a case against himself

President Mugabe's palace, currently under construction, could be used as proof in a corruption trial that the president plundered the country's coffers while his people starved, says John Makumbe, chairman of TI Zimbabwe. The new building is estimated to have cost at least US\$3 million and far exceeds Mr Mugabe's government salary, which is officially recorded as US\$11,000 a year. Makumbe hopes the establishment of a corruption commission to investigate the misuse of public funds

by political office-bearers could some day hold Mr Mugabe to account. As President, Mr Mugabe is exempt from judicial process. But once he relinquishes his position, he could be hauled before the commission and put on trial for corruption.

*The Australian, 30 September 2003*

## ● AMERICAS

### • ARGENTINA

#### 500 officials removed from their jobs

The department responsible for providing operating licences to hotels and shops and authorising building works in Buenos Aires has been shut down, amid allegations of corruption. Five hundred employees, including 300 inspectors, were removed from their posts. The department will be replaced with a register of professional inspectors (PVH). The head of the government of Buenos Aires, Anibal Ibarra, said earlier attempts to purge the department of its corrupt agents had failed. Complaints that inspectors were demanding money in exchange for favours were being filed in the months prior to the dissolution of the department at a rate of four or five per week. The number of complaints increased after the local government posted photos of inspectors on the Internet and provided a toll-free phone line for complainants.

*La Nacion Line, 11 November 2003*

### • NICARAGUA

#### Former President sentenced on money-laundering charges

Former Nicaraguan President Arnoldo Alemán was convicted on corruption charges on 7 December and sentenced to 20 years' imprisonment and fined US\$10 million. The sentence could put an end to the former president's grip over the ruling Constitutionalist Liberal Party, where Alemán's authority has endured despite charges he illegally diverted some US\$100m in government funds to his party's election campaigns while in the presidential office. Judge Juana Mendez cited crimes of fraud, misappropriation of public funds, embezzlement, criminal association and electoral violations endangering the state in her sentencing against Alemán, who was president from 1997 to January 2002. It is the first time a former president has been convicted in Nicaragua.

### • USA

#### Boeing fires CFO for 'unethical conduct'

Boeing fired its finance director in November, saying he had violated company policy by discussing a possible job offer with a US government official while she was still working on matters affecting the company. Boeing said Mike Sears violated company policies by "communicating directly and indirectly with Darleen Druyun about future employment when she had not disqualified herself from acting in her official government capacity on matters involving Boeing". Federal prosecutors have launched an investigation into potential corruption and conflicts of interest. The dismissal follows an internal investigation into the hiring of Darleen Druyun, a former Pentagon official who was central in awarding Boeing a controversial US\$22bn deal for 100 new 767s for the US air force. Ms Druyun was also dismissed on 24 November. She and Mr Sears had both "attempted to conceal their misconduct", Boeing said.

*Financial Times, 25 November 2003;  
The Washington Post, 13 December 2003*

## ● ASIA

### • INDIA

#### Minister caught red-handed

The Indian federal environment minister who was caught on video taking a cash bribe resigned in November in an attempt to control damage two weeks before elections in politically crucial states. His resignation came soon after a high-level meeting at the official residence of Prime Minister Atal Bihari Vajpayee, called to assess the damage to the image of the government which came to power in 1998 on an anti-corruption ticket. A second scandal emerged a week later, when on an audio tape Chhattisgarh Chief Minister Ajit Jogi of the Congress party was heard apparently offering a bribe to a BJP legislator to lead a break-away of 17 BJP legislators.

*Agence France Presse, 11 December 2003*

- INDIA

## Murder brings whistleblower bill back to life

India's federal detective agency has begun investigating the death of Satyendra Dubey, an engineer who complained of corruption in the country's biggest-ever road project. In letters to Prime Minister Atal Bihari Vajpayee and the network authorities, Mr Dubey alleged that public money was being "looted" from the project. The *Indian Express* newspaper, which broke the story on the murder, reported that Mr Dubey had been killed after his name was leaked from the complaint he had sent to the prime minister's office and the road network authority. The incident led political parties to renew demands for laws to protect whistleblowers. The laws have been pending approval by the federal government for the past two years.

*BBC News, 15 December 2003*

- KAZAKHSTAN

## Scandal engulfs oil company and Kazakh president

The government of Kazakhstan has rehired a man accused by federal prosecutors in the US of funnelling US\$60 million in oil company kickbacks to President Nursultan Nazarbayev, according to Western oilmen in Almaty. According to these sources, James Giffen, represented by his son, is advising the government in its dealings with companies such as ExxonMobil and ConocoPhillips, whose money Giffen is accused of wiring into Nazarbayev's secret accounts, thus defrauding "the people of Kazakhstan of the right to the honest services of their officials". Costing an estimated US\$20bn over the next 20 years, it is the largest oil-field development project in the world and the haggling is reportedly over hundreds of millions of dollars.

*DPA, 27 November 2003*

- PHILIPPINES/EUROPE

## More hidden Marcos wealth discovered in Europe

Swiss lawyers working with the Philippines government on the recovery of the late President Ferdinand Marcos' alleged ill-gotten wealth said on 10 December they have discovered more European assets he may have stashed away. The lawyer assisting the Philippines government to recover the Marcos' wealth said that over the past six months they have discovered about 300 companies, believed to be owned by the Marcos family and their cronies, which maintain bank accounts in Switzerland, Liechtenstein and Belgium. His team is collecting documents to prove the deposits

were "dirty money" that could be forfeited in favour of the Philippine government. The Philippines Supreme Court last month upheld its July decision awarding about US\$683 million of Marcos' Swiss bank deposits discovered in 1986 to the government. The family had failed to show how they acquired the money lawfully. Former Good Government Commissioner chairman Jovito Salonga has estimated that Marcos may have amassed about US\$5 billion during his 20-year rule, which was ended by a "people power" revolt in 1986.

*Associated Press, 10 December 2003*

- PAPUA NEW GUINEA

## Prime Minister calls for press regulation

Prime Minister Sir Michael Somare said in Parliament that the press in Papua New Guinea should be regulated. He made the statement when attacking the media for reporting an international perception survey [ed: TI Corruption Perceptions Index 2003] rating PNG as one of the most corrupt countries in the world. His utterance represents a major shift on his past position on suggestions by the previous People's Democratic Movement-led government's moves to regulate the press. "Now when I realise (the damage), we should control the press," Sir Michael said. "The Western world may not like it but so what?"

*Post Courier Online, 12 November 2003*

- SOUTH KOREA

## Political slush funds probe gains momentum

A slush-fund probe has swept through South Korea's top conglomerates - the Samsung, LG, SK, Kumho groups - and is now targeting Hyundai Motor. The investigation into political funds has also spilled into both the opposition Grand National Party (GNP) members and the ruling camps, including former aides of President Roh Moo-hyun. The GNP, which was found to have taken around 10 billion won in illegal funds from the SK Group, rammed through a bill on naming an independent counsel to investigate Roh's former aides. President Roh vetoed the GNP-led bill saying the case was already under investigation by the state prosecutor. GNP president Choe Byung-Yul launched a hunger strike in protest. Parliament has since overridden the presidential veto, clearing the way for an independent investigation into corruption allegations against former aides to the embattled President.

*Agence France Presse, 27 November 2003*

## EUROPE

- FRANCE

## Elf officials jailed for corruption

Stiff sentences were handed out to the three central figures in France's biggest corruption trial, involving the diversion of €300m from Elf, the former state oil group, for personal enrichment and bribes during the late 1980s and early 1990s. The sentences of between four and five years for former Elf chief Loik le Floch-Prigent, his deputy Alfred Sirven, and former Elf executive André Tarallo bring to an end an investigation stretching back eight years. The inquiry has thrown light on the corruption rampant in the final years of the late Francois Mitterrand's second term in office as president. A total of 37 people stood trial in this case, preceded by an earlier one involving corruption charges - rejected on appeal - against Roland Dumas, former foreign minister.

*Financial Times, 13 November 2003*

- GEORGIA

## Shevardnaze resigns amidst protests over corruption and economy

President Eduard Shevardnadze of Georgia resigned on 23 November after huge public protests over the corruption and economic collapse that have marked his 12-year tenure. In November, Georgians and OSCE observers condemned as fraudulent and blatantly manipulated the final legislative vote tally. This quickly escalated into demands for Shevardnadze's resignation, and triggered Georgia's "velvet revolution". The EBRD estimates Georgia's economy has shrunk to 38 per cent of the size it was in 1989, while according to the World Bank, 23 per cent of the 4.5 million population live in absolute poverty on less than US\$2.15 a day. Tbilisi collects just 15.8 per cent of gross domestic product in tax revenues, the lowest of any ex-Soviet state, reflecting rampant corruption and government weakness. Most activity is in the black market and there is widespread smuggling.

*Reuters, 27 November 2003; International Herald Tribune, 24 November 2003; Rustavi-2 TV, 24 September 2003*

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

[www.transparency.org](http://www.transparency.org)

# Global Initiatives

» An overview of work by international organisations

## UNITED NATIONS

### TI Thailand chair elected to head up UN reforms panel

TI welcomes the recent appointment of Anand Panyarachun, Chairman of Transparency Thailand, as Chairman of the UN's High-Level Panel on Threats, Challenges and Change. The panel, comprised of eminent members, seeks to "examine the major threats and challenges the world faces in peace and security and make recommendations for...a collective response". It will also scrutinise and make suggestions for change among the principal organs of the UN.

## UN/MEXICO

### Global Forum on Reinventing Government

"Government that costs less; quality government; professional government; digital government; government with regulatory reform; and honest and transparent government" were the main themes of the Global Forum on Reinventing Government held in Mexico City in November 2003. Mexican President Vicente Fox, South Korean Prime Minister Goh Kun, and TI Chairman Peter Eigen were among the speakers at the opening plenary, attended by more than 8,000 people. TI and the World Bank organised a two-day interactive workshop on accountable and transparent government at the conference.

## ICC

### TI calls on UN to aid investigations of abuses in DRC

The report by the UN Panel of Experts on the Illegal Exploitation of Natural Resources and Other Forms of Wealth of the Democratic Republic of Congo (DRC) was presented to the UN Security Council in November 2003. The Council roundly condemned the illegal trafficking in natural resources and arms, often in collusion with government officials and foreign companies, which has been fuelling the ongoing conflict in the country. TI has vocally urged the Council to provide the report's findings to the International Criminal Court (ICC) and to offer its full support for the ICC's investigations. TI also supports the implementation of the Kimberly Process to stem the flow of illegal "conflict" diamonds, and participates in the Publish What You Pay initiative, which sets guidelines for extractive industries.

*TI and ReliefWeb, 19 November*

## OECD

### Ensuring enforcement of Anti-Bribery Convention

In Paris on 2-3 October, 39 experts from 19 countries met to consider the status of enforcement of the OECD Anti-Bribery Convention. The members of the expert group included former investigating judge in the Elf affair in France, Eva Joly, Italian *Mani Pulite* ("Clean Hands") prosecutor Francesco Greco and Fine Maema, the Attorney-General of Lesotho. The group also included representatives of the private sector and trade unions, and TI representatives from 11 countries. Based on country surveys carried out by TI chapters in 2003, the group examined reasons for the lack of enforcement and discussed strategies for better enforcement.

The Paris meeting fed into the final report submitted by TI to the OECD Working Group on Bribery on 22 October. In the report, TI urged governments to take a range of steps including establishing centralised national authorities responsible for foreign bribery enforcement, earmarking more resources for enforcement and for awareness-raising, establishing more reporting channels, and improving international legal co-operation with developing countries.

## OECD

### Transition economies adopt regional action plan

A new regional initiative or "action plan" for Armenia, Azerbaijan, Georgia, the Russian Federation, Tajikistan and the Ukraine was launched at the 5th Annual Meeting of the Anti-Corruption Network for Transition Economies. Each country committed to carry out a self-assessment of the domestic instruments available to fight corruption, which will then be reviewed by a team of experts. The conference, held in Istanbul, Turkey, on 10-12 September, was hosted by the Organisation for Economic Co-operation and Development (OECD). TI national chapters and the TI Secretariat participated in the event.

## AFRICAN UNION

### AU holds convention signing drive

The AU Commission set aside the week of 3-10 December to give African Union (AU) member states the opportunity to sign the AU Convention on Preventing and Combating Corruption. TI is pushing for gov-

ernments to announce the date by which they will ratify the instrument, which requires ratification by 15 countries to come into force. The new convention, adopted this July in Maputo by African heads of state, provides a set of standards for the prevention and criminalisation of corruption. It also provides a comprehensive framework for regional co-operation in combating corruption, including mechanisms for the recovery of stolen assets.

## AU/ADB/TI

### Sharing national anti-corruption strategies in Africa

TI, in conjunction with the African Development Bank (ADB) and the African Union (AU), hosted a "Regional Learning Workshop on National Strategies for Combating Corruption" in Yaoundé, Cameroon, in October. The gathering, which brought together delegations from 12 French-speaking African countries, successfully assisted participants in developing a framework for a national anti-corruption strategy and in identifying resource and capacity constraints. Participants also discussed building national anti-corruption action plans around the recently adopted AU Convention (see above) and increasing cross-border co-operation. The workshop brought together anti-corruption advocates, government officials, businesspeople and the media. On hand to provide concrete advice were subject specialists from TI, the ADB and AU, experts from the World Bank Institute and representatives of five African countries that already have national anti-corruption strategies.

## OECD/ADB

### More countries commit to Asia-Pacific Anti-Corruption Initiative

The 4th Regional Anti-Corruption Conference for Asia and the Pacific was held in Kuala Lumpur on 3-5 December. It was organised by the Secretariat of the ADB/OECD Anti-Corruption Initiative for Asia-Pacific in co-operation with the Anti-Corruption Agency of Malaysia. Australia formally announced its endorsement of the initiative at the Kuala Lumpur conference, bringing the group, which has grown steadily since its inception in 2001, to 21 nations. The conference, attended by more than 150 senior representatives of governments, the private sector, NGOs and the international donor community, reviewed

and discussed the progress made by the endorsing countries in their implementation of the principles of the Action Plan. The conference expressed its commitment to bringing about synergies between the initiative and the new UN Convention against Corruption. TI national chapters from 17 Asian countries participated in the meetings.

#### APEC

### Leaders make a commitment to fighting corruption

The 21-nation Asia-Pacific Economic Cooperation (APEC) group held its Leaders' Meeting on 20-21 October in Bangkok, Thailand. The meeting culminated in a "Leaders' Statement" on fighting corruption and implementing transparency standards. The statement covered standards for customs and other important trade and investment areas. Unfortunately, the standards for transparency in public procurement will not be completed until 2004. APEC leaders did, however, commit to transposing those standards into domestic law by January 2005. In a press release, TI expressed its hope that this commitment would serve to "re-energise" the WTO negotiating process and add momentum to further talks on a multilateral framework agreement on Transparency in Public Procurement (TGP).

#### FTAA/IADB

### New code of conduct for customs officials

Within the framework of the Free Trade Agreement of the Americas (FTAA), trade ministers recently met at the Americas Entrepreneur Forum to discuss customs-related issues in Latin America and the Caribbean. Participants followed up on work undertaken since 2001 on a new code of conduct for the region, which was designed to be more robust than existing codes around the world. The code seeks to be wide in scope and definite in its provisions and places emphasis on prevention rather than punishment. The code also establishes an independent monitoring authority and provides a role for civil society. The Inter-American Development Bank (IDB), which is financing the initiative, is requiring all Latin American countries without a code of conduct for customs officers to implement this new code. It has already been implemented in Honduras, Paraguay, Saint Vincent and the Grenadines, Dominica and Grenada. For more information, contact: [mariasosa@bg-consulting.com](mailto:mariasosa@bg-consulting.com).

#### EUROPEAN UNION

### Corruption level still high in EU accession countries

On 5 November, the European Commission released its last annual report on the state of preparedness of the 10 accession countries which will be joining the European Union (EU) on 1 May 2004. Under the section "General administrative capacity", the report observes that "with a few notable exceptions, the perception remains that the level of corruption in the acceding countries is still high". The report recognises that most accession countries have taken decisive steps to raise public awareness and introduce more effective penalties but warns that anti-corruption must remain a policy priority. Although encouraging in tone, the Commission's report is short on specific measures, says TI Brussels. In 2003, TI once again provided expert opinion to the European Commission for the annual progress reports.

#### EUROPEAN UNION

### New guidelines to bar companies

As of 2003, the European Commission can debar firms and individuals who have been involved in corrupt activities, even without a court conviction. TI welcomes the new guidelines that stem from the 2002 Financial Regulation on the EU General Budget. Indeed, TI has repeatedly called on the Commission to enact such measures either in the form of Community directives for member-states or as regulations concerning the awarding of EU contracts. TI would welcome similar steps from other international organisations and countries. For more information, please see:

[www.transparency.org/integrity\\_pact/dnld/blacklisting\\_european\\_commission.pdf](http://www.transparency.org/integrity_pact/dnld/blacklisting_european_commission.pdf)

### Corporate governance: call for papers

Papers are invited for a major international colloquium on 'Governing the Corporation: Mapping the Loci of Power in Corporate Governance Design', to be held on 20-21 September 2004. The colloquium is being organised by the Institute of Governance, Public Policy and Social Research at Queen's University in Belfast, UK. More information is available at: [www.governance.qub.ac.uk/govcorp.pdf](http://www.governance.qub.ac.uk/govcorp.pdf).

#### TI

### Integrity Awards 2004 open

Nominations are now open for the Transparency International Integrity Awards 2004. The Awards, first held in 2000, honour anti-corruption heroes from around

the world. The closing date for nominations is 2 April 2004. The awards will be presented in autumn 2004. For more information and for nomination guidelines, please see: [www.transparency.org/integrityawards](http://www.transparency.org/integrityawards).

#### TI

### New edition of TI's *Corruption Fighters' Tool Kit* now available

A new, updated edition of TI's *Corruption Fighters' Tool Kit*, is now available, featuring an array of new tools from 2003. A companion CD-ROM compiling all editions of the Tool Kit from 2001-2003 is also available. The contents of the Tool Kit cover a range of thematic areas, from awareness raising to corruption diagnostics, and they include contributions from more than 30 different countries. For more information, including how to order, please visit: [www.transparency.org/toolkits](http://www.transparency.org/toolkits)

## Global Corruption Report 2004 to take a hard look at political corruption

The 2004 edition of Transparency International's *Global Corruption Report* (GCR), to be published in early 2004, tackles the issue of political corruption and identifies some of today's most pressing issues in



the fight against corruption around the world. Notable contributors to the new volume include former US President Jimmy Carter and former UN human rights commissioner Mary Robinson.

Essays examine the role of money in politics with special insight into extradition efforts in the Fujimori case in Peru. Global and regional reports explore recent developments such as the African Union convention against corruption, the EU accession process and the UN Convention against Corruption. Thirty-four country reports provide a critical assessment of new national anti-corruption legislation, institutional reform and the most important corruption-related issues of the past year. A data and research section provides a wealth of recent empirical research, including links between corruption, gender and poverty. For more information see: [www.globalcorruptionreport.org](http://www.globalcorruptionreport.org).

# TI Country Work

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



*Prof Vladimir Goati (President of TI Serbia), Ana Milovic (Executive Director of TI Croatia), and Boris Divjak (President of TI Bosnia and Herzegovina) at the 5th Annual Meeting of the Anti-Corruption Network for Transition Economies in Istanbul in September (see also page 4).*

Poder Ciudadano, TI's national chapter in ARGENTINA, has been involved in a regional project on budget transparency. The chapter was one of the organisations in ten Latin American countries that released a study on budget transparency and participation in their countries. In addition to Argentina, leading non-governmental organisations and academic researchers in the following countries participated: Brazil, Chile, Colombia, Costa Rica, Ecuador, El Salvador, Mexico, Nicaragua, and Peru. The Latin American Index of Budget Transparency 2003 (*Indice de Transparencia Presupuestaria 2003*, second edition) comprises three parts: a region-wide comparative report containing the results of a survey of the perceptions of individuals knowledgeable on the budget and budget process in each country; ten country reports analysing issues related to budget laws and practices in each country; and ten extensive questionnaires covering the legal framework and budget practices in each country. The full survey results are available at: [www.internationalbudget.org/themes/BudTrans/English.pdf](http://www.internationalbudget.org/themes/BudTrans/English.pdf).

Increasing transparency in political party financing remains a high priority for TI ARMENIA. The chapter worked with 11 political parties and blocs and the media to conduct monitoring of the spring 2003 parliamentary elections. Their monitoring revealed breaches of the legislation on pre-election campaign spending by a number of parties and, most notably, the three that

won the majority of seats in the Parliament and later formed a new government. The results of TI Armenia's monitoring were used by representatives of the opposition "Ardarutyun" (Justice) bloc in the Constitutional Court, where the election results were appealed. The project findings have received attention from the authorities, political parties, and the media. The results were discussed by the Central Electoral Commission (CEC) when it considered the official report submitted by its Control and Review Service. TI Armenia's legislative proposals have also been discussed with parliamentarians, and they have been included in the package of electoral reform recommendations made by the OSCE and the Council of Europe. TI Armenia has not limited its work to the national level. Together with the Open Society Institute's Justice Initiative, they organised a regional meeting on political party finance issues for representatives from Azerbaijan, Bulgaria, Georgia, Latvia, Romania, Russia, and Ukraine.

### Increasing public accountability in southeast Europe

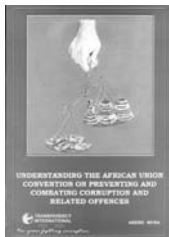
The first annual meeting to review the Transparency International Accountability Programme in the Western Balkans took place in Ohrid, Macedonia, in October. The three-year programme aims to increase government accountability by proposing measures in the areas of conflict of interest of public officials and access to information in Croatia, Bosnia and Herzegovina, Macedonia, and Serbia. Representatives from TI's national chapters, the TI Secretariat, and the donor funding the project (the Ministry of Foreign Affairs of Finland) met to evaluate the first year of the programme and to agree on next steps. It was agreed that activities would be adapted to take into account local conditions. TI chapters will work on improving legislation to bring laws in line with international standards. Training on legal provisions will then be provided to civil servants and investigative journalists. Awareness-raising campaigns will inform the public and garner support for the regulations. Finally, TI chapters will work with the media and other civil society organisations to closely monitor the implementation of legislation. For more information on this project, please contact Sara Morante at the TI Secretariat ([smorante@transparency.org](mailto:smorante@transparency.org)).

Transparência Brasil, TI's national chapter in BRAZIL, recently published the results of a survey conducted together with the World Bank and the municipality of São Paulo on the perception of corruption in the city. The municipality of São Paulo had requested the survey as part of its programme on good governance and corruption in order to gather recommendations. The survey was conducted between April and June 2002 on a sample of 2,500 people from four different groups: civil servants, citizens, public-service providers, and other companies. According to the survey, the different groups have very different opinions on the way the municipality is being administered. Civil servants and service-providers had a favourable opinion of it, while the opinion of other companies and citizens was unfavourable. Citizens and companies see corruption, after violence, as the second worst problem in São Paulo; for public servants and service-providers it was the eighth. As possible remedies to municipal corruption, most of the citizens, public servants and companies cited punishment of corrupt civil servants as the best means. Other measures named included whistleblower-protection, and reducing opportunities for corruption through increased transparency. The survey highlighted that corruption is a structural problem that can only be curbed with concrete reform programmes. For more details, see [www.transparencia.org.br](http://www.transparencia.org.br).

In October, TI sent an open letter to the president of BRAZIL, Luiz Inácio Lula da Silva, reminding him of the measures that he had promised to take to combat corruption during his election campaign in 2002. The document disseminated by the president when he was still a candidate mentions the practical anti-corruption measures he would take should he be elected, in particular, the creation of a national anti-corruption agency.

TI BULGARIA marked its fifth anniversary on 22 October. Guests included the founders of the national chapter as well as political leaders, representatives of public institutions, diplomats and other NGOs. TI Bulgaria was the first TI national chapter established in southeast Europe and is recognised as one of the major anti-corruption organisations in the region.

The TI working group on the AU Anti-Corruption Convention recently published *Understanding the African Union Convention on Preventing and Combating Corruption and Related Offences*. The booklet was produced by Maître Akere Muna, Chairman of TI Cameroon.



In co-operation with the Ministry of Justice, Administration and Local Self-Government, TI CROATIA published a book entitled *The National Program for the Fight Against Corruption*. The publication provides information on the national strategy initiated by TI Croatia and its partners and includes information on international institutional standards and the recently adopted Law on Prevention of Conflicts of Interest of Public Officials and the Law on Access to Information. In addition, the book outlines the main government institutions with mandates to fight corruption in Croatia. The publication will be available free of charge through the TI Croatia office in Zagreb. For more information, contact Ana Milovic, Executive Director (amilovic@transparency.hr).

On 27 October, a chapter-in-information was launched in FINLAND, the country which has topped the Corruption Perceptions Index for the past four years. Some 35 people from government, business and civil society attended the launch event, which was held in the Ministry of Labour. Companies present included Nokia, UPM Kymmene, Stockmann and Chiquita Nordic. Leila Mustanoja was elected chairperson of the chapter. Speakers at the launch included Pentti Makinen of the Finnish Chamber of Commerce and Harry Piela, Managing Director of Sybase Baltics, an IT company which has taken a strong anti-bribery stance in its business dealings in the region. A Finnish translation of the TI Business Principles for Countering Bribery was distributed at the launch.

The first edition of the newsletter of La Fondation Heritage pour Haiti, TI's chapter-in-information in HAITI, was published in October 2003. The first newsletter focuses on the LFHH, its activities and also presents Transparency International. Future issues will be published in French and Creole. For more information, please contact Heritagehaiti@yahoo.com.

Eleven TI national chapters and contacts throughout LATIN AMERICA co-hosted workshops on investigative journalism between September and December 2003.

Sessions were held in Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, El Salvador, Guatemala, Mexico, Paraguay and Venezuela. The workshops, organised in co-operation with Peru's Institute for Press and Society (IPYS) and local partners, including journalism associations, media and universities, fall under the framework of the TILAC-IPYS regional investigative journalism prize. For information about the prize, see the September issue of *TIQ* or [www.ipys.org](http://www.ipys.org).

In co-operation with the United Nations Office of the High Commissioner for Human Rights (UNHCHR), the LEBANESE Transparency Association organised a lecture by the American attorney and anti-corruption activist Russell Mokhiber in Beirut. The talk focused on institutionalised corporate corruption in the United States and the reforms undertaken by the US government after the last wave of private sector corruption scandals last year. Mokhiber remarked that Lebanon is making progress in the fight against corruption. "Here in Lebanon there is a re-awakening of public citizen groups such as the Lebanese Transparency Association," he said. "These upstarts should lobby to push through legislation such as anti-trust and anti-corruption laws." Other recommendations included rewarding fair-minded judges and protecting whistleblowers.

## President Obasanjo in Berlin: Nigeria will publish its oil revenues

Speaking at a press conference in Berlin on 7 November associated with the tenth anniversary of Transparency International, President Olusegun Obasanjo of Nigeria declared that his country would be publishing openly the revenues it receives from its oil industry. This would be in keeping with the principles of the UK government-led Extractive Industries Transparency Initiative. Nigeria will "tailor the EITI templates to suit the circumstances of its oil and gas sector", President Obasanjo said. He also stated his support for the principles of the NGO-led campaign Publish What You Pay, saying that the public could be forgiven for not having confidence in the figures if only one side of the equation were published. Nigeria would require companies individually to publish their payments.

President Obasanjo was in Berlin to deliver a public lecture at the Free University of Berlin on the challenges of fighting corruption in Nigeria, as part of TI's tenth anniversary lecture series. Other speakers at the lecture were Heidemarie Wiczorek-Zeul, German Federal Minister for Economic Cooperation and Development (BMZ), and representatives from oil companies Shell and BP. TI has co-hosted lectures with the Berlin universities throughout 2003.

Speaking about the visit, TI Chairman Peter Eigen said: "We are delighted that the President honoured us with his presence at the anniversary of our organisation, of which he was himself a founding member and, for several years, Advisory Council chairman. We are overjoyed at the thought that one of the world's major oil-producing



Nigerian President Olusegun Obasanjo and TI Chairman Peter Eigen at the TI Secretariat in Berlin on 7 November

nations has come out so clearly in favour of revenue transparency."

TI will be monitoring implementation of the new transparency measures in Nigeria, and will continue campaigning along with other civil society groups for companies to "Publish What You Pay" and for governments to publish what they earn in a manner such that they can then be held to account. TI hopes that other governments, especially where natural resource riches sit alongside extreme poverty, will follow Nigeria's good example and require this degree of fiscal openness.

A copy of the lecture delivered by President Obasanjo in Berlin is available at [www.transparency.org/pressreleases\\_archive/](http://www.transparency.org/pressreleases_archive/)



TI Cameroon General-Secretary James Nfokolong welcomes Prime Minister Peter Mafany Musongue at TI's third All-Africa conference in Yaoundé on 9 October. Prime Minister Musongue delivered the opening address at the conference, in which he took note of the recently published TI Corruption Perceptions Index 2003, and stated his will to improve his country's ranking.

TI's national chapter in MADAGASCAR (TI Initiative Madagascar) and the Association des Magistrats du Tribunal d'Antananarivo launched a joint programme against corruption in October. The launch event was chaired by the Minister of Justice. The initiative aims to reduce petty corruption and promote transparency in the Ministry of Justice by informing users about court procedures, thereby restoring public trust in the judiciary. This has involved distributing Malagasy and French brochures describing the various judicial procedures, defining vocabulary, and listing the different elements of a judicial file. An information desk was also set up to guide users through the procedures.

Meanwhile, TI Madagascar has also worked with the European Commission and the Friedrich Ebert Stiftung to publish a report on a workshop entitled "Hearing on Corruption in Madagascar". The methodology of the workshop was inspired by the practice of "hearing" as it exists in Anglo-Saxon democracies, which seeks to expose a problem without making any judgements. Some 50 resource persons were invited from the three sectors perceived as the most corrupt - the judiciary, customs and the police. The workshop was prepared and facilitated by two panels made up of representatives of civil society organisations. It was the first time in Madagascar that the topic of corruption had been discussed so openly and thoroughly. The report provides an analysis of the forms and causes of corruption in the three sectors, and lists a series of recommendations, such as anti-corruption education, the improvement of living and working conditions to increase the motivation of employees, the simplification of procedures and the reinforcement of controls and inspections.

Transparency MAURITIUS, TI's national chapter in the country, launched a "Youth Awareness Programme on the Fight against Corruption" on 9 December in Port Louis. The event was attended by TI Secretariat Executive Director for Africa Muzong Kodi, and high-level public and private officials. The initiative is timely, given recent fraud and corruption scandals at the top levels of public and private institutions. These cases have had a negative impact on the population, especially on young people. The programme will include the dissemination of an anti-corruption educational leaflet, the organisation of an anti-corruption seminar for government officials, heads of schools and universities, the media, and school psychologists, and educational workshops for schoolchildren from secondary schools and universities.

In late November, Transparencia Mexicana, TI's National Chapter in MEXICO, published the results of the second National Survey on Corruption and Good Governance (*Encuesta Nacional de Corrupción y Buen Gobierno 2003*). The survey found that Mexican households participated in more than 101 million acts of corruption in a selected list of 38 public services. This is equal to one corrupt practice per capita in the 2002-2003 period. The results show that corruption is a regressive tax: Mexican households with an income of less than one minimum-wage salary spent almost 30 per cent of their income on bribes. The 2003 National Index of Corruption and Good Governance was 8.3, which means that out of every 100 contacts between a household and an authority or agency, citizens had to pay a bribe in 8.3 cases to receive a public service. A

total of US\$10 billion was paid by households to receive core public services such as water, electricity, sanitation and telecommunications. In contrast with the 2001 survey, 21 states improved their score, while 11 remained the same or dropped dramatically. The most corrupt states remain Puebla, Distrito Federal and Estado de México. For more details, see: [www.transparenciamexicana.org.mx](http://www.transparenciamexicana.org.mx)

The Association Nigérienne de Lutte contre la corruption, TI's national chapter in NIGER, recently conducted a study on corruption in the judiciary and in the health and education sectors in Niger. The purpose of the study was two-fold: firstly, to establish the causes, effects and manifestations of corruption, both overall and for individual sectors; and secondly, to make concrete proposals for anti-corruption strategies for the sectors. The report was presented to the public in September and three seminars were planned to determine how to apply the recommendations of the study in each sector. The first such seminar, focussing on the health sector, was held in October.

In November, Jannik Lindbaek, until recently the chairman of TI NORWAY, was appointed chairman of the state-run oil group Statoil. The appointment follows the resignation of former Statoil chairman, Leif Terje Loeddesoel, amid allegations of corruption. Loeddesoel resigned in September in response to the launch of a police probe into bribery allegations surrounding the company's contract with an Iranian consultancy, Horton Investments. Mr Lindbaek has vowed to fight corruption in the oil company. He has appointed the consultancy firm Ernst & Young to look through all Statoil's international consultancy agreements, adding that a summary of the findings will be made available.

*BBC News, 19 November 2003*

Slovak Prime Minister Mikuláš Dzurinda signed TI SLOVAKIA's Anti-Corruption Charter of Slovak Business on 13 October. The charter has already been signed by more than 20 firms. Signatories pledge not to give or receive bribes, or use any other illegal means in dealing with business partners, state representatives, or employees. The charter's supporters include representatives of major companies in Slovakia, including oil refinery Slovnaft, railway operator ŽSSK, US electronic-parts producer Molex, Coca-Cola Beverages Slovakia, and Pepsi Cola. Other signatories are the Association of Slovak Businessmen, the Slovak Business and Industrial Chamber (SOPK), and the Business Alliance of Slovakia.

*The Slovak Spectator, 13 October 2003*

## TI Zimbabwe survey: corruption rife in banks, land distribution

Zimbabweans view the country's banking industry as being very corrupt according to a recent survey of the sector by TI Zimbabwe. The chapter commissioned the study in collaboration with the Mass Public Opinion Institute.

Participants were asked to what extent they thought the violation of the Reserve Bank of Zimbabwe regulations on foreign currency transactions by financial institutions had led to the emergence of the foreign currency parallel market. A total of 36.8 per cent said to a very great extent, 22.8 per cent said to a great extent, 28.1 per cent said only slightly and 8.8 per cent said not at all.

"From these statistics it is quite poignant that Zimbabweans perceive the country's banking sector as highly corrupt," TI Zimbabwe chairman John Makumbe said.

It also emerged that the majority of Zimbabweans (62.1 per cent) perceive that most bank employees are involved in illegal transactions involving foreign currency. Only 15.5 per cent said they knew of no such cases.

There is a serious shortage of foreign currency in all the banks in the country, and individuals have to resort to the parallel market where it is available only at exorbitant rates. The situation has been exacerbated by the imposition of international sanctions, particularly by the European Union countries, because of the government's worsening

record of human rights abuse and the alleged rigging of the 2002 presidential election, the survey said.

The skewed macroeconomic policies the government has pursued and the haphazard land reform exercise have all led to the erosion of the real value of income of many Zimbabweans.

"The measures and policies that are being introduced by the government are not helping. They are causing asset stripping not only in the public sector but also in the private sector," said John Makumbe.

In the survey, 51.7 per cent of respondents said they strongly agree that there is corruption in the land redistribution process, 27.7 per cent said they slightly agreed with it, 16.2 per cent said they did not agree and only 4.5 per cent said they strongly disagreed. Combining the percentages, a total of 79.4 per cent believe that there is corruption in the land redistribution.

The majority of people surveyed agreed that public sector corruption is a problem. An overwhelming 81.1 per cent expressed the view that corruption is a very serious problem in the tendering of government contracts.

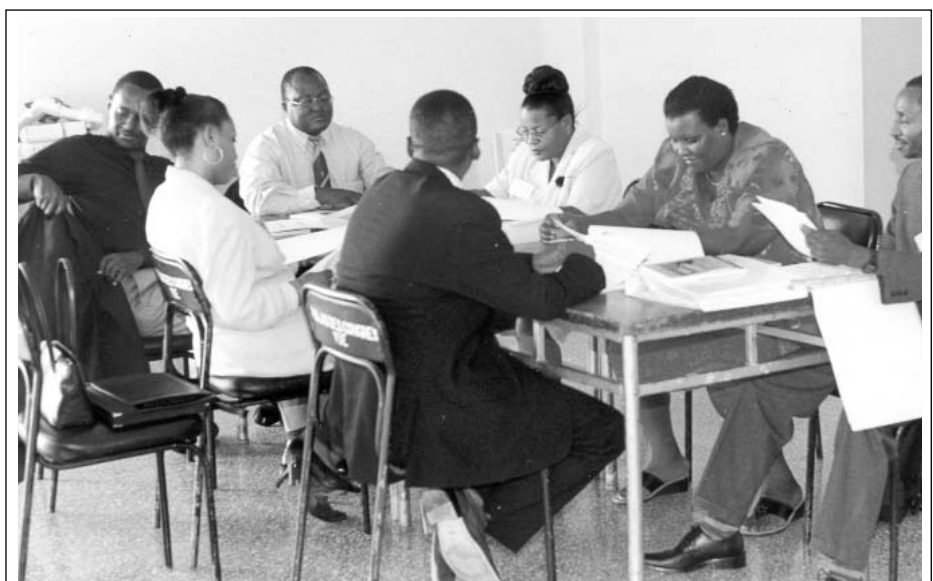
*Zimbabwe Independent, 14 November 2003*



The TI Secretariat and three national chapters in **SOUTHEAST EUROPE** (TI Bosnia and Herzegovina, TI Macedonia and TI Romania) have begun implementing the Advocacy and Legal Advice Centres Project. The project aims to provide legal advice and information to citizens, businesses and others affected by corruption through the establishment of telephone hotlines, websites, libraries and drop-in advice centres. This initiative is in keeping with the spirit of the priority areas identified by the Stability Pact Anti-Corruption Initiative Steering Group in 2002. For more information, please contact Ben Elers at the TI Secretariat ([belers@transparency.org](mailto:belers@transparency.org)).

In October, representatives of the TI Secretariat attended a workshop organised by the Organisation for Security and Cooperation in Europe (OSCE) in Dushanbe, **TAJIKISTAN**. TI Secretariat Communications Director Jeff Lovitt and Programme Officer Stian Christensen presented TI's approach to fighting corruption and in particular corruption in the media. The workshop involved journalists from all over the country and stimulated their interest in corruption-related issues. This event marked the TI Secretariat's first offi-

cial visit to Tajikistan. TI met with representatives of the local media, civil society, and international organisations in order to lay the groundwork for future activities in the country.



*Participants from Burundi (representatives of civil society, the judiciary, the media, parliament and a donor organisation) at the joint AU/ADB/TI Regional Workshop on Preventing and Combating corruption held in Yaoundé, Cameroon, on 6-9 October. See also page 4.*

# A day to remember: 9<sup>th</sup> December

*Continued from page 1*

between countries, as well as their different levels of development.

Whether the Convention lives up to these expectations will not be seen until well after the Convention enters into force, likely the end of 2005 at the earliest.

## Palermo parallels

A close parallel can be seen with the UN Convention on Transnational Organized Crime (the Palermo Convention) which entered into force with 51 ratifications on 29 September 2003, having been signed in December 2000. Many of the detailed technical provisions for co-operation in extradition and mutual assistance in the new Convention are taken nearly verbatim from the Palermo Convention. Countries that ratified the latter should already have taken steps to bring their domestic law into line with these

**It is important that countries take seriously the obligations that will flow from ratification.**

provisions and other countries are in the process of doing so. However, the scope of the new Convention is much broader than the Palermo Convention and it will therefore affect many other areas of domestic law and practice. This means that many countries will have to make adjustments in order to ratify.

While there is understandable impatience to see the Convention enter into force, it is important that countries take seriously the obligations that will flow from ratification. They should be well prepared for this so that implementation and application of the Convention by parties is effective and uniform. This necessitates a major effort by the UN Office on Drugs and Crime (UNODC), the UN agency responsible for the Convention, but also by others including donors and TI. To help countries prepare for ratification of the Palermo Convention, the UNODC convened a series of regional workshops and assisted countries individually with their preparations. A similar, ideally broader, effort will be needed for the new Convention.

## International Anti-Corruption Day: 9<sup>th</sup> December

TI and other civil society organisations have an important role to play in making sure the Convention really lives up to expectations as a force for a greatly enhanced global campaign against corruption. Most notably, we need to help raise awareness of the

Convention and of the scourge it seeks to address.

For some years, many in TI have advocated the benefit of an annual global anti-corruption day in raising public awareness of corruption. They point out that this has been very successful at national level in a number of countries, including Morocco and Uganda.

This was taken up in a proposal, drafted by TI and tabled by Brazil, to include the establishment of such a global day in the UN General Assembly resolution adopting the Convention. This was endorsed by the General Assembly. As a result, 9 December will henceforth be International Anti-Corruption Day, marking the date of signature of the Convention and, more importantly, providing a platform for raising awareness. UNODC plans to replicate, on a corruption theme, its successful series of public service television spots on trafficking in women and children and other crime issues, which are carried free by BBC World and CNN International. TI has been consulted on the content of these spots as well as on ways to harness public response to them most effectively.

It is generally recognised that political will is essential to effective corruption prevention and enforcement, and that public pressure and support for curbing corruption are essential to generating and sustaining such political will. It is particularly in this context that using the Convention effectively to raise awareness is so vital.

In the short term, too, public pressure should help in encouraging countries to ratify the Convention. Again this is an area where civil society, led by TI, can play a pivotal role.

## Monitoring is vital

While the Convention's real impact comes once it enters into force, the interval between the signing in Merida and entry into force will be vital in preparing the ground for its future success. Among the most important issues is monitoring implementation of the Convention. This was hotly debated during the Convention negotiations. But as no consensus could be achieved, it was agreed to defer this to the Conference of States Parties, which will convene for the first time in the year after entry into force (probably in 2006). TI has consistently advocated that an effective monitoring mechanism is essential to the effectiveness and credibility of the Convention. It is important that this be decided as soon as possible after entry into force if momentum is to be maintained.

## Recovering stolen assets – a key principle

The Convention represents a welcome breakthrough in international co-operation on the return of stolen assets, an issue described in the Convention as “a fundamental principle” and one

on which states parties shall afford one another the widest possible measure of co-operation and assistance. Time will tell how well the five pages of detailed provisions on this issue will work in practice and it will certainly be important to foster a co-operative spirit between relevant government agencies. This will also be important to other areas of international co-operation, for example in relation to extradition and mutual legal assistance. While it is noteworthy that such co-operation is increasing and was given a significant boost by security concerns following September 11, there was also much suspicion and concern to protect national interests evident during the negotiation of these provisions. This must not be allowed to get in the way of effective co-operation. Again, civil society can play a very important role in monitoring how these provisions are implemented and by insisting that governments observe the spirit as well as the letter of the Convention.

### An ounce of prevention

Most articles on preventive measures at national level commence with a mandatory general principle, but the manner in which this is implemented is left to each party. Nevertheless, the scope is broad, including the need to deter and detect money-laundering.

The need to prevent corruption involving the private sector is clearly stated, again elaborated by a range of optional measures, but specifically highlighting the need for effective disclosure, accounting and auditing standards and with a mandatory provision to disallow the tax deductibility of bribes.

The participation of society in the prevention of and the fight against corruption is recognised, as is the need to raise awareness about it. But again, specific measures are left to each country. The importance of encouraging public reporting of possible acts of corruption is recognised.

### Putting the corrupt behind bars

Under the Convention, the giving and taking of bribes involving national public officials is criminalised. So too is the giving of bribes to foreign public officials in circumstances similar to the scope of the OECD Anti-Bribery Convention. Other mandatory crimes include embezzlement by public officials and laundering of proceeds of crime, as well as certain ancillary offences. Optional offences include trading in influence, concealment, abuse of functions, illicit enrichment, and bribery and embezzlement. In the private sector, protection of whistleblowers is also not mandatory.

The Convention recognises that, in most aspects of corruption prevention and enforcement, many countries will need considerable help to take the necessary steps. This should send a strong signal to the development aid community that development assistance to curb corruption is a high priority.

For the first time, the Convention provides a framework, albeit not mandatory, for criminalising bribery in the private sector and for measures to improve business integrity. However, it fails to adequately address the issue of political corruption. It also relies too heavily on non-mandatory wording and, in relation to international cooperation, it has tended to replicate the corresponding provisions of the Palermo Convention rather than improve on them.

### Future perspectives

The relationship between the Convention and other anti-corruption conventions such as the OECD Convention and regional conventions is not specifically addressed and will no doubt become clearer with experience. However, it is already apparent that the Convention will not supplant these other instruments and that there is potential for them to be mutually reinforcing.

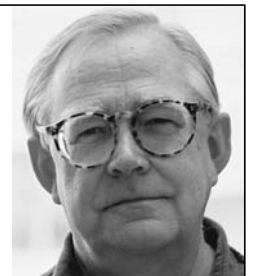
Given that the new convention is breaking new ground in some respects, particularly in provisions on cross-border recovery



of assets, and that it has had to achieve consensus amongst more than 125 national delegations with very different economic, political and social circumstances, its mere existence is a considerable achievement. However, much more effort is needed if the Convention is to have a significant impact on reducing corruption.

#### ABOUT THE AUTHOR

#### Peter Rooke



*Peter Rooke is a member of the board of directors and director of projects at Transparency International Australia. A lawyer by profession, Rooke worked for the international law firm Clifford Chance and was responsible for developing the firm's network of offices in the Middle East, Asia, and Central and Eastern Europe. For the past 10 years, he has worked as a volunteer with TI both in Australia, as founding CEO, and internationally, as a Board member until May 2003.*

# CPI 2003

» Transparency International's Corruption Perceptions Index measures levels of corruption in the public sector and politics, as perceived by business people, academics and risk analysts.

Country rank	Country	CPI 2003 score	Surveys used	Standard deviation	Country rank	Country	CPI 2003 score	Surveys used	Standard deviation
1	Finland	9.7	8	0.3	66	China	3.4	13	1.0
2	Iceland	9.6	7	0.3		Panama	3.4	7	0.8
3	Denmark	9.5	9	0.4		Sri Lanka	3.4	7	0.7
	New Zealand	9.5	8	0.2		Syria	3.4	4	1.3
5	Singapore	9.4	12	0.1	70	Bosnia & Herzegovina	3.3	6	0.7
6	Sweden	9.3	11	0.2		Dominican Republic	3.3	6	0.4
7	Netherlands	8.9	9	0.3		Egypt	3.3	9	1.3
8	Australia	8.8	12	0.9		Ghana	3.3	6	0.9
	Norway	8.8	8	0.5		Morocco	3.3	5	1.3
	Switzerland	8.8	9	0.8		Thailand	3.3	13	0.9
11	Canada	8.7	12	0.9	76	Senegal	3.2	6	1.2
	Luxembourg	8.7	6	0.4	77	Turkey	3.1	14	0.9
	United Kingdom	8.7	13	0.5	78	Armenia	3.0	5	0.8
14	Austria	8.0	9	0.7		Iran	3.0	4	1.0
	Hong Kong	8.0	11	1.1		Lebanon	3.0	4	0.8
16	Germany	7.7	11	1.2		Mali	3.0	3	1.8
17	Belgium	7.6	9	0.9		Palestine	3.0	3	1.2
18	Ireland	7.5	9	0.7	83	India	2.8	14	0.4
	USA	7.5	13	1.2		Malawi	2.8	4	1.2
20	Chile	7.4	12	0.9		Romania	2.8	12	1.0
21	Israel	7.0	10	1.2	86	Mozambique	2.7	5	0.7
	Japan	7.0	13	1.1		Russia	2.7	16	0.8
23	France	6.9	12	1.1	88	Algeria	2.6	4	0.5
	Spain	6.9	11	0.8		Madagascar	2.6	3	1.8
25	Portugal	6.6	9	1.2		Nicaragua	2.6	7	0.5
26	Oman	6.3	4	0.9		Yemen	2.6	4	0.7
27	Bahrain	6.1	3	1.1	92	Albania	2.5	5	0.6
	Cyprus	6.1	3	1.6		Argentina	2.5	12	0.5
29	Slovenia	5.9	12	1.2		Ethiopia	2.5	5	0.8
30	Botswana	5.7	6	0.9		Gambia	2.5	4	0.9
	Taiwan	5.7	13	1.0		Pakistan	2.5	7	0.9
32	Qatar	5.6	3	0.1		Philippines	2.5	12	0.5
33	Estonia	5.5	12	0.6		Tanzania	2.5	6	0.6
	Uruguay	5.5	7	1.1		Zambia	2.5	5	0.6
35	Italy	5.3	11	1.1	100	Guatemala	2.4	8	0.6
	Kuwait	5.3	4	1.7		Kazakhstan	2.4	7	0.9
37	Malaysia	5.2	13	1.1		Moldova	2.4	5	0.8
	United Arab Emirates	5.2	3	0.5		Uzbekistan	2.4	6	0.5
39	Tunisia	4.9	6	0.7		Venezuela	2.4	12	0.5
40	Hungary	4.8	13	0.6		Vietnam	2.4	8	0.8
41	Lithuania	4.7	10	1.6	106	Bolivia	2.3	6	0.4
	Namibia	4.7	6	1.3		Honduras	2.3	7	0.6
43	Cuba	4.6	3	1.0		Macedonia	2.3	5	0.3
	Jordan	4.6	7	1.1		Serbia & Montenegro	2.3	5	0.5
	Trinidad and Tobago	4.6	6	1.3		Sudan	2.3	4	0.3
46	Belize	4.5	3	0.9		Ukraine	2.3	10	0.6
	Saudi Arabia	4.5	4	2.0		Zimbabwe	2.3	7	0.3
48	Mauritius	4.4	5	0.7	113	Congo, Rep. of the	2.2	3	0.5
	South Africa	4.4	12	0.6		Ecuador	2.2	8	0.3
50	Costa Rica	4.3	8	0.7		Iraq	2.2	3	1.1
	Greece	4.3	9	0.8		Sierra Leone	2.2	3	0.5
	South Korea	4.3	12	1.0		Uganda	2.2	6	0.7
53	Belarus	4.2	5	1.8	118	Cote d'Ivoire	2.1	5	0.5
54	Brazil	3.9	12	0.5		Kyrgyzstan	2.1	5	0.4
	Bulgaria	3.9	10	0.9		Libya	2.1	3	0.5
	Czech Republic	3.9	12	0.9		Papua New Guinea	2.1	3	0.6
57	Jamaica	3.8	5	0.4	122	Indonesia	1.9	13	0.5
	Latvia	3.8	7	0.4		Kenya	1.9	7	0.3
59	Colombia	3.7	11	0.5	124	Angola	1.8	3	0.3
	Croatia	3.7	8	0.6		Azerbaijan	1.8	7	0.3
	El Salvador	3.7	7	1.5		Cameroon	1.8	5	0.2
	Peru	3.7	9	0.6		Georgia	1.8	6	0.7
	Slovakia	3.7	11	0.7		Tajikistan	1.8	3	0.3
64	Mexico	3.6	12	0.6	129	Myanmar	1.6	3	0.3
	Poland	3.6	14	1.1		Paraguay	1.6	6	0.3
					131	Haiti	1.5	5	0.6
					132	Nigeria	1.4	9	0.4
					133	Bangladesh	1.3	8	0.7

# Recent Reforms

» A global sample of initiatives to increase transparency and accountability



Vremja (Moldova), 8 October 2003  
Pay before...you win.



Cristian Dzwonik (Nik) in *La Nación* (Argentina), 8 October 2003

**REPORTER:** According to Transparency International, corruption is on the rise in Argentina. We have fallen from position 70 to number 92.

**OFFICIAL:** No, corruption has not increased. We simply do not have the money any more to pay off the people responsible for our poor ranking in the index.

**CAT:** The creditors think we are a transparent country: We're invisible.

## CHINA

### Anti-graft premium for civil servants

Local governments in Beijing and in Hunan, Jiangsu, Zhejiang and Guangdong provinces are experimenting with a system to curb corruption among civil servants. Each month five per cent is deducted from each civil servant's salary, and matched two-fold by the department where they work. The money is then put into the special bank account, to be paid out to the employee upon retirement. If they violate regulations or break the law during their service with the government, they will lose some or even all the savings. Critics say the plan overtaxes public coffers and leads to social inequalities.

*New China News Agency, 28 November 2003*

## GERMANY

### Agency to scrutinise accounts

The German government will launch a watchdog body in 2004 that will tighten scrutiny of company accounts, in a response to book-keeping scandals in recent years. The agency, which will have limited powers to investigate complaints from small shareholders and from the public about accounting irregularities, will cover domestic and foreign businesses listed on German stock exchanges. These companies - and some unlisted banks - will be subject to random sampling by a private sector-based agency, composed of a small team of recognised auditing experts. The plan is part of a ten-point government programme announced in March to improve transparency and stability on German financial markets.

*Financial Times, 9 December 2003*

## HONDURAS

### Governmental immunity repealed

In an unprecedented move, the Honduran Congress removed the constitutional immunity that has protected the country's thousands of civil servants for 46 years. President of the legislature, Porfirio Lobo Sosa, says that the immunity has been consistently abused and that everyone should be "equal before the law". Historically, in spite of accusations ranging from murder to child support evasion, public servants and politicians have lived above the law, protected by this privilege. Immunity was instituted in 1957 and has protected government officials from the president to officers of the military.

*La Prensa, 25 October 2003*

## KENYA

### President Kibaki declares wealth

President Kibaki became the first Kenyan leader to declare his wealth to parliament in September. Civil servants had been warned that those who failed to declare their assets could be fired and face fines or even prison time. Still, the general public cannot access details of wealth declaration forms. Jotham Tumwesigye, Uganda's Inspector General, noted that asset declarations must be made accessible to the media and public if they are to help in the fight against corruption. He observed that in 18 years confidential declarations of wealth in Uganda failed to have any impact.

*Daily Nation, 17 & 26 November 2003*

## KYRGYZSTAN

**Good governance council established, evaluated**

In April 2003, Kyrgyzstan established by Presidential Decree a National Council on Good Governance, aimed at establishing a successful system of governance in the Kyrgyz Republic. In order to assist the NCGG in becoming an effective institution, TI was invited by the Kyrgyz Government to field an assessment mission, review the current status of the Council and assess its future functions and role in establishing good governance in Kyrgyzstan. In a joint assessment with IMPACT (Integrity Management and Programs for Accountability and Transparency), TI stated that the council in its present form lacks the necessary resources, structure, accountability and knowledge to implement necessary reforms. It concluded that the council still represents a positive first step in the country, but that its success will depend on political will and international support.

*Transparency International*

## MEXICO

**Mayor: traffic fines lead to corrupt cops**

Mayor Avila's first official act when he took office last August was to abolish parking and traffic fines in Ecatepec, a city of 2.5 million people just north of Mexico City. Avila, 34, a soft-spoken lawyer, is looking for radical new ways to solve one of Mexico's endemic problems: police demanding bribes. The mayor's theory is that if police officers can't threaten drivers with tickets, they can't pressure them for bribes. "We are renewing and revolutionising our city," he said. "People will always speed. They will always park illegally. But this way they won't have to pay bribes."

*The Washington Post, 8 September 2003*

## NIGER

**Strategy commission called into life**

A draft law on the creation of a national commission on anti-corruption strategy was adopted by the Council of Ministers in October. The new body will study the phenomenon of corruption, define anti-corruption strategies and draft an action plan. The commission will also make recommendations to the government on effective strategies in the fight against corruption.

*Official Journal of Niger*

## PAKISTAN

**Getting smart against corruption**

In Pakistan, the Ministry of Education and the National Accountability Bureau will jointly develop strategies to incorporate anti-corruption concepts into the national curriculum. The federal Education Minister says that text book publishers will translate these concepts into teaching and learning materials. Teacher training institutes will also be integrating the new ideas into their curriculum. The ministry will look into the possibility of a public-awareness campaign for the public using informal educational methods such as a media campaign.

*Pak Tribune, 22 October 2003*

## PANAMA

**President's public anti-corruption pledge**

Fernando Berguido, president of Fundacion para el Desarrollo de la Libertad Ciudadana, TI's national chapter in Panama, announced on national television that the country's president, Mireya Moscoso, had signed a document making a commitment to the fight against corruption. In the broadcast, Berguido said that the document included a ten-point action plan to eliminate corruption. These measures included the abolition of nepotism, public disclosure of sources of political financing, the adoption of a civil servant ethics code and instruction for public servants on complying with access to information laws.

*El Siglo.com, 14 October 2003*

## PERU/SWITZERLAND

**Swiss to lift bank secrecy in Fujimori case**

Peru's Attorney-General said Switzerland has agreed to lift its banking secrecy rules to facilitate a legal probe into accusations that Peru's disgraced ex-President Alberto Fujimori hid cash from illegal arms deals in foreign bank accounts. Last August, Switzerland repatriated to Peru US\$77.5 million from bank accounts controlled by Fujimori's former spy chief, Vladimiro Montesinos, suspected of generating the cash from bribes on arms and aircraft sales. Fujimori faces similar accusations but it is not clear whether he controls any accounts in Switzerland.

*Reuters, 20 October 2003*

## SENEGAL

**New integrity initiative**

The National Assembly finally adopted a law this November on the creation of a national anti-corruption commission, composed of government, private sector

and civil society representatives. The new body will act as a corruption watchdog and will also field complaints from citizens. Forum Civil, TI's national chapter in Senegal, submitted a general critique of the proposed legislation, offering a series of amendments regarding the independence and composition of the new body, its mission and its powers. The critique also called for the new commission to be represented on government committees on procurement and privatisation. However, only two of the proposed changes were incorporated into the law.

## SOUTH AFRICA

**Anti-graft law means business**

A new anti-corruption law was passed by South Africa's National Assembly on 27 November. The Prevention and Combating of Corrupt Activities Act, approved after 18 months in the parliament's justice committee, brings South Africa in line with its international obligations to contain corruption. Under the law, what classifies as bribery has been widened to the "receiving or offering of unauthorised gratification". The new act also broadens corruption to include employers and employees in the private sector, and criminalises both bribe-paying and bribe-taking. The legislation is expected to come into force in April 2004.

*Business Day, 25 November/  
3 December 2003*

## USA

**Supreme Court upholds new campaign finance law**

The US Supreme Court upheld new rules governing the role of money in politics, leaving in place the most sweeping changes to campaign finance laws since the post-Watergate era of the 1970s. At the same time, the justices acknowledged that the long struggle to curtail the influence of corporations and special interests in US politics was far from over. The decision means that the 2004 election season, already well under way, will proceed under the rules of engagement already defined by the new law, which went into effect in 2002. The court upheld the law's ban on "soft money" - the vast sums donated to political parties by corporations, trade unions and wealthy individuals, which had become a mainstay of recent elections. The court also upheld restrictions on political advertisements in the period immediately before an election.

*Financial Times, 11 December 2003*

# Interview R.H. Tahiliani on Delhi's Election Watch

By Michael Schied



R.H. Tahiliani: More than just casting his vote

In a bid to curb corruption in politics, 22 civil society organisations in Delhi came together to form an "Election Watch" ahead of the state assembly elections in December. While this was the first such campaign carried out in India's capital, the organisers were able to draw on similar initiatives in other states, including Karnataka, Gujarat, Tamil Nadu, West Bengal and in the Mumbai municipal elections.

Admiral Tahiliani, Chairman of both Delhi Election Watch and TI India, says that growing election costs in Delhi since the 1970s have made it increasingly difficult for clean candidates to compete. This means that the "wrong people" get elected to the parliament and "India's wonderful constitution" gets distorted, he says.

Delhi Election Watch aimed to ensure the enforcement of the Supreme Court ruling of March 2003, requiring candidates to declare their criminal record, assets and liabilities, and educational qualifications. The December election marked the first time candidates were required to disclose such information by sworn affidavits, which they submitted to the electoral officer when filing their nomination. Delhi Election Watch opened an office where voters could request information on candidates through a helpline. In order to provide voters with information about the quality of their candidates, Delhi Election Watch published a report one week ahead of the December 1st poll. The report revealed, among other things, that out of 817 candidates, 77 had faced criminal charges (*The Times of India*, 23 November). Delhi Election Watch also publicised the candidates' declarations of assets for the benefit of voters.

Admiral Tahiliani, who is also a member of TI's international Board of Directors, says he is very optimistic about what the Election Watch has achieved. While he admits that this first attempt at increased transparency cannot be expected to bring about a major change, the initiative has created a reaction among the political parties. The involvement of civil society in the political process in India has led to fewer people with a criminal background being nominated, he says. If the process continues, Tahiliani adds, "the involvement of the public will grow to be more than merely casting their vote."

# Inside TI

## TI's John Makumbe arrested in civil society crackdown in Zimbabwe

Transparency International condemned the arrest of TI Zimbabwe Chairman, John Makumbe, by the Zimbabwean authorities. Makumbe was detained by police during a peaceful meeting of civil society leaders and trade union leaders in Harare on 18 November. He was one of a number of Zimbabwean civil society leaders taken into custody by the police. "The arrests represent a dangerous attack on civic freedoms, and an escalation of the hostile treatment of civil society representatives by the authorities in Zimbabwe," said TI in a press release. Makumbe, a member of the international board of TI and a well-known political scientist and human rights activist, was arrested when riot police broke up peaceful protests against the economic policies of the government of President Robert Mugabe in Harare and across the country on 18 November. Makumbe was also arbitrarily detained and assaulted while in police custody on 13 February 2003, when police prevented the holding of a meeting of civil society groups at a church in Harare.

## TI Board of Directors meet in Berlin

TI's Board of Directors met on 14 November in Berlin and took stock of TI's global activities since the May 2003 Board meeting in Seoul. The main issues on the agenda were the consideration of TI's draft Strategic Plan for the next three to five years, the approval of the 2004 budget and steps forward on internal governance, including outstanding matters from the Seoul membership meeting and the National Chapter accreditation process. The outcomes of TI's Board meetings can be found at [www.transparency.org/about\\_ti/board.html](http://www.transparency.org/about_ti/board.html).

## TI wins TBLI Award 2003

TI has won the 2003 Triple Bottom Line Investing (TBLI) Award, presented by Brooklyn Bridge, an organisation that promotes socially responsible investing. TI was recognised for its work in identifying and highlighting corruption as a threat to sustainable business activity and as an important criterion for socially responsible institutional investors. The prize, which carries a value of £5,000, was awarded to TI at the TBLI 2003 conference on 6 November in Amsterdam, The Netherlands. For more information, see: [www.tbli.org](http://www.tbli.org).



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The Triple Bottom Line Investing (TBLI) Award 2003, presented to TI by Brooklyn Bridge.

## Peter Eigen named European of the Year

Peter Eigen has been named *Reader's Digest* "European of the Year" for his relentless fight against global corruption. Eigen was chosen by the Editors-in-Chief of the 18 European editions of *Reader's Digest* magazine, which reach 4.5 million subscribers. The Reader's Digest European of the Year is awarded to the person who in the Editors' opinion best embodies the contemporary expression of Europe's values and traditions. The award will be presented at a ceremony in Berlin, Germany on 8 January 2004. The story of Eigen's fight to eradicate corruption will be published simultaneously in all European editions of *Reader's Digest* in January. Peter Eigen is the ninth winner of the Reader's Digest European of the Year award, worth €5,000. Previous winners include Eva Joly, investigating magistrate in France, and Paul van Buitenen, the Dutchman who blew the whistle on corruption in the European Commission.

In other news, Eigen was also selected by the weekly Brussels-based newspaper *European Voice* as one of the 50 most influential Europeans of the Year.

## New staff at the TI Secretariat

The TI Secretariat's finance team has seen some personnel changes in recent months. Steve King joined TI in November 2003 as Chief Financial Officer and Monika Ebert as Head of Finance in August. TI also welcomes new staff members: Ben Elers (Project Coordinator for the Anti-Corruption Resource Centres and Advocacy and Legal Advice Centres), Marta Erquicia (Assistant Programme Officer for the Americas Department), Jesse Garcia (Editor/Media Relations), Nathalie Hobeica (Donor Relations Officer), Roberto Perez-Rocha (CORIS Programme Manager) and Diana Rodriguez (Co-editor of the TI *Global Corruption Report*).

# Calendar

- 9 December

International Anti-Corruption Day

- Spring 2004

Launch of Transparency International's *Global Corruption Report 2004*

For more information, see page 5 or visit [www.globalcorruptionreport.org](http://www.globalcorruptionreport.org).

- 16-21 January 2004, Mumbai, India

World Social Forum 2004

For more information, contact [wsfindia@vsnl.net](mailto:wsfindia@vsnl.net) or see: [www.wsfindia.org/index.php](http://www.wsfindia.org/index.php)

- 27-30 January 2004, Kampala, Uganda

Public Sector Leadership Development for Good Governance in Africa

Organised by African Training and Research Centre in Administration for Development (CAFRAD) and United Nations Online Network in Public Administration and Finance (UNDESA).

Email: [cafrad@cafrad.org](mailto:cafrad@cafrad.org); Tel: (212 61) 433-7399/434-9223

For more information, see: [www.unpan.org/directory/conference/guest/browseoneconference.asp?conference\\_id=1625](http://www.unpan.org/directory/conference/guest/browseoneconference.asp?conference_id=1625)

- 1-4 February 2004, Durban, South Africa

The World Movement for Democracy Third Assembly on "Building Democracy for Peace, Development, and Human Rights"

Contact: [world@ned.org](mailto:world@ned.org) or see: [www.wmd.org/third\\_assembly/index.html](http://www.wmd.org/third_assembly/index.html)

- 20-21 September 2004, Belfast, UK

International Colloquium "Governing the Corporation: Mapping the Loci of Power in Corporate Governance Design"

Organised by the Institute of Governance, Public Policy and Social Research Queen's University, Belfast

See: [www.governance.qub.ac.uk/govcorp.pdf](http://www.governance.qub.ac.uk/govcorp.pdf)

# Quote Unquote

On the new UN Convention against Corruption:

"Corruption hurts the poor disproportionately - by diverting funds intended for development, undermining a government's ability to provide basic services, feeding inequality and injustice, and discouraging foreign investment and aid."

- Kofi Annan, UN Secretary-General in his statement on the adoption by the General Assembly of the UN Convention against Corruption

"It is a Convention with strong enforcement power, a true global response to the global challenge posed by corruption."

- Antonio Maria Costa, Executive Director of UN Office on Drugs and Crime (UNODC)

"The convention is a very complex instrument. It's not the point of arrival but of departure."

- Eduardo Bohorquez, Transparency International Mexico