

# Transparency Watch

AUGUST 2008

## INTERVIEW OF THE MONTH



David Leigh, investigative editor, the Guardian

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# Transparency Watch

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## INTERVIEW OF THE MONTH

David Leigh, investigative editor, the Guardian

By Mike Sidwell

Over the past four years David Leigh, investigative editor at the [Guardian](#), has published a series of landmark investigations into corruption allegations against BAE Systems together with journalist Rob Evans. Leigh teaches reporting at City University in London and is a former producer for the investigative television programme World in Action. He has authored various books on the intelligence services, drug smuggling and freedom of information. Transparency Watch spoke with Leigh about his investigations and the problems faced by journalists seeking answers to difficult questions.



### Transparency Watch (TW): What triggered your investigations into BAE Systems?

**David Leigh (DL):** It goes back all the way to 2003 when we wrote a series in the Guardian based largely on research in the government's archives on the relationship between the British Ministry of Defence and reported corruption in arms sales [[Guardian](#)]. This series encouraged some whistleblowers to start coming forward and then it was sort of one of those things where the end of a thread appears and you pull on the thread and it gradually gets bigger and bigger, till it becomes absolutely enormous. We first had somebody come forward who said that they had worked for a company connected with BAE in a minor capacity and they had been required to provide various treats - prostitutes and gold watches and things - for members of the Saudi air force when they came over here to train with BAE [[BBC](#)]. It turned out that there was some truth in the allegations, and as more and more people came forward it became apparent that the scale of the whole thing was much bigger than we had realised. We had discovered a whole modus operandi and it just got bigger and bigger like that.

### TW: As someone who has spent years investigating the affair, what are your views on the House of Lords overturning the High Court's decision that the Serious Fraud Office acted unlawfully when it halted its investigation into bribery allegations relating to the Al-Yamamah arms deal between Saudi Arabia and BAE Systems?

**DL:** The SFO [Serious Fraud Office] was not to blame for shutting down the investigation, which they began and persevered with after the Guardian took the evidence to them back in 2004. Tony Blair displayed a lack of principle in asking the director of the SFO to close down his inquiry just when it was getting somewhere. The original Moses/Sullivan April 2008 [judgment](#) in the High Court found British politicians culpable - the House of Lords stepped back and took a more narrowly conservative view. They said, in effect, that it was not for them to interfere. The Moses judgment recognised that the so-called threat to 'national security' was a pretext. The Lords decided to turn a blind eye.

### TW: The Serious Fraud Office has asserted that their investigation into the Al Yamamah contract was discontinued for reasons of "protecting national security". In your opinion, does this hold true?

**DL:** In my opinion, it's not about national security at all. I believe it's mainly about commercial interests because the Saudis threatened to cancel another big arms deal if this investigation was allowed to continue [[Guardian](#)]. Many of the stories about national security, cooperation on intelligence, threats to British lives and so on have always struck me as largely bogus.

### TW: What impact do you think the British government's response to this case will have on private sector corruption more widely, both within Britain and abroad?

**DL:** I think what it has done is give Britain the reputation of the dirty man of the West. There has been a pretty steady development in international pressure to cut down on bribery and countries like the United States, France and Germany have been making quite definite efforts to reduce corruption, not only in arms sales but also in other overseas contracts. The one signatory country to the [OECD convention](#) that stands out as having done absolutely nothing to enforce it is Britain, which has brought no prosecutions - its prosecution rate is zero [[TI G8 Progress Report](#)].

### TW: What was the reaction to the reporting in Saudi Arabia?

**DL:** Their reaction has been to exert political pressure on the British government to have any further serious ruling in this inquiry stopped [[Guardian](#)]. The way it is presented by the British government is that the Saudi regime doesn't like it because they like their privacy. Another way of looking at it is the Saudi regime doesn't like it because further investigation may reveal that members of the royal family

have received large pay offs from these contracts. Also, an investigation may reveal to the Saudi population in general and the world beyond them just how much these people may have profited from arms deals. The one guiding star of the Saudi regime's behaviour in the last generation has been designed to preserve the regime's power. They don't like all this because they feel it threatens the stability of the regime, because people could be upset and hostile at what may have gone on [[Independent](#)]. So their reaction, I think, is in a way fairly complacent because the British government has dropped the whole thing. Unfortunately for them they haven't succeeded in getting the [Americans](#) or the [Swiss](#) into dropping it, both of which are continuing their own investigations.

**TW: As your investigations into BAE Systems progressed, what kinds of challenges have you encountered? How did you overcome them?**

**DL:** We're only journalists and there is a limit to what we can discover, for instance we can't penetrate foreign banks. We took two decisions to try and get round the problems we faced. One was to cooperate with journalists in other countries, such as Sweden, Romania and Chile, where these things have gone on, and to share our information with them. The second was to go to the Serious Fraud Office and turn over our information to them, because they of course have powers that we don't have. They have powers which they used to force [BAE](#), by serving production orders on them, to hand over details of their agents. They also served production orders on the bank involved, [Lloyds TSB](#), to turn over details of the banking transactions they'd carried out for BAE with these offshore payments. The SFO was then able to send letters of request all over the world to other countries, to Switzerland, to the Channel Isles, to South Africa for instance, and get them to go into local bank accounts and identify local agents. They could also talk to [Inland Revenue](#) and British embassies. So they could do all kinds of things that we couldn't do; and all police activity, especially when it involved making inquiries abroad, pretty inevitably leaked quantities of information which we were then able to get hold of and publish. Gradually, bit by bit, the whole picture came into focus of who the agents were, where the payments had been made, how much the payments had been and what had gone on; and a pretty shocking picture it was too. That was how we tried to meet the challenges of trying to investigate a world wide very secret web.

**TW: What cost is typically involved in conducting such an investigation?**

**DL:** I have personally travelled all over on these corruption investigations since the British anti-corruption law criminalising overseas bribery came into effect in 2002. I have been to Romania, South Africa, Tanzania and Switzerland, and my colleagues have travelled all over as well. There are also Guardian correspondents all around the world. The investigations have taken up more than three years of mine and my partner Rob Evan's time, more or less full-time. That's two journalists' salaries, plus all these plane tickets, so it is an expensive activity. But we haven't had the resources to spend money on the scale the SFO or the US Department of Justice have, they have spent millions on this. It is a very expensive and excruciatingly slow business prising out the details of transactions in offshore tax havens, which are designed to be as secure and as secret as possible.

**TW: Have you ever encountered any form of intimidation while working as an investigative journalist?**

**DL:** I do quite a bit of teaching and lecturing throughout the world and students often ask me this. I feel rather ashamed really, because the short answer is no. Nobody has ever threatened me or people at the Guardian in that way. If you go out to other countries then yes, journalists do get threatened and hurt and sometimes killed. It's not really like that here [UK]. The thing I fear the most is being sued, which is a good way of putting you out of action. BAE and the security department could employ people to follow us around and write dossiers about us, but it wouldn't really matter.

**TW: Have you ever experienced challenges to your work overseas and how do these compare to challenges in the UK?**

**DL:** I went to Tanzania to try and investigate an arms deal there. It was a particularly scandalous one in fact, as BAE had paid a commission of more than 30 per cent to local agents to buy an unnecessary radar system [[Guardian](#)]. I'm there in a world I don't understand, a completely different world culturally, socially and politically. You need to make connections with other people who can help you at quite high speed, because otherwise you're blind in a foreign country. In a way it sort of mimics the actions of the arms companies, as they hire local agents who can arrange everything for them in a culture that they don't understand. So if you're a journalist and trying to do this you have to link up with local journalists or campaigners who can tell you what is happening and who is who. In Tanzania I was able to find out pretty quickly who the agent was getting all the money. It was like an open secret out there, although it was a mystery back here. But this is all excruciatingly difficult work to tell you the truth. I think it is difficult for journalists, but I can also see that it is very difficult for the police; the Serious Fraud Office has struggled and they have got much more power than we do.

Normally with this kind of thing the biggest challenge that you face is that you're going to be sued. What is interesting with the BAE case, I think, is that they took the decision very early on that they were not going to litigate and they were going to say as little as possible about everything to give no oxygen to the story. I think they were very confident of their position because they have so much political support in this country. Obviously we were very careful of what we wrote and you develop some skills for doing this. We used the [Reynolds defence](#) [a ruling on the right to publish in the public interest] a lot, everything we wrote was with the Reynolds defence in mind, and it seemed to work. But I think if they

would have come after us legally early on then our life would have been a lot more difficult. I think by the time it dawned on them that our investigation ought to be stopped it was getting to late to do it.

**TW: Corruption stories can be quite technical and dry. Have you found editors to be generally supportive of investigative stories?**

**DL:** Most of them can be excruciatingly boring. You have to be very careful of what you write and what you do write tends to be sort of dry and technical even before the lawyers have got at it. If you're not careful you've got something that nobody is going to be one bit interested in. We've had that problem of reluctant news editors who obviously think that this is rather dull. It's a battle you have to fight, a lot.

With the [BAE files](#) section on the Guardian's website we were trying to do something new, something that could serve as a resource for other people and actually demonstrate how you can do this kind of thing online and use the possibilities of online - put up [original documents](#) and [video](#) and so on - to actually make some kind of package that people would find reasonably interesting and accessible.

**TW: How do you ensure the accuracy of whistleblower information?**

**DL:** You check a lot and there is no substitute for documents. You get whistleblowers and you ask: "have you got any documents?" Documents, documents and documents.

**TW: How do you see the link between civil society and journalists? Do you think the levels of trustworthiness of NGOs vary?**

**DL:** I find one of the most useful things is to try and link up with others across the world, including NGOs like Transparency International, and try and form a sort of counter network. What you are looking at here is something that is globalised, trans-national, and you really need to develop some kind of trans-national networks of your own in order to be able to try and come to grips with it.

Of course, just as the levels of trustworthiness with journalists vary, you find those that you trust and you work with them. You can't trust everybody, you have to be able to establish who you can have relationships of trust with and similarly you have to be able to develop relationships of trust with the authorities in different countries.

**Links**

- [The BAE Files](#)
- [British High Court Judgment Summary](#)
- [House of Lords Judgment](#)
- [TI UK's Defence against Corruption Project](#)

# Transparency Watch

AUGUST 2008

## SPOTLIGHT STORY

The G8 reports back

By Mike Sidwell



The Group of Eight (G8) took a significant step to being held more to account on past pledges to fight corruption with the publication of its [Accountability Report: Implementation Review of G8 Anti-Corruption Commitments](#). Launched in July at the 34th G8 Summit in Hokkaido Toyako, Japan, the report reviews progress made by Canada, France, Germany, Italy, Japan, Russia, the UK and the USA, in implementing past G8 commitments on tackling corruption made at Summits from 2003 – 2007. While the report is a clear move in the right direction, it is let down by the non-standardised data provided by the different countries and offers scant details of outstanding weaknesses and past failures.

### A special responsibility

Bringing together the leaders of the biggest industrial economies plus Russia, the G8 aims to address major global challenges, such as the emerging oil and food crisis, environmental degradation and the stability of the world economy. Its leaders are in a privileged position to bring together other countries and international organisations, such as the United Nations, the World Bank and the International Monetary Fund, to establish workable and sustainable approaches to address trans-national and global challenges. For these efforts to be successful though corruption needs to be tackled and good governance supported. Without a united global campaign against corruption, the Millennium Development Goals, in particular those on health, education and public services such as water and sanitation, will remain out of reach.

In a [speech](#) to the 2008 Civil G8 Dialogue in April, Cobus de Swardt, Managing Director of Transparency International, noted: "The Group of Eight bears a special responsibility in leading the effort against corruption and for stronger governance, as powerful and privileged societies of plenty. And they bear a responsibility not just in formulating measures for clean, accountable governance, but also in being the first to carry these out, whether in the context of their domestic institutions, the regulation of their companies or as development assistance partners."

### Work in progress

The powerful anti-corruption commitments in the [G8 communiqué](#) at the 2007 Heiligendamm Summit recognised the importance of fighting foreign bribery, promoting international anti-corruption conventions and bolstering transparency in the oil and gas sectors. Yet history shows that the action taken has often fallen short of the pledges made.

In 2004, the G8 countries committed to becoming party to the [United Nations Convention against Corruption](#) (UNCAC), the global anti-corruption convention. Four years on, and despite over 100 countries having ratified the UNCAC, Germany, Italy and Japan have failed to take action.

Similarly, the enforcement of the landmark [OECD Convention on Combating Bribery of Foreign Public Officials](#), crucial to curbing foreign bribery in international business and development, has been uneven among G8 countries to date. France, Germany and the United States have significantly enforced the OECD Convention, however, Canada, Japan and the UK have done little to enforce their foreign bribery laws. Russia has yet to take the step to becoming party to the Convention, despite having the highest levels of public sector corruption among G8 member countries. Furthermore, the UK's decision to discontinue a bribery investigation on the basis of national security concerns creates a dangerous precedent for the future of the Convention.

With an estimated two thirds of the world's poorest living in resource rich countries, the support of the G8 for the [Extractive Industries Transparency Initiative](#) (EITI) is crucial to ensuring economic growth and poverty reduction. A coalition of governments, companies, civil society groups and international organisations, the EITI aims to strengthen governance by improving transparency and accountability in the extractives sector. Since 2003, the G8 has committed to providing financial and technical advice to the EITI and the countries implementing it. Despite these pledges though, Japan and Russia have done little to support the initiative.

The areas in which the G8's performance has fallen short of past commitments underline the importance for leaders to report back on the implementation of their pledges, with benchmarks and timetables for future progress. The accountability of the G8 leaders to both their own electorates and the global community on the implementation of commitments made is key to the G8's credibility and relevance. TI warmly welcomes the publication of the G8's accountability report, after pressing the G8 for over a year

to report back on anti-corruption commitments made since the 2002 Kananaskis Summit. It is also encouraging that Russia states its intention in the report to become party to the OECD Convention. However, the non-standardised information provided by the different countries makes it difficult to quantify and detail is lacking on such questions as the UK's decision not to fully enforce the ban on foreign bribery and Germany's decision not to ratify the UNCAC.

#### **Ensuring rhetoric turns into reality**

Recognising the important role civil society must play in helping to shape the G8 agenda and hold leaders to account, TI national chapters in the G8 countries have reviewed leaders' commitments since 2002. As part of these efforts, the TI G8 National Chapter Working Group released its second annual [G8 Progress Report](#) on the eve of the Hokkaido Toyako G8 Summit, assessing action on key commitments to reduce corruption as well as providing recommendations. The report concludes that "performance falls short with profound adverse consequences for progress on broader G8 goals: alleviating poverty, protecting the environment, addressing climate change, accelerating economic development, achieving the Millennium Development Goals, increasing transparency and stability of financial markets and fostering fair competition in trade and investment."

In the run up to the Summit the group engaged in a programme of targeted advocacy. Through a process of extensive consultation the group developed recommendations for the G8 which were communicated through a series of letters to G8 sherpas - the leaders' personal representatives who are responsible for preparing the G8 - and ministers in advance of G8 preparatory meetings. The group also teamed up with 13 African TI chapters to call attention to the importance of mutual accountability across the income divide and the need to address the corruption-poverty cycle that plagues so many on the continent.

One month before the Summit, TI Board Member and Chair of TI Korea (South) Geo Sung Kim participated in a meeting with Japanese Prime Minister Fukuda and civil society leaders. Geo Sung Kim emphasised the need for stronger governance institutions as well as the ratification and enforcement of international anti-corruption conventions if the Millennium Development Goals are to be realised. He also praised the G8's youth initiative 'Junior 8' and recommended that integrity and governance be included as key issues for youth education.

## ANTI-CORRUPTION WORK AROUND THE WORLD

### Kenya Bribery Index 2008

By Mike Sidwell



Kenyans are paying more bribes for services due to government inefficiency in service delivery, according to TI-Kenya's 2008 Kenya Bribery Index report. In 2008, 45% of respondents reportedly paid bribes to speed up access to services, compared to 29% last year.

According to the report, the police, the ministry of lands and the ministry for local government are most affected by corruption. The employment sector is singled out as reportedly commanding the highest bribe size this year, with bribes paid in relation to employment apparently twice as high as bribes paid for business purposes. The report places the average size of bribes paid for employment purposes at Ksh 5,962 (58 Euro) compared to Ksh 3,491 (34 Euro) for business transactions.

Effective policies are "those that give the people and the government the greatest, accessible and affordable services at the least cost in terms of fee and establishment," said Job Ogonda, Executive Director of TI-Kenya.

Kenyans' negative perception of corruption has reportedly not changed since last year. According to respondents, the perceived levels of corruption has actually grown worse.

To review the complete report, click [here](#).

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## ANTI-CORRUPTION WORK AROUND THE WORLD

India Household Corruption Study 2007

By Samantha Grant



Below Poverty Line (BPL) households in India pay about Rs 9,000 million (€136 million, US \$212 million) in bribes to get access to basic and need based public services, according to a study released by TI India (TII) and the Centre for Media Study (CMS) on 28 June.

The TII-CMS India Corruption Study 2007 focuses this year on the poor who are more dependant on public services and therefore disproportionately affected by corruption in the public sector. "This kind of corruption denies people their entitlement to basic and need based services, many of which may be 'free' by law, resulting in the poor finding themselves at the losing end of the corruption chain", said Admiral (Retd.) R H Tahiliani, Chair of Transparency International India.

By surveying 22,728 BPL households and examining 11 selected public services where corruption is seen as a barrier to access in households across the states, the study shows that many BPL families, pay bribes to gain access to basic public services. Of all the public services examined, the police were perceived as the most corrupt, with an estimated 2.5 million out of a total of 5.6 million people reportedly having paid some kind of bribe on coming into contact with the police. According to the study, land records and registration services were also noted for their "alarming levels" of corruption.

The study is the third of its kind conducted by TII and the most detailed yet, including BPL households in both rural and urban areas in all 31 states and Union Territories, as well as offering more extensive solutions to the problems. The studies were developed as a tool to sensitise the general public and concerned stakeholders to the effects of corruption and to prompt the government and civil society groups to take up locally relevant action.

TII aims to improve the lives of the poorest by acting as a catalyst and providing the knowledge and leadership necessary to fighting corruption. This will be done by conducting consultation workshops, training and capacity building with various stakeholders. TII will also use the study as a basis for advocacy programmes to raise awareness among people, to empower the poor to stand their ground and demand their right to receive access to the basic services that they are entitled to without paying bribes.

For the full report click [here](#).

# Transparency Watch

AUGUST 2008

## ANTI-CORRUPTION WORK AROUND THE WORLD

TI Bosnia and Herzegovina suspends operations due to safety concerns

By Myroslava Purska



The Transparency International (TI) national chapter in Bosnia and Herzegovina (TI BiH) temporarily closed its office and suspended operations in July. The decision was announced on 10 July as a security measure in the face of unjustifiable and damaging allegations by the government of Republika Srpska that staff of TI BiH are engaged in racketeering and organised crime.

Since June, the organisation has been the target of a defamation campaign, which was supported by the local government aligned media. After consultations with the EU Police Mission, TI BiH took the decision to temporarily discontinue the work of the chapter – an unprecedented move – in light of concerns for the safety of its staff.

In a meeting with the country's acting Chief Prosecutor, Milorad Barasin, the Principal Deputy High Representative, [Raffi Gregorian](#), submitted a letter he had received in February detailing plans to discredit TI BiH. He also expressed support for the chapter, saying: "It is high time to stop the propaganda campaign against 'Transparency International'," and stressed that any allegations should be handled by an independent judiciary, in accordance with the principles of due process and impartiality. To date, the BiH prosecutor's office has not received any official accusations or reports of malpractice concerning TI BiH staff members.

In a message of support for the chapter, TI Secretariat's Managing Director Cobus de Swardt, said: "It is one of the few times in Transparency International's history that a national chapter has been intimidated to the point of having to suspend operations. We are deeply concerned and saddened, and stand in solidarity with our colleagues in Bosnia and Herzegovina."

Other commentators also came out in support of TI BiH. "The campaign against Transparency International needs to stop," said Wanda Troszczynska-van Genderen, Western Balkans researcher at [Human Rights Watch](#), a human rights NGO. Human Rights Watch has noted that the risk faced by those that confront corruption in the country can be deadly.

In a [statement](#) to the media, Doris Pack, the European Parliament rapporteur on Bosnia and Herzegovina, said: "The EU recently renovated its trust in Bosnia and Herzegovina's potential as a future member of the Union, signing the SAA [Stabilisation and Association Agreements], and this also means that the political authorities will have to eliminate any obstacle to the fulfilment of the political and economic criteria. Obstruction towards the anti-corruption fighters will not be tolerated."

On 23 July, TI BiH's Executive Director Srdjan Blagovcanin was questioned as a witness by the RS Police at the request of the inspectors of the Ministry of Interior of the Republika Srpska. TI BiH views the development as a positive development, although it is unclear why the State level prosecution appointed Entity level police to carry out the investigation, rather than the SIPA (State level) investigative force that is at their disposal.

TI BH took the decision to resume its regular operations on 28 July with the [support](#) of Oli Rehn, the European Commissioner for Enlargement.

Established in 2001, TI BiH has become the leading NGO against corruption in the country. Its work, particularly through its *Advocacy and Legal Advice Centre* that has been contacted by every fourth Bosnian family, has empowered many citizens to fight corruption.

# Transparency Watch

AUGUST 2008

## CORRUPTION IN THE NEWS

EU gets tough on corruption

By Holly Nazar



On 23 July, the European Commission released reports highly critical of both Bulgaria's and Romania's progress in implementing anti-corruption reforms, and announced its decision to suspend aid worth hundreds of millions of euros to Bulgaria.

In its [report](#) the commission describes organised crime and corruption in Bulgaria as "deeply rooted problems" and the country's judicial reform progress as "limited". The frozen aid amounts to €486 million (US \$754 million). Although it avoids financial sanctions, the [report](#) on Romania is similarly critical and notes that, "70 cases of suspected fraud involving EU funds had been opened between June 2007 and March 2008" ([International Herald Tribune, IHT](#)). According to [Reuters](#), the EU toned down the harsher wording of earlier drafts and chose not to include "a threat to delay Bulgaria's entry into the euro single currency zone and the Schengen area of passport-free travel."

Commission President Jose Manuel Barroso called the reports "a reality check -- they show that both the Bulgarian and Romanian governments need to step up their efforts on judicial reform, corruption and in the case of Bulgaria organised crime," reports [Reuters](#).

Bulgarian Prime Minister, Sergei Stanishev, responded by acknowledging that there are "grounds for criticism," while asserting that Bulgaria has the political will to go ahead with reforms, reports [Sofia Echo](#).

According to the [Economist](#), foreign criticism of government reforms is welcomed by Bulgarians and the "EU's popularity has rocketed, whereas the government's negative rating is now as high as 73%." The [Financial Times](#) writes that: "Bulgarians, who face employment restrictions in many EU states, are impatient for the country to be admitted to the Schengen area so that the restrictions on work and travel will be eased."

The Bulgarian Minister of Economy and Energy, Petar Dimitrov, has warned that if there is a withdrawal of foreign investors from the country it "could cost Sofia more than the frozen EU funding", reports [Balkan Insight](#).

The reports have potential far reaching implications as some observers believe the reports send "an unmistakable signal to [EU] candidate countries such as Croatia, Serbia and Turkey about the need to crack down on corruption and to reform their penal codes" ([Guardian](#)). Bulgaria and Romania were admitted into the EU in 2007, "despite serious doubts about their readiness," writes [IHT](#).

To read TI's press release on the European Commission's decision please click [here](#).

# Transparency Watch

AUGUST 2008

## CORRUPTION IN THE NEWS

Presidential promises in Russia

By Mike Sidwell



In a speech to Russia's Council of Legislators on 2 July, Russian President Dmitri Medvedev outlined a plan to combat corruption, involving "tougher criminal punishment for corrupt officials, more rigid requirements for civil servants and judges and more opportunity for the public to monitor officials," reports [Associated Press](#) (AP).

Since his inauguration in May, Medvedev has stressed the problem of corruption in Russia. In his speech, Medvedev said: "It is clear that corruption in our country is a genuine, systemic evil which we must fight against", and called for a new anti-corruption legislation to be in place by 2009 ([Kremlin](#)). According to the [St. Petersburg Times](#), Medvedev will present the bill to the entire Duma for a vote in the autumn.

The possible cost of corruption in Russia was highlighted by a senior Russian government prosecutor in June who declared that "corrupt officials are siphoning off [US] \$120 billion dollars a year [€75 billion] from the government's national budget", reports [Moscow News](#). According to the same article, the figure represents approximately a third of the US \$376 billion [€236 billion] budget for 2008. In July, another senior Russian official stepped forward claiming that: "A third of all money spent by the Russian government on its armed forces is lost to corruption" ([BBC](#)).

According to [AP](#), Medvedev has said that "some people tried to discourage him from launching the anti-corruption plan, saying it will yield no results." The same article quotes him asserting that dealing with corruption is a "matter of honor for the government."

Some commentators are cautious of Medvedev's initiative. [AP](#) writes that "past Kremlin efforts to stem problems such as corruption have amounted to little but pledges and a few cases featured prominently in the state-run media."

Kirill Kabanov, the director of the National Anti-Corruption Committee, a Russian based advocacy group, warned that any efforts to fight corruption are "doomed to fail unless nongovernmental organizations and the media are allowed to operate as watchdogs over bureaucracy," writes the [St. Petersburg Times](#).

Similarly, Elena Panfilova, head of TI Russia, emphasised in an interview with [Reuters](#): "The best thing he [Medvedev] can do now is to make public the full text of the plan and put it to open debate by experts and the public ... Such things need full transparency."

# Transparency Watch

AUGUST 2008

## CORRUPTION IN THE NEWS

La dolce vita for Italy's political elite

By Myroslava Purska



On 23 July, the Italian President Giorgio Napolitano signed a law that grants the country's four highest ranking politicians immunity from prosecution while in office. The law suspends criminal cases against the prime minister, president and the heads of both chambers of parliament, reports [Associated Press](#) (AP).

The bill was passed a day earlier by the Senate with 171 to 128 votes in favour of the measure, which the Chamber of Deputies passed on 11 July ([Bloomberg](#)).

[Reuters](#) describes the signing of the law as "a victory" for Prime Minister Silvio Berlusconi, who says "politically motivated prosecutors have been out to get him since he entered politics 14 years ago."

However, critics say that the law is aimed at protecting Berlusconi. According to [Bloomberg](#), the immunity law would put on hold two current trials: "Berlusconi is charged in Milan with bribing U.K. lawyer David Mills to lie under oath [...] In a separate case, the premier is accused of committing tax fraud when purchasing film rights for Mediaset SpA, his television company. Berlusconi and Mills deny any wrongdoing."

"The bill's supporters have argued that the amendment is needed to allow the top state officials to focus on doing their jobs - without legal distraction," writes the [BBC](#).

During his political career Berlusconi has counted "2,500 hearings, 587 visits by the police and 174 million euros (US \$272.9 million) in legal fees. He has won all the cases against him, either by acquittal or because time ran out under Italy's statute of limitations" ([Reuters](#)).

[AP](#) notes that: "Conservative lawmakers tried to introduce an immunity law during Berlusconi's 2001-06 tenure. But in 2004 the country's Constitutional Court overturned it on grounds that it violated constitutional principles."

## NEWS FROM THE ANTI-CORRUPTION MOVEMENT

This area provides highlights of the valuable work being done by Transparency International national chapters, members and Secretariat.

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- [The Americas](#)
- [Asia and the Pacific](#)
- [Europe and Central Asia](#)
- [TI - Secretariat](#)

### Africa and the Middle East

#### Nigeria: Freedom of Information Bill

The TI national chapter in Nigeria, Transparency in Nigeria, made a presentation to the Nigerian Senate on the proposed Freedom of Information Bill, which is presently before the two Houses of the National Assembly. The chapter strongly supports its passage into law, stressing that an Access to Information law is an indispensable tool for fighting corruption. The chapter urged the National Assembly to pass the bill expeditiously and suggested changing the short title of the bill to "Access to Information."

### The Americas

#### TILAC: journalists from Paraguay and Peru win Latin American investigative journalism award

Two series of investigative articles exposing illicit enrichment and drug trafficking in Paraguay and Peru, won the 2007 Award for Best Investigative Journalism Report on Corruption, awarded yearly by Transparency International for Latin America and the Caribbean ([TILAC](#)) and the Instituto Prensa y Sociedad ([IPYS](#)). The first prize of US \$25,000 (€16,000) was shared between Mabel Rehnfeldt from the Paraguayan daily ABC Color and Américo Zambrano, from the Peruvian news magazine Caretas. Rehnfeldt and Zambrano were among 170 entries from 16 countries.

Rehnfeldt reported through a detailed [investigation](#) that the director of the world's largest dam – the bi-national hydroelectric dam of Itaipú – abused his authority as a public official for self enrichment. The series of [articles](#) by Américo Zambrano claimed strong links between drug trafficking and the Sánchez Paredes family in Peru, as well as the family's powerful influence on the political sphere and the judiciary. Zambrano's stories led to a police investigation of 77 clan members and 120 family-owned companies for laundering drug trafficking proceeds.

For more information, please visit [www.transparency.org/tilac/premio](http://www.transparency.org/tilac/premio)

#### Latin America network for access to information launched

The Journalist's Network for Access to Public Information (Red Periodismo por el Acceso a la Información Pública) was launched in Buenos Aires, Argentina. The network was established to highlight access to public information as a tool for journalists as well as strengthening the norms that regulate the issue as an essential part of democracy. Despite several international treaties regulating this right, access to public information is not yet part of every country's legislation at all levels of public administration.

The network's website [www.periodismo-aip.org](http://www.periodismo-aip.org) includes a database of examples of journalist's reports where journalists used their right to access government information for their investigations. Also available is background information on the issue, comparatives of legislations, links and contacts of the media.

The initiative was put forward by the five organisations Organisation for Civil Rights (Asociación por los Derechos Civiles), el Institut for Press and Society (Instituto Prensa y Sociedad ([IPYS](#)), the Foundation for the Freedom of the Press (Fundación para la Libertad de Prensa ([FLIP](#)), and the Foundation Violeta Barros de Chamorro.

#### Americas takes step forward in fight against corruption, at least on paper

In June TI took part in the General Assembly of the [Organisation of American States](#) in Colombia. Under the topic *Youth and Democratic Values*, government representatives from the Americas adopted important resolutions for the fight against corruption in the region. These relate to the follow-up

mechanism for the Implementation of the [Inter-American Convention against Corruption](#) (MESICIC), as well as access to information and the strengthening of democracy.

During the Assembly, TI presented a set of recommendations to the foreign ministers. TI's called for steps in the area of access to information, transparency of political party finance and the strengthening of the MESICIC, e.g. implementation of the evaluators to the country –as is done in the OECD Convention, the design and execution of a training programme of the evaluators and the need to adopt a strategy on how the MESICIC and the monitoring of the United Nations Convention against Corruption can mutually benefit each other.

To read the recommendations, please click [here](#).

TI's presentation to the Foreign Ministers live, please click [here](#).

#### **Implementation of the Inter-American Convention against Corruption**

As part of the review process of the implementation of the Inter-American Convention against Corruption (IACAC), representatives from TI national chapters from Canada, Guatemala and the USA (the countries under review) presented to government representatives from the Americas their views on how their respective governments are implementing the IACAC in the topics under review: government procurement, government hiring, whistleblower protection and specific acts of corruption that should be classified as crimes.

After the presentations from civil society, governments met to evaluate the state of implementation in the countries under review. In conclusion, they issued reports on the level of implementation and made recommendations for improvements. They also agreed on the articles of the Inter-American Convention against Corruption that would be evaluated in the third round (from 2009): removal of tax benefits, translational bribery, illicit enrichment and extradition.

TI also presented a set of [recommendations](#) aimed at strengthening the follow-up mechanism of the IACAC.

Presentations from the chapters: [Canada](#), [Guatemala](#), [USA](#)

Reports adopted on the state of implementation: [Canada](#), [Guatemala](#), [USA](#)

#### **Progress on the follow-up of the Guatemala Declaration**

TI has been active in monitoring the implementation of the [2006 Guatemala Declaration](#). As part of this, the 2nd follow-up meeting with civil society and government representatives was celebrated on 2 July in Honduras. It was agreed to establish a mechanism to monitor the implementation of the Declaration, which will involve both the governments and the civil society in a joint biannual evaluation with a common methodology.

Efforts to prevent corruption in poverty alleviation programmes and controlling political and electoral finance will be evaluated between July and November 2008. Seven other issues have been selected for assessment in this first evaluation round, including: conflict of interest, access to information, civil service, and the mechanisms to address complaints and protect whistleblowers. As these areas are also covered by the Inter-American Convention against Corruption, the plan is to combine efforts deriving from different anti-corruption agreements.

The meeting was attended by the chapters in Central America and the Dominican Republic, public officials from Honduras, Costa Rica, El Salvador and Panama, as well as donors taking part in the initiative (Danida and AECID).

For more information, please click [here](#).

#### **Canada: symposium on corruption**

On 12 June, TI-Canada held a symposium on "The Anatomy of Corruption in Canada: Its Causes and Prevention." The panellists explored why people in high offices take the risks they do; what it is that makes people in power think they are above the law; and what is in the culture of others in power that actively discourages them from carrying out such practices. Addressing the psychological aspect of corruption, panelists included: Superintendent Stephen Foster, Director, Commercial Crime Branch, Royal Canadian Mounted Police; Dr. Ian Greene, Professor, Department of Political Science, York University; Huguette Labelle, Chair of TI; Norman Inkster, President INKSTER Incorporated and former Commissioner of the RCMP and former President of Interpol; and Tom Marshall, former General Counsel to the Attorney General of Ontario.

Following the panel presentation, three international anti-corruption lawyers, Tim Martin, Jim Klotz, both TI-Canada Board Members, and Milos Barutciski, reported on an on-going TI-Canada project, "Deficiencies in Canada's Anti-Corruption Laws that Deal with Domestic & Foreign Public Officials." The purpose of the project is to look at the deficiencies in the law, administration and process of Canada's anti-corruption laws and to suggest improvements, with regard to law, resources, administration and process, and financial investigations. Using a current corruption inquiry as a model, TI-Canada and TI-USA are collaborating on a comparative legal analysis of the approach Canadian vs. US law to the issue of corruption.

#### **Colombia: procedure guide for public procurement**

Transparencia por Colombia has published a guide on public procurement procedures, as a result of its

programme *Transparency and Accountability in the territorial level*. The guide aims to help small and medium size municipalities in the management of their public procurement processes, so that these are carried out in a transparent and efficient manner, observing current rules. The guide was disseminated all over the country, with the help of the Colombian Federation of Municipalities. It can be downloaded from: [www.transparenciacolombia.org.co](http://www.transparenciacolombia.org.co).

#### **Paraguay: national corruption survey launched**

On 15 July, Transparencia Paraguay (TP) presented its *National Corruption Survey 2008*. It is the first time in the country that a civil society organisation has monitored a government since its election. TP presented its first corruption survey in 2004, a year after former president Nicanor Duarte was elected.

In terms of corruption, the misappropriation of public goods by the executive and the bad management and discretionary use of the funds and revenues from the hydroelectric companies are among the biggest concerns for the Paraguayan citizens, according to the National Corruption Survey. Corruption is reportedly seen by Paraguayans as one of the biggest problems in the country after unemployment and insecurity.

However, the survey reports that citizens are much more aware now than four years ago about their rights and the negative effects of corruption on their lives. The majority of Paraguayans surveyed believe today that corruption will diminish in the coming years, and that the future government starting in August with President Lugo will be less corrupt.

For more information, please click [here](#).

#### **Venezuela: transparency in Venezuelan municipalities**

Transparencia Venezuela launched the 2008 edition of its *System of Indicators of Municipal Transparency (SITM)* that covers 71 municipalities in the country. The SITM evaluates the establishment of clear procedures in the management, access to public information, design and execution of the budget with citizen participation and accountability.

According to this year's edition, 43 municipalities have improved significantly, while 26 have regressed. Moreover, 34 of the evaluated municipalities scored over 50 points (out of 100) in the evaluation, and 8 municipalities obtained more than 71, the highest scoring so far. For more information please visit [www.transparencia.org.ve](http://www.transparencia.org.ve).

#### **Asia and the Pacific**

##### **Bangladesh: TI Bangladesh survey highlights increases in graft levels despite ongoing drive**

Despite the current anti-graft drive of the recent government over the past year and a half, corruption is still on the increase, according to a survey conducted by TI Bangladesh. Released in June, the report claims that corruption has increased in the fields of education, health, land administration, local government and NGOs. The report shows that corruption has actually decreased in some sectors, namely in law enforcement, judiciary, electricity, banking and tax, which the report states may be linked to the current anti-corruption drive. However, despite a slight decrease, law enforcement agencies still top the list with 97 per cent of households experiencing corruption when dealing with law enforcement agencies. Overall, two thirds of households experience some form of corruption. The survey was carried out in 5000 households and can be accessed [here](#).

##### **Maldives: electoral assessment 'I Choose'**

Transparency Maldives released its assessment report on the Maldivian electoral system which marked the initiation of the 'I Choose' voter education and domestic observation training programme for the upcoming elections. The assessment was carried out during a series of six participatory workshops and claims that public confidence in the electoral system was low. It also highlighted the widespread concern that the upcoming presidential elections will not be free and fair unless promised reforms are implemented. For a copy of the report please click [here](#).

##### **Papua New Guinea: national youth democracy camps**

In June, youths from various high and secondary schools participated in a week long democracy camp organised by TI Papua New Guinea (PNG). The camp was aimed at imparting democracy and advocacy skills with the objective to engage youths in democracy, good governance, transparency advocacy and good leadership activities at the school and community levels. Speaking at the closing ceremony, TIPNG Chairman Mike Manning urged students to implement the democracy and advocacy skills they had learned when returning to school. The fifty primary and secondary students participating are involved in programmes encompassing human rights, support for women in politics, good governance, anti-corruption and HIV/AIDS. The democracy camp is part of the chapters Youth Democracy Camp project funded by the US State Department through the US Embassy in Port Moresby with support from a host of donor and corporate organisations in the country.

##### **TIAP extends its condolences on the passing of TI PNG Chairman**

TIAP is greatly saddened at the unexpected news of TI PNG Chairman Mr. Mike John Manning's, OL, OBE sudden passing. On behalf of the Asia Pacific Department at the TI Secretariat, we would like to extend our sincere condolences to our friends at TI PNG, the staff and the Board, and Michael's family at this difficult time.

His passing away is truly a great loss to the anti-corruption movement and for TI. He was held in highest esteem by all who knew him and he will be sorely missed.

#### **Solomon Islands: Minister of Forests Sir Allan stands firm on log value**

Transparency Solomon Islands applauded the Government and Minister of Forests Sir Allan Kemakeza for standing by their decision to increase the determined value for logs from US \$78 to US \$85 per cubic metre. The decision, which was announced on 1 June, is in line with the stated government policy, despite strong pressure from the logging association. A new system will be in place from 1 June, where the determined value schedule will be reviewed every three months by the ministry of forest and the Comptroller of Customs. The new system means that Solomon Islanders will receive a fair price for their log exports, while also ensuring that logging companies are not overly burdened if market prices fall.

#### **Sri Lanka: new website launched**

Transparency International in Sri Lanka re-launched its website in June, with a more up-to-date design and an improved structure. Please visit [www.tisrilanka.org](http://www.tisrilanka.org).

#### **Sri Lanka: integrity of recruitment in Sri Lankan Foreign Service**

A position paper released by TI Sri Lanka in June analyses the governance issues in the Sri Lankan Foreign Service. According to the paper, politically motivated appointments to the Foreign Service have undermined the integrity of the Sri Lankan Foreign Service. The position paper examines several critical issues involving recruitment and opens the issue for serious public debate. The paper can be found [here](#).

#### **Vanuatu: enhancing active citizenship in Vanuatu**

Transparency International Vanuatu (TIV) is implementing a project aimed at strengthening access to civic education of communities from the outer islands. Launched in February 2007, the project enhances citizens' civic awareness by conducting workshops in provinces of Vanuatu. Upon completion, this civic education awareness programme will have been implemented in each of 61 localities of Vanuatu. The three-day workshops aim to develop participant's education and information on their country's history, their rights and duties as citizens, basic ethics, democratic and anti-corruption principles, and electoral process and voting procedures. Attended by an audience of more than 400 participants, these workshops have successfully contributed to an increase in their political awareness. Participants have highlighted the need to improve the quality of public service, such as the monitoring of civil servants' performance, increased connection and exchange capacities between the islands, the provision of basic civic education and capacity reinforcement for grassroots population, and the protection of Vanuatu's waters from unauthorised external use.

This initiative targets remote and rural communities of these islands and seeks to contribute to the development of a social environment where educated citizens, aware of their rights, duties and the legitimate role expected from their leaders, are more politically involved and responsible. The project is supported by UNDEF. More information is available [here](#).

#### **Vietnam: workshops on building integrity and transparency in business relationships**

One-day workshops on "Building Integrity and Transparency in Business Relationships" were held in Hanoi on 16 May and in Ho-Chin Ming City on 19 May. The workshops gave business leaders the opportunity to discuss the key priorities in Vietnam and to create an agenda of action for the future. The Vietnam Chamber of Commerce and Industry (VCCI) will be taking on the challenges to lead and manage the initiative to build up integrity and transparency in the business community with continued support from the co-hosting International Business Leaders Forum (IBLF), Transparency International (TI) and the Embassy of Sweden in Hanoi, and other interested organisations.

#### **Africa and Middle East**

##### **Ethiopia: radio programme on corruption**

Since April, TI's contact group in Ethiopia has been transmitting a weekly Amharic radio programme on issues of corruption. The programme intends to educate the public on the essence, manifestations and adverse effects of corruption, and contribute to reducing people's tolerance of corruption as part of society. The programme also constitutes a forum for discussion on corruption mainly involving public, government, private sector and civil society. The programme is transmitted on radio Fana, FM 98.1, from 17:00 to 17:30 every Sunday.

##### **Jordan: conference on sustainable water management**

From 23-27 June, TI in cooperation with the UNESCO and the [Arab Administrative Development Organization](#) (ARADO) organised a regional conference on *Water Resources Management and Development in the Arab Region* in Amman, Jordan. TI contributed with a key note address by TI-S Senior Programme Coordinator Arwa Hassan, as well as a presentation on corruption in the water sector. The [2008 Global Corruption Report](#) on corruption in the water sector was presented in a press conference following the conference.

#### **Europe and Central Asia**

##### **Denmark: seminars on corruption in Greenland**

TI Denmark recently held a series of public seminars under the heading "Networking or Nepotism?", focusing on recent allegations of corruption in Greenland. In April a seminar was held in Copenhagen together with the Greenlandic association "Kalaallit Illuutaat" and in May a similar event took place in Nuuk in cooperation with the University of Greenland. Public interest in the seminars has been overwhelming and TI Denmark has therefore applied for funding to conduct a study on power and misuse of power in Greenland's politics and administration.

#### **Georgia: 2007 Annual Report published**

TI Georgia has published its Annual Report on its activities throughout 2007, including providing input into draft laws to the Parliament, monitoring government adherence to its national and international reform commitments, tracking and analysing pitfalls in reform efforts, conducting trainings for journalists and international study tours for NGO, media and local government representatives. The report in both Georgian and English can be accessed [here](#).

#### **Hungary: participation in marathon**

"Fair Play" teams of Transparency International Hungary took part in a Marathon Relay on 8 June calling the attention for the results of the chapter's research on corruption in the business sector and the negative impact of corruption on competitiveness. Representatives of foreign embassies alongside with Hungarian researchers and businesspeople took part in the event. On 9 June, TI Hungary launched its latest report on "Corruption Risks in the Business Sector in Hungary" during a press conference. The report is the second volume of the NIS study on Hungary which was published last December. The conference was well attended and featured high level speakers such as the Head of the Hungarian Competition Office. More information available at: [www.transparency.hu/valtofutas](http://www.transparency.hu/valtofutas)

#### **Kazakhstan: UNCAC ratified after long advocacy campaign by TI**

In May-June 2008 Kazakhstan ratified two main anti-corruption documents: the UN Convention against Corruption (UNCAC) and the UN Convention against Transnational Organized Crime and all its protocols. Transparency Kazakhstan, together with other partner organizations, had systematically advocated the ratification for the last five years. Several round-table discussions, workshops and advocacy campaigns were conducted as well as numerous direct meetings and conversations with public officials, systematically advocated for the ratification these documents. Transparency Kazakhstan was the first organisation that carried out translations of the UNCAC into Kazakh language, which then became the official translation.

Kazakhstan's ratification of these conventions was one important step for harmonising national regulations with international standards, intensifying international cooperation in the field of criminalisation, combating money laundering, asset recovery and international cooperation on investigation and prosecution, strengthening measures directed to more effective and efficient prevention and fighting corruption.

#### **Kazakhstan: international conference on preventing corruption**

On 23 June, TI Kazakhstan held a high level conference on "Public Mechanisms on Preventing Corruption in the Republic of Kazakhstan". At the conference, the role of public institutions, citizens' engagement and the role of media in the fight against corruption were discussed. The conference was attended by government officials, civil society activists, academics and diplomats. In order to promote citizen's engagement, TI Kazakhstan and TI Azerbaijan presented the work of ALACs in their country. The role of public institutions was presented by the chairman of the State Commission on the fight against corruption under the President of the Republic of Kazakhstan and the chairman of the State Agency of the Republic of Kazakhstan on fighting against Economic and Corruption Crimes among others. Co-sponsors of the conference were the European Commission's Delegation, the OSCE Centre, the Friedrich Ebert Foundation and the Partnership for Transparency Fund.

#### **Kyrgyzstan: high level anti-corruption conference**

In early June, TI's chapter in Kyrgyzstan, together with the Anti-Corruption Agency of Kyrgyzstan organised a two-day conference on "Fighting Corruption on Kyrgyzstan. Problems and Perspectives". The conference was very well attended including Anti-corruption Agencies from Pakistan, Malaysia and Latvia and several international organisations, such as the World Bank, UNDP, OSCE, an EC delegation, the US embassy and USAID. The Prime Minister of Kyrgyzstan was one of the speakers at the event. The presentations focused on fighting corruption in the business sector, the civil service, the judiciary and in public procurement. Senior Programme Officer Marcela Roza represented TI-S on the latter panel and spoke about international instruments covering anticorruption issues in public procurement and what the best internationally recommended practices for integrity in public procurement are. She also highlighted the role civil society can play in the fight against corruption and how it could make best use of the Integrity Pacts as a possible tool. The outcome of the conference was a list of recommendations for each of the four sectors, which will be published together with the analysis in a book later this year. Also, the Anti-corruption Agencies from Kyrgyzstan and Malaysia signed an MOU during the conference.

#### **Mongolia: countrywide training sessions for judges**

TI Mongolia (TI-M) initiated its anti-corruption trainings on preventing corruption in public procurement and judicial systems. Between 28 April and 3 July, 25 training sessions were held for over 420 judges all

over Mongolia, NGOs who monitor judges' performance, and 20 investigators of the Investigative Unit under the Prosecutor Office, as well as 40 auditors of the State Audit Authority. The first part of the one-day training was dedicated to TI policies and TI-M activities, a brief introduction to draft Conflict of Interest Law and the means of preventing corruption in public procurement. The second half was led by a judge from the Capital City Administrative Court and covered the general situation of the judiciary in the country, based on the 2007 Global Corruption Report, as well as articles of the existing Mongolian law on judiciary and some regulations, which may affect decisions of judges and thus create "undue influence" on judges' decisions.

The objective is to prevent and curb corruption in judicial systems, which is considered very prone to corruption, according to the Santmaral survey conducted on behalf of the USAID's Judicial Reform Project. Despite this evidence, the training sessions are the first ever to cover anti-corruption strategies. The workshops have been made possible in cooperation with the General Council of Courts and the Capital City Administrative Court and funded jointly by the British Embassy and the Partnership for Transparency Fund.

#### **Romania: award for *No Bribe* project**

On May 20, TI Romania was awarded a special prize at the Civil Society Gala, organised by Millennium Communications in Bucharest for its "Fără șpagă" (No bribe) project. Three other projects of TI Romania received honorary mentions, namely the projects on legal aid, money laundering and the independence of the judiciary system. TI Romania had entered five of its completed projects into the competition, in all 115 projects participated. The prizes are awarded in order to recognize initiatives improving life within a community and to reward the civic spirit and social responsibility in Romania through a contest organised on four thematic sections.

More Information: [http://www.galasocietatiicivile.ro/view\\_stire.php?id=93](http://www.galasocietatiicivile.ro/view_stire.php?id=93) (in Romanian)

#### **TI - Secretariat**

##### **Atlanta Declaration**

In February, Huguette Labelle, Chair of TI, took part in the Carter Center's International Conference on the Right to Public Information. Labelle joined more than 125 participants from 40 countries, representing governments, civil society, international organisations and financial institutions, private sector, donors and scholars, to discuss the successes and future challenges to the establishment of a right of access to information. The result of the conference was *The Atlanta Declaration and Plan of Action*, which serves as a framework for advancing this human right. The Declaration calls on all states and intergovernmental organisations to enact legislation and instruments for the exercise, full implementation and effective enforcement of this right. It further encourages all stakeholders to take concrete steps to establish, develop, protect and promote the right of access to information. To read the Declaration, please click [here](#).

##### **European Union: building on new Commission lobbyist's register**

On 23 June, the European Commission launched a lobbyists' register, initiated by the Commission Vice-President, Siim Kallas. TI welcomes the initiative, but urges the Commission to think ahead, and to use the lessons learned from its register for the establishment of a mandatory inter-institutional register in 2009, as called for by the European Parliament in April 2008. The voluntary Commission register should only be seen as a first step and an interim solution, and TI supports the Parliament's call for developing it as a strong, joint register for Council, Parliament and Commission, building upon the experience and the infrastructure of the European Commission register. To read TI's full recommendations on the Commission register code of conduct please see: [www.transparencyinternational.eu](http://www.transparencyinternational.eu)

##### **European Union: contributions on decentralisation and local governance**

In June, TI submitted a contribution to the European Commission consultation on "decentralisation and local governance". TI highlighted the corruption risk at local and regional level due to weak management capacities. As regional and local control bodies and audit institutions are still in the process of building their capacities, the risk for corruption at these levels continues to be high. The written contribution can be downloaded [here](#).

##### **OECD: 2008 progress report launched**

In June, TI released its 2008 *Progress Report on Enforcement of the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions*. The report shows that more than ten years after the adoption of the OECD Anti-Bribery Convention, there is a dangerous stalemate on enforcement. According to the report there has been significant enforcement by 16 governments, but little or no enforcement by 18 other governments. The report also includes case studies on investigations involving Alstom, AWB, BAE Systems, Halliburton, IMPSA and EME, and Siemens.

The report provides a country-by-country analysis of systems for enforcing the prohibition on foreign bribery. It also looks at the state of access to information regulations, which dictate whether observers can sufficiently evaluate progress on enforcement and create pressure on government to improve their performance.

The TI OECD Progress Report 2008 can be accessed [here](#).

##### **G8: 2008 progress report launched**

On the eve of the Hokkaido Toyako G8 Summit, TI's TI's National Chapter Working Group issued its second annual *G8 Progress Report*, assessing G8 action on key commitments to reduce corruption and concluding that G8 performance falls short of the mark with profound adverse consequences for the global anti-corruption agenda as well as broader G8 goals.

According to the report, Canada, Japan and the UK have failed to demonstrate enforcement of their foreign bribery laws despite their commitment to stem foreign bribery and its distorting effects on competition and development. The report also criticised Germany, Italy and Japan for still not having taken action to ratify and implement the United Nations Convention against Corruption, which all G8 leaders have committed to.

The TI G8 Progress Report 2008 can be accessed [here](#).

#### **TI 2007 Annual Report published**

In 2007, the global TI coalition proved yet again to be a powerful, worldwide force against corruption. Encompassing the entire TI movement, the *Annual Report 2007* provides an insight into the committed efforts of TI national chapters and coalition partners around the world to inform people, business and government of the devastating effects of corruption, and provide them with the tools to effectively tackle it.

The English language Annual Report can be accessed [here](#). The French and Spanish language versions will be available shortly.

# Transparency Watch

AUGUST 2008

## CORRUPTION IN QUOTES

"As the opportunities to bet on sport grows worldwide, governments and athletes will have to work as hard to keep the threat of corruption out of sport as they have with doping in the last 20 years."

Tim Payton, a consultant to sporting governing bodies explaining how Olympic sports betting is rife with opportunities for corruption.

*The Telegraph*, 8 August 2008

"Israel's leaders have been spending a lot of time speaking about the threat of Iran and about security issues like terror, but they seem to be missing a large part of the population. Many Israelis are concerned with social issues like poverty and corruption - two internal issues which are not being addressed by our leadership."

Mitchell Barak, a director of Keevoon Research, Strategy & Communications, commenting on the results of their annual poll which revealed that Israelis perceive corruption to be as dangerous a threat as regional hostility.

*The Jerusalem Post*, 7 August 2008

"If the courts are not prepared to hold the government to account, who will do that job?"

Sue Hawley, Corner House, commenting on The House of Lords' ruling that the Serious Fraud Office acted lawfully when it discontinued its bribery investigation of the BAE case.

*The Guardian*, 31 July 2008

"I'm the universal record-holder for the number of trials in the entire history of man — and also of other creatures who live on other planets."

Silvio Berlusconi about his personal legal record when commenting on Italy's new immunity law.

*The Times Online*, 23 July 2008

"As any other war, corruption is a powerful and destructive force that undermines efforts to promote economic development."

Peter Riley, USAID, describing the risks of corruption to the newly recruited attorneys in Uganda's capital.

*New Vision*, 8 July 2008

"You can fix the tail all you want, but when it comes to corruption, if you don't engage the head, nothing will help the general organism."

Yelena Panfilova, the director of TI Russia, calling for President Medvedev to monitor the financial flows, income and property of Russia's top officials in order to achieve tangible results in his anti-corruption campaign.

*The Associated Press*, 7 July 2008

# Transparency Watch

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## MASTHEAD

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