

# Transparency Watch

SEPTEMBER/  
OCTOBER 2008

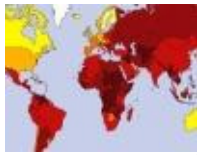
## INTERVIEW OF THE MONTH



Fernando Lugo, President of Paraguay

Fernando Lugo was sworn in as Paraguay's president on 15 August. Before entering politics, Lugo served as a Roman Catholic bishop in one of Paraguay's poorest areas. He has created high expectations of change by promising to tackle corruption and inequality. Lugo tells Transparency Watch about how he plans to fight corruption in his country. >> read more

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Corruption Perceptions Index 2008

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## INTERVIEW OF THE MONTH

Fernando Lugo, President of Paraguay

By Mike Sidwell, Ana Revuelta, Translated by Gypsy Guillén Kaiser

Fernando Lugo was sworn in as Paraguay's president on 15 August. Before entering politics, Lugo served as a Roman Catholic bishop in one of Paraguay's poorest areas. He has created high expectations of change in the country by promising to tackle corruption and inequality. Lugo tells *Transparency Watch* about how he plans to fight corruption in his country.



<<[Interview en español](#)>>

**Transparency Watch (TW):** *Firstly, congratulations on your election and thank you for finding the time in your busy schedule to speak with Transparency Watch.*

**Fernando Lugo (FL):** No, please. Thank you.

**TW:** *Fighting corruption is obviously a very serious matter for many Paraguayans. In a pre-election poll conducted by the national civil society organisation [CIRD](#), respondents placed corruption high on the list of priorities for the country's next administration. How does corruption manifest itself in Paraguay?*

**FL:** Corruption in Paraguay has many aspects. To number them would be an endless task. However, it is possible to establish its main axis. First, the misappropriation of public funds, which is not only a matter of inappropriately using resources destined for a specific purpose and diverting them to other areas, but simply appropriating them for personal benefit. On the other hand we have the "coíma" or bribe; a real "national institution," which makes most administrative transactions, investments and development project proposals subject to the payment of a determined amount of money by the interested party for approval or analysis to be carried out. The culture of privilege and political clientelism are also manifestations of the epidemic that is corruption, against which we intend to fight until eliminating it from public administration.

I would, however, like to make clear that corruption has not only been fed or feasted upon by the public sector. The private sector has been an accomplice in this practice, in many cases forced to do so. Through this, the private sector simplified or even illicitly cheapened its cost of doing business.

**TW:** *The fight against corruption cannot be won overnight. What do you expect to achieve during your five-year presidency?*

**FL:** Completely eliminating corruption, which has turned into a cultural custom, will undoubtedly be a very difficult task, but it is not impossible. It is risky to declare that we will achieve a total elimination in five years of government, but I am sure that we will have defeated, if not completely, then at least corruption's most grotesque and damaging manifestations.

**TW:** *How do you plan to institutionalise the fight against corruption?*

**FL:** First, as a basis, by auditing and establishing permanent controls by and within each of the government's departments. Additionally, through the creation – which will be finalised at the appropriate time – of a National Anti-corruption Ministry, which will set the political and technical norms to elevate such a battle to the most institutionalised level possible.

**TW:** *The people of Paraguay have high expectations and there is a great deal of pressure to show results. Considering that your coalition is the minority in Congress, will it not prove difficult to deliver on all your promises?*

**FL:** First of all, let me tell you that the strength of a coalition is not measured by the number of members it has in Congress. Its internal coherence and its ability to negotiate with other factions, are determining factors during its legislative period. In other words, only through dialogue can consensus be reached to achieve authentic governability in the country, even when in possession of a majority of one's own in the National Congress.

**TW:** *During your time as bishop in San Pedro, one of Paraguay's poorest regions, you earned*

***the title 'Bishop of the Poor'. Reducing poverty and inequality continue to be a priority for you. How do you intend to tackle these issues and do you believe that they are linked to corruption?***

**FL:** The reduction of poverty and inequality are fundamental elements of our political platform. I would not have resigned from my position as bishop, nor would I have entered political life, had I not had the will to eradicate poverty and social inequality in my country. A complete agricultural reform and economic growth, coupled with social equity, are basic objectives of my government, and don't doubt for a minute that we will establish the foundation to achieve this.

Although the causes of poverty and socio-economic inequality are structural, this makes it no less true that corruption has been a contributing factor to their worsening. Every public good that is diverted towards ends that are not contributing to economic growth and social development is an aggravating element of such damage.

**TW: *How do you plan to combat the trafficking of contraband goods in the country and what role do you expect Paraguay to play in fighting the problem at a regional level?***

**FL:** Contraband is just one of many types of corruption, as is tax evasion and other issues. Strict control over the actions of elected officials working in import and export areas and the use of appropriate technological means to avoid all types of distortion will be our priority. Gradually, we will adjust the control mechanisms against this epidemic, which has been inherited from the previous disorder. On the regional level, our policy of control and the success that we expect through it, will be fundamental factors for a strong impact by Paraguay on the regional fight against contraband. This is not a one-sided battle. In order for goods and other products to enter or exit the country, both sides must cooperate. That is why talks and coordination with our neighbouring countries will be essential, as will controls on imports from more distant nations.

**TW: *In a recent [interview](#) with the Spanish newspaper *El País*, you mentioned plans to amend Paraguay's constitution in 2009 "to guarantee the independence of the judiciary." What changes do you deem necessary and why?***

**FL:** Actually the methods [in place] to elect members of the Supreme Court of Justice and other courts require modification. This will, of course, be handled by the national congress firstly and finally by a National Constituting Convention assembled to reform the country's constitution. There has to be a struggle for appointments that ensures the removal of political party influence from the judiciary, which in fact means for it to be made totally free from the influence of other state powers.

**TW: *Will you create an independent anti-corruption ombudsman?***

**FL:** We've always understood an ombudsman to be a defender of the people, which already exists in our country. On the other hand, I mentioned the creation of a National Anti-Corruption Ministry. And as if that wasn't enough, we already have a General Comptroller's office. Therefore, we don't see a need for designating an "independent anti-corruption ombudsman".

**TW: *Paraguay shares the Itaipú hydroelectric dam with Brazil and the Yacyretá dam with Argentina, neither of which are presently subject to the internal control or supervision of state parties due to their bi-nationality. According to the [World Bank's Independent Evaluation Group](#), this situation made it possible for the management of the Itaipú dam to allegedly operate a parallel account, resulting in an estimated US \$2 billion (€1.46 billion) fraud. What can be done to avoid such cases of bad practice?***

**FL:** It is public knowledge that not only this aspect but the entire basis of the general administration of both bi-national companies will be re-negotiated with our neighbours. We have already formed a special commission to assess all related aspects with Brazil and Argentina. In the framework of such negotiations, we will address these important matters.

**TW: *Are there other plans that you would like to share with us?***

**FL:** No. I would just like to express the complete willingness of the Paraguayan government to take into account all plans, suggestions and experiences that can be brought to us regarding the fight against corruption in other countries. We are facing a problem that affects the entire world; we are not facing an exclusively Paraguayan issue. Therefore, the fight must be coordinated and requires close international solidarity.

#### **Background information**

Fernando Lugo was sworn in as Paraguay's president on 15 August, ending 61 years of conservative rule. The left-leaning former bishop achieved 41 per cent of the vote in Paraguay's presidential election in April, defeating Blanca Ovelar, the ruling Colorado Party's candidate. Lugo heads the Patriotic Alliance for Change, a diverse coalition including the conservative Authentic Radical Liberal Party and a dozen small left-wing groups.

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## SPOTLIGHT STORY

Corruption Perceptions Index 2008

By Mike Sidwell



The persistently high corruption in low-income countries amounts to an "ongoing humanitarian disaster," while the anti-corruption credentials of wealthy countries suffer from continued corporate scandals. These were the sobering conclusions of Transparency International's (TI) 2008 Corruption Perceptions Index (CPI) launched on 23 September.

Measuring the perceived levels of public-sector corruption in a particular country, TI's CPI is a composite index, drawing on different expert and business surveys. The 2008 CPI scores 180 countries on a scale from zero (highly corrupt) to ten (highly clean).

### The 2008 results

This year's index sees Somalia with the lowest score at 1.0, slightly behind Iraq and Myanmar at 1.3 and Haiti at 1.4, reinforcing just how deadly the link between poverty, failed institutions and graft can be. And although European countries rank at the top of the 2008 CPI, notable declines in the scores of some countries shed an unfavourable light on government commitment to keep in check the questionable methods of their companies in acquiring and managing overseas business.

"The continuing high levels of corruption and poverty plaguing many of the world's societies amount to an ongoing humanitarian disaster and cannot be tolerated. But even in more privileged countries, with enforcement disturbingly uneven, a tougher approach to tackling corruption is needed," said Huguette Labelle, Chair of TI.

While low-income countries are often afflicted by corrupt judiciaries and ineffective parliamentary oversight, some wealthy countries show evidence of insufficient regulation of the private sector, in terms of addressing overseas bribery by their countries, and weak oversight of financial institutions and transactions.

### "Ongoing humanitarian disaster"

In low-income countries, epidemic corruption threatens the global fight against poverty and endangers the realisation of the UN *Millennium Development Goals* (MDGs). The half-way mark for achieving the MDGs has passed, and yet preventable deaths still occur simply because public institutions and the provision of health and education services do not function.

"In the poorest countries, corruption levels can mean the difference between life and death, when money for hospitals or clean water is in play," said Labelle.

Furthermore, global development processes are still often undermined by inefficiency, corruption and disorder. According to TI's *2008 Global Corruption Report*, unrestrained levels of corruption would add US \$50 billion (€35 billion) - or nearly half of annual global aid outlays - to the cost of achieving the MDG on water and sanitation alone.

The responsibility ultimately lies at home and low-income countries need to step up existing efforts, but the global donor community also has a crucial part to play in ensuring that development assistance is designed to strengthen institutions of governance and oversight in recipient countries, and that aid flows themselves are reinforced against abuse and graft.

### Scandals and double standards

The continuing emergence of foreign bribery scandals, together with the weakening performance of some wealthy exporting countries in the 2008 CPI, raises concerns about the strength of oversight mechanisms and government commitment to promises of mutual accountability in the fight against corruption.

"This sort of double standard is unacceptable and disregards international legal standards," said Labelle. "Beyond its corrosive effects on the rule of law and public confidence, this lack of resolution undermines the credibility of the wealthiest nations in calling for greater action to fight corruption by low-income countries."

### Looking ahead

Lower levels of corruption, more meaningful participation for all people in their societies, stronger development outcomes and a better quality of life for marginalised communities can be achieved with

stronger institutions of oversight, firm legal frameworks and more vigilant regulation.

**Links:**

- [CPI in français, español, arabic, russian, chinese](#)
- [CPI table](#)
- [CPI sources](#)
- [Regional fact sheets](#)
- [Methodology short](#)
- [Methodology long](#)
- [FAQs](#)

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## ANTI-CORRUPTION WORK AROUND THE WORLD

TI's Vice-Chair elected president of ECOSOCC

By Mike Sidwell



TI's Vice-Chair, Akere Muna, has been elected president of the Economic, Social and Cultural Council (ECOSOCC) of the African Union (AU) at the first General Assembly of the organisation on 8 September in Dar-Es-Salam, Tanzania.

The ECOSOCC was created in March 2005 as an advisory organ made up of different socio-professional classes of member states of the Union. ECOSOCC's vision is to bring African civil society into the decision making process of the African Union. Specifically, the council aims to encourage African integration and permanent dialogue between all different groups of African people, support the permanent system and programme of peace, security and stability in Africa, as well as promote and defend a culture of good governance, democratic principles and institutions, human rights and social justice.

ECOSOCC's membership includes 150 national and regional civil society organisations such as women's groups, associations of aged and disabled persons, all of which participate at the General Assembly, the ECOSOCCs highest decision and policy-making body.

A lawyer by training, Muna has been a member of the AU's high audit panel since 2007. He is also President of the Pan African Lawyers Union and former president of the Cameroon Bar Association. He is the founder and former president of TI Cameroon.

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## ANTI-CORRUPTION WORK AROUND THE WORLD

Argentina: transparent rubbish collection

By Georg Neumann



Poder Ciudadano (PC), the TI chapter in Argentina, is monitoring the public call for bids for the local rubbish collection services contract in the municipality of Esteban Echeverría.

PC's involvement from the start of the process has already had a great impact. The chapter has enabled the input of citizens into the bidding process, which represents the first case of citizen participation in the decision-making of a municipal administration in the country.

The municipality and PC have signed a "Transparency Agreement," with the latter undertaking to submit recommendations on how to organise the public procurement for local rubbish collection in the most efficient and transparent way, and to monitor the whole process.

One of the recommendations made by PC was the involvement of a public audience in order to discuss and agree the terms of reference, during which citizens would have the opportunity to submit observations, questions etc. The audience was held in May and around 200 citizens attended. Not only was public participation in the audience very constructive, but the municipality addressed all the suggestions and remarks presented by the citizens, and incorporated several of them into the terms of reference.

The remarks made by the citizens reflect their concerns on several aspects of the contracting of the service, for instance the budget allocated to the service and the length of the contract. These concerns led to the terms of reference being significantly modified to include such details as drain cleaning as part of the service, providing more wastepaper bins in public spaces (including their maintenance and emptying) and specifications on how the service would be provided to areas which can become impassable with heavy rain.

Both PC and the municipality issued reports on the public audience. They can be viewed in Spanish [here](#) (report by Poder Ciudadano) and [here](#) (website of the municipality).

The agreement is part of PC's programme "Transparency in Public Procurement," which seeks to bring transparency into the commercial relations of the public and private sectors. Some of these tools have already been implemented in other municipalities and at the national level, for example in the acquisition of school books by the Ministry of Education.

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## ANTI-CORRUPTION WORK AROUND THE WORLD

Accra Aid Effectiveness Forum: corruption kills development

By Mike Sidwell



TI presented its recommendations to the Accra High-Level Forum on Aid Effectiveness on 2-4 September in Ghana, and warned that corruption would continue to undermine poverty reduction efforts without immediate action on transparency, accountability and citizen participation by aid recipient and donor countries.

Every year 25 percent of Africa's GDP is lost to corruption, amounting to US \$148 billion (US €110 billion), according to [World Bank](#) estimates. Total global official aid flows in 2007 amounted to US \$104 billion (€72 billion).

Seeing the fight against corruption as a pre-condition to achieving greater aid effectiveness and reaching the goals of the Paris Declaration, TI advocates for improving access to and the disclosure of public information; cleaning up public procurement and sanctioning violators; strengthening institutions of oversight and engaging civil society; and harmonising donor activity to prevent abuse.

"The persistent levels of poverty and corruption across the globe amount to an ongoing humanitarian catastrophe," said Cobus de Swardt, Managing Director of TI. "We need to see greater local ownership of aid programmes, a clear voice for civil society in the process and an end to purely donor-driven aid policies."

Although few concrete, time-bound commitments on fighting corruption came out of the forum, civil society and donor initiatives on greater aid transparency gave cause for hope.

"The big step forward at the Accra Forum was the focus on transparency both in the run-up and during conference deliberations," said Craig Fagan, a Senior Policy Coordinator for TI. "Unfortunately, though, this did not translate into the firm, specific and time-bound commitments on accountability, transparency and fighting corruption, needed to make aid more effective."

More detail on TI's recommendations to the Accra High-Level Forum is available in a one-page [concept note on aid effectiveness](#) and in an online special on TI's website [here](#).

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## CORRUPTION IN THE NEWS

Sierra Leone: president makes history

By John Macartney

Sierra Leone's President Ernest Bai Koroma signed a new anti-corruption law in September, which involves a wide-range of anti-corruption measures, including harsher penalties for graft and support for whistleblowers. As part of the new measures Koroma declared his assets, making him the first Sierra Leonean head of state to do so.

In his presidential campaign last year Koroma promised Sierra Leoneans a "zero tolerance" approach to corruption, writes [Reuters](#). And as he signed the bill into effect Koroma declared: "What we are doing today is unique, not only within the sub-region, but even in Africa. It is a clear message to all Sierra Leoneans that this cancer that has taken up our society must be addressed with all seriousness and commitment," reports [Voice of America](#) (VOA).

According to [Africa News](#): "The new law now makes it mandatory for all public officials, including ministers, heads of para-statetals to declare their assets before assuming power." Asked to estimate the worth of his assets by the [BBC](#), Koroma said they included "properties, vehicles, interest on shares, and a few other items" and that they "would be valued in the hundreds of thousands of dollars - not millions."

Sierra Leone's anti-corruption commissioner Abdul Tejan-Cole commented: "The Act will bring the country's laws in line with our international commitment" and "enables us to enter into an international cooperation agreement, and makes provision for the extradition of those who are corrupt -- not only Sierra Leoneans who are corrupt in Sierra Leone and who go abroad, but also foreign nationals who come into Sierra Leone having committed corrupt acts in other countries" ([Agence France-Presse](#)).

According to [VOA](#), the new law "increases the number of corruption offences from the nine already on the books to 29. It also provides for stiffer penalties."

"Corruption is seen as one of the reasons for the outbreak of civil war in the country in the 1990s...It is also seen as the reason the country has been almost consistently at the bottom of the UN's human development index, despite its huge mineral resources," says the [BBC's](#) Sierra Leone correspondent Umaru Fofana.

Sierra Leone scored 1.9 in Transparency International's [2008 Corruption Perceptions Index](#) (where 10 represents highly clean and 0 represents highly corrupt).

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## CORRUPTION IN THE NEWS

South Korea: the end justifies the means?

By Myroslava Purska



The president of South Korea, Lee Myung-bak, pardoned 74 powerful business tycoons convicted for fraud, embezzlement and corruption, reports [Agence France-Presse](#).

Traditionally granted by the country's president to celebrate the Independence Day on 15 August, the amnesty covered 341,000 executives, politicians and bureaucrats this year, including Hyundai Motor chairman Chung Mong-Koo, SK group chairman Chey Tae-Won and Hanwha group chairman Kim Seung-Youn ([Reuters](#)).

"I am aware that there is criticism of the amnesties and personally I oppose them," said Lee said in a statement. "But I considered slowing investment and decided that businesses may be facing difficulties" ([Asia Times](#)).

Business lobby groups, such as the Federation of Korean Industries, praised the amnesty, saying the convictions had "deterred big businesses from making aggressive investments", reports [Financial Times](#) (FT).

However, the move has been met with strong criticism from opposition parties and civil society who argue "the practice of pardoning wrong-doers risked suggesting that businessmen and politicians would not suffer severe penalties for serious crimes," writes [FT](#). "By tolerating corporate crimes, the government has damaged the spirit of law observance, which threatens the long-term growth of the Korean economy," said Kim Sang-jo, a trade professor at Hansung University, reports [Yonhap](#).

Amnesty for high-ranking business people is apparently not unprecedented. [AFP](#) reports that "South Korean judges have a long record of leniency towards bosses of chaebol -- giant family-run conglomerates -- and other prominent white-collar criminals". However, this year's pardon did not include Lee Kun-hee, the former Samsung chief convicted in July for tax evasion ([Associated Press](#)).

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## CORRUPTION IN THE NEWS

Dubai: mixed messages

By John Macartney



"A series of financial scandals at major Dubai companies threatens to derail the Gulf Arab emirate's ambitions to become an international business hub unless the government tackles corruption head on," say analysts ([Reuters](#)).

According to the [Wall Street Journal](#) (WSJ), "The tightknit business community here has been rocked by a series of probes into alleged financial misdeeds at some of Dubai's biggest and best-known financial and real-estate firms. As word of fresh arrests and police interrogations leaked out over recent months, government officials and executives at companies involved have disclosed little about the probes. That has raised fresh questions about transparency and due process in the emirate."

In response to the news, Dubai's public prosecutor Issam al-Humaidan has commented: "The strictness with which some violations that emerged in the recent past were dealt with, confirms the government's commitment to maintaining the highest global standards in fighting corruption and enhancing its achievements in the economic, financial and legislative fields," reports [ArabianBusiness.com](#).

Similarly, the office of Dubai leader Sheikh Mohammed bin Rashid al-Maktoum has warned that "there will be no tolerance shown to anybody who tries to exploit his position to make illegal profits" ([The Economist Intelligence Unit](#), EIU).

"It's a message to those inside as well as the outside. Insiders have to play by the rules," said Eckart Woertz, an economics analyst at the Dubai-based Gulf Research Center, in an interview with [WSJ](#). "And to outsiders, that [are] here, we do play by the rules."

However, according to a report in [The Globe and Mail](#), a Canadian newspaper, critics argue that "the anti-corruption drive merely addresses the tip of the iceberg, ignoring some of the underlying problems of doing business in Dubai, where state-owned companies rarely issue economic data and regulations are sometimes applied unevenly."

The same [report](#) quotes Christian Koch, director of international studies at the Gulf Research Center, who claims: "The authorities are having to bring these cases to light because if they did nothing, they were bound to emerge on their own...Fighting corruption may be painful in the short term, but it is absolutely necessary for sustained economic growth."

On 23 September, the [EIU](#) reports that none of those held in connection with the cases has been put on trial yet.

## NEWS FROM THE ANTI-CORRUPTION MOVEMENT

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

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

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

#### **Regional conference on anti-corruption bodies in the Arab region**

A regional conference taking place in Jordan in August looked at preventing corruption and strengthening anti-corruption institutions in the Arab region. Arwa Hassan, a Senior Programme Coordinator at TI, participated and spoke on the relationship between civil society and anti-corruption agencies. The conference took place under the 'Good Governance for Development Initiative' and was supported by UNODC, OECD and UNDP. The meeting had a focus on the UN Convention against Corruption and the newly formed Arab Anti-corruption Network. This body, established at a meeting at the Dead Sea in January, has two levels. On the governmental level, it aims to link Anti-corruption Agencies and government committees working on the anti corruption issue. On the civil society levels, a network of activists has been created being led by the TI chapters in the Arab world. At the conference the four main governmental anti-corruption agencies in the Arab region, Algeria, Egypt, Jordan and Yemen were given a platform to present their work. A Governmental Anti-Corruption network will be launched and details of it published as an outcome of the conference.

#### **Kenya: latest newsletter published**

TI Kenya has issued its latest monthly newsletter Adili on the topic of "Constitutional Amendment and Governance". The issue is exploring the post election crisis as a result of collapsed governance structures and poses the question of whether corruption and impunity in Kenya can be contained through constitutional order. The previous edition of the Adili looked at the question of "Asset Recovery in Kenya: Outstanding Issues". Both issues, as well as all previous editions of the newsletter are available [here](#).

#### **Palestine: workshop on security institutions**

In August, the TI chapter in the Palestinian Authorities, Aman, organised the workshop "Financial and Administrative Management Reform in Security Institutions" in Ramallah. The workshop was part of the programme for enhancing transparency and accountability in the public sector and was attended by a number of official representatives from the security institutions, the Public Oversight Bureau, and a number of relevant agencies. Participants unanimously emphasized the importance of the adoption of bylaws to regulate financial and administrative functions of security apparatuses. In addition, budget implementation should be subject to due legal oversight compliance, and unifying the legal reference for the military establishment. A draft study presented during the workshop offered a set of recommendations on how to address these issues. A detailed report of the workshop can be found [here](#).

#### **Sierra Leone: seminar on African Peer Review Mechanism**

The National Accountability Group (NAG), the TI chapter in Sierra Leone, held a two-day seminar from 14 August. The purpose of the meeting was to sensitise the public to the African Peer Review Mechanism process. The seminar attracted thirty-five participants, representing councils, District Budget oversight committees, civil society groups, learning institutions and religious groups in the southern province.

#### **Zimbabwe: call for transnational justice in Zimbabwe**

Welcoming the power-sharing deal reached by the three political formations under the mediation of President Thabo Mbeki of South Africa in Zimbabwe, TI Zimbabwe now calls upon the political leadership to implement the 11 September Power Sharing Agreement and for all stakeholders to step up the campaign for 'zero tolerance on corruption'. Corruption, greed and self-aggrandisement must be

eradicated from public institutions to ensure a transition to a more democratic and prosperous nation. Any transitional process or mechanism that fails to uphold the values of transparency, accountability and integrity is bound to fail from the start. TI Zimbabwe also joins the Human Rights NGO Forum, NANGO and other civil society organisations in calling for transitional justice as a critical step towards national healing and restoring democracy and good governance in Zimbabwe.

#### **The Americas**

##### **Argentina: report on the 2007 election campaign**

The TI chapter in Argentina, Poder Ciudadano, has reported the findings of the monitoring exercise it undertook during the country's 2007 presidential election campaign, won by Cristina Kirchner of the ruling party Frente para la Victoria. Monitoring focused on party financing and on the activities of candidates, allowing information to be obtained regarding funding sources and beneficiaries.

Among the report's conclusions, it is noted that there exists a gap between the activities declared by parties, and the activities actually conducted. The report claims that the parties with the most resources both obscured and underestimated both revenue and expenditure, and that preferential treatment was given to certain candidates in the allocation of public funds designated for the campaigns. The report recommends a full judicial investigation to be held.

##### **Chile: first Freedom of Information Act**

On 11 August the Chilean President Michelle Bachelet enacted the country's first Freedom of Information Act. The new legislation enshrines the principle of transparency within public office, and establishes the process by which citizens exercise their right to access information, as well as the exceptions to this right. The new law requires that all bodies comprising the state administration, including public firms, disclose the information requested by citizens within 20 days.

According to Chile Transparente (CT), the TI chapter in Chile that played an important role in advocating for the law, the legislation represents a landmark step that puts Chile among the world's most institutionally-developed countries with regards to access to information, especially in its provision for a regulatory Council for Transparency. CT will be following closely the implementation of the law closely in order to ensure that the stated goals are achieved.

##### **Colombia: first study on bribery-prevention measures in Colombian business**

The TI chapter in Colombia, Transparencia por Colombia, and the Universidad Externado de Colombia have published the findings of their First Survey of Anti-Bribery Measures in Colombian Businesses. The study, in which 537 companies of varying sizes and from different cities participated, analysed bribery-prevention measures and their level of development and implementation. Although the results reveal that there is a long way to go on the issue, Transparencia por Colombia has stressed that the very fact that businesspeople agreed to participate in the study is already a huge step, given the taboo that has existed in Colombia around bribery. What is more, a large majority of those surveyed recognised the usefulness of the measures recommended as part of the study, based on TI's [Business Principles for Countering Bribery](#), are useful. This suggests that the business community is becoming increasingly receptive to calls to tackle this problem.

##### **Colombia: national chapter celebrates 10th anniversary**

On 11 September, Transparencia por Colombia celebrated its tenth birthday. This special day was marked by an academic event attended by TI's Chair Huguette Labelle, along with public figures from all spheres of Colombian society. At the event, there was a launch of a commemorative publication, which traces the evolution of the struggle against corruption in the country, the work and achievements of Transparencia por Colombia, and the challenges faced by the Colombian anti-corruption movement today.

##### **Mexico: participation in national education alliance**

Transparencia Mexicana (TM) was invited to oversee the fulfilment of all actions planned as part of the Alliance for Quality in Education (Alianza por la Calidad de la Educación), a programme being carried out jointly by the federal government and representatives from the National Union of Education Workers (Sindicato Nacional de Trabajadores de la Educación). TM will monitor the implementation of the programme's action plan, which is designed to raise standards in the Mexican education system in the following core areas: modernisation of schools and facilities; professionalisation of teachers and educational authorities; pastoral and social care for pupils; curriculum content; and evaluation. It is envisioned that the Alliance will raise awareness of the need to improve educational standards, and possibly pave the way for a more comprehensive reform project.

##### **Paraguay: Transparency, Integrity and Efficiency Index published**

The TI chapter in Paraguay, Transparencia Paraguay, has published its 2007 Transparency, Integrity and Efficiency Index, (ITIE to use the Spanish acronym). Currently in its fourth edition, the Index evaluated the degree of transparency and accountability of 12 public firms. According to the 2007 ITIE, the state administration continues to fail in its duty to deliver efficiently and transparently-run services to Paraguayan citizens, which correlates with observations made in the 2006 edition.

##### **Venezuela: new anti-corruption conventions web-portal launched**

The TI chapter in Venezuela, *Transparencia por Venezuela*, has launched a new online platform, through which specialists, students, academics and the general public can access information regarding government progress on implementing the anti-corruption conventions to which Venezuela is signatory, such as the Inter-American and UN Conventions against Corruption (IACAC and UNCAC). The website's primary and most innovative feature is the "traffic light", a simple colour-coding system that allows users to easily ascertain what progress has been made and what challenges remain in implementing the latest recommendations called for by the follow-up mechanism of the IACAC (MESICIC).

#### **Venezuela: flurry of activity to celebrate Access to Information month**

On 28 September, International Right to Know Day was celebrated in over 60 countries around the world. In Venezuela, mobilisations are being organised, with Proacceso (the civil-society coalition which the TI Venezuelan chapter is member to) spearheading efforts to arrange an Access to Information month in order to unite all those concerned by the weak state of the country's Freedom of Information legislation. "Don't let them take you for a ride. Make your right to information count" proclaims Proacceso's slogan. The initiative seeks to help Venezuelans stand up for their right to information, with a programme of exciting events planned with the aim of stimulating interest and increasing public demand for this important issue.

Activities will take place from 18 September to 18 October in several cities across the country, including, to name but a few: the presentation of a draft law to various government agencies; a commemoration of 200 years of the printing press in Venezuela; campaigns on the radio and in the press; a workshop on investigative journalism; an international seminar on the fight for Freedom of Information, focusing in particular on the current state of legislation and its role in ensuring equal and just societies.

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

##### **Bangladesh: report on illegal logging published**

TI Bangladesh published a report investigating corruption in the forestry sector in August. According to the diagnostic study on Forest Conservation and Management, forest officials were engaged in illegal logging worth millions of dollars a year, and bribery was detected in the appointment processes for high-level jobs using an auction system in which the person who paid the biggest bribe received the job. The 16-month investigation into Bangladesh's forest department was conducted by TI Bangladesh.

##### **South Korea: resistance against grand amnesty**

TI Korea has expressed its disagreement with the Grant Amnesty Day marking the 15 August Independence Day, where Korean President Lee Myung-bak pardoned 100 corporate criminals, as well as about 330 thousand public officials who were under disciplinary punishment. TI Korea raises concerns that this special amnesty undermines the rule of law and will incite more embezzlement, tax evasion and spread unlawful collusion between politics and business. These developments set back anti-corruption policies that have been at work for past eras. TI Korea calls on the president to re-consider his current policies on corruption in the private sector and institute orderly laws for convictions of corruption.

##### **South Korea: Youth Integrity Index workshop**

In July TI Korea hosted a workshop to discuss the Youth Integrity Index (YII), a research and advocacy tool which is part of the Youth Integrity Promotion Programme, seeking to foster a culture of integrity and greater civic awareness in younger generations. Representatives of TI and its national chapters from 13 countries across the world attended the workshop to discuss the redesign of the Index, making it a more powerful tool for cross country comparison and advocacy. South Korea, Bangladesh and Mongolia will join the 2008 pilot survey of YII. The result of these studies will be released at the 13th Annual International Anti-Corruption Conference (IACC) workshop in Athens, Greece: Youth Integrity: Ethical Infrastructure for a Sustainable Future, which will examine the link between corruption and current problems in youth integrity. The Index is just one part of a larger programme, currently under development, which has as its three components the Youth Integrity Index, a Youth Integrity Network, as well as a Youth Integrity Education Programme. [Read the workshop report here.](#)

##### **Papua New Guinea: government action required on alleged payments**

TI Papua New Guinea (PNG) has mobilised civil society to lobby the government for accountability concerning the alleged payment of millions of dollars from the logging industry to ministers in the Government of Prime Minister Michal Somare. While the Ombudsman Commission of PNG is looking into the money trail from Australia to Singapore to Port Moresby, TI PNG is calling for the matter to be put in the hands of the police and anti-money laundering officials. "This is a matter far too large to be dealt with by the Ombudsman Commission and Leadership Tribunal which can only impose a maximum penalty of three years' suspension." says TI PNG. See the full press release [here](#).

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

##### **Georgia: donors asked to comply with Transparency Principles**

In a press statement the TI chapter in Georgia called on the United States, European Union member states, and multilateral and donor agencies to comply with transparency principles outlined in the 2005

Paris Declaration on Aid Effectiveness. According to TI Georgia, the process of current and future aid negotiations should be opened for public scrutiny and public debate.

In the aftermath of the conflict between Georgia and Russia in August 2008, the US government announced an aid package of US\$ 570 million (€ 388 million) to meet Georgia's humanitarian needs and to support its economic recovery. Also, European leaders have announced that the European Union will provide substantial aid for reconstruction in Georgia.

#### **Greece: Open Social Alliance for Integrity and Transparency**

In July, TI Greece initiated a programme to raise public awareness and unite citizens, politicians and businessmen in an "Open Social Alliance for Integrity and Transparency." The initiative's activities include the dissemination of a set of recommendations called "Active Citizen's Ten Rules against Corruption," including slogans such as "Corruption Is Not Cool," "We Have a Right to Know," "We Observe the Law Anywhere, Anytime and We Demand That Everybody Around Us Does the Same." Citizens can register their support for the list by going to the chapter's website, [www.transparency.gr](http://www.transparency.gr). TI Greece also calls on politicians to subscribe to a code of conduct, reduce the scope of current rules that make them exempt from persecution and set transparent rules for the financing of political parties. Private business is urged to engage more with corporate governance, protect whistle-blowers and increase the independence of non-executive board members.

#### **Italy: "My choice!"**

The NGOs "Associazioni Cuore e Parole", TI-Italy and "Eurotalent" engaged in a common effort to launch the project "SCELGO IO!" ( My Choice!), which will propose a new approach to education, through a simpler and innovative language. The project, a pilot to be implemented in the region Lombardia, has been presented to the target groups (the schools in the province of Milan) and the general public in an event which received wide coverage from newspapers and televisions. Prominent testimonials attended the event, including Dr. Gherardo Colombo, the Magistrate of the "Mani Pulite" (Clean Hands) investigation. Enrico Gatti, important figure in the fight against drugs, Ludovica Manusardi, scientific journalist and a representative from "Legambiente" (the League for Environment).

#### **Macedonia: Coalition Macedonia Zero Corruption formed**

The "Coalition Macedonia Zero Corruption" including 18 NGOs has been formed on the initiative of the TI chapter in Macedonia, Transparency-Zero Corruption. The Coalition, which formed in September, gathers NGOs engaged in the improvement of the democratic processes in Macedonia. The Coalition's aim is to strengthen the involvement of civil society in the fight and the prevention against corruption, the development of good governance systems, instigating economic development and foreign investments, boosting capacity for anti-corruption action, cooperating with organisations engaged in similar activities and improving the livelihood of the citizens.

#### **Russia: report on business raiders**

TI Russia published, together with the Phoenix group, a report on how to fight against so-called raiders that pay officials to help seize businesses. Released at the end of August, the reports are based on interviews with more than 100 businessmen and lawyers in Russia, and provides an overview of minimal "market rates" for giving a semblance of legality to criminal raiders. According to the report, copies of a company's real estate documents can be obtained for US \$5,000 (€3,400), a company's charter can be altered to replace the CEO or founders for US \$10,000 (€6,800), court proceedings delayed for US \$10,000 (€6,800), and a court's criminal investigation to be discontinued for US \$50,000 (€34,000). The report also proposes an amendment to the Criminal Code defining "raiding" as a separate statute, as, according to Elena Panfilova, Chair of TI Russia, "criminal investigations of suspected raiders are complicated by the fact that the crime intersects with several various statutes, including extortion and fraud."

#### **TI - Secretariat**

##### **The 2nd Annual European Anti-corruption Summit**

Cobus de Swardt, TI's Managing Director, took part in the 2nd Annual European Anti-corruption Summit in the Hague. De Swardt participated in a panel discussion on "The business case against corruption: When honesty pays", which was moderated by Michael Jarvis, Private Sector Development Specialist at the World Bank Institute. Other speakers on the panel included Jeremy Bradshaw, BP Compliance Director, Exploration and Production; and Karina Litvak, Head of Governance & Sustainable Investment at F&C Management.

The conference addressed how to develop and manage an integrated and global anti-corruption, ethics and compliance programme, as well as offering practical solutions including the latest tools, technologies and training methods.

To see the full programme and list of speakers go to <http://www.ethicalcorp.com/ethicseurope/?t=ti>

#### **Accra aid effectiveness forum: corruption kills development**

TI presented its recommendations to the Accra High-Level Forum on Aid Effectiveness on 2-4 September in Ghana, and warned that corruption would continue to undermine poverty reduction efforts without immediate action on transparency, accountability and citizen participation by aid recipient and donor countries. Among the recommendations and with the fight against corruption being a pre-

condition to achieving greater aid effectiveness and reaching the goals of the Paris Declaration, TI advocates for improving access to and the disclosure of public information; cleaning up public procurement and sanctioning violators; strengthening institutions of oversight and engaging civil society; and harmonising donor activity to prevent abuse. More detail on Transparency International's recommendations to the Accra High-Level Forum is available in a one-page [concept note on aid effectiveness](#) and in an online special at TI's web site: [www.transparency.org/news\\_room/in\\_focus/2008/accra](http://www.transparency.org/news_room/in_focus/2008/accra).

#### **Case studies on preventing corruption in humanitarian assistance**

TI commissioned the Humanitarian Policy Group of the Overseas Development Institute to look into how crisis-affected populations perceive corruption in the assistance process through case studies in Uganda and Sri Lanka. The reports focus primarily on non-financial corruption, such as political interference in targeting and registration of beneficiaries or diversion of relief resources to non-target groups. The two case studies aim to foster a better understanding of the manifestations, actors and incentives in these subtler forms of corruption in order to identify possible remedies. The case studies are developed as part of the wider project on "Preventing Corruption in Humanitarian Assistance," and complement, in particular, the Final Research Report: Preventing Corruption in Humanitarian Assistance. The case studies can be accessed [here](#).

#### **TI Annual Report in Spanish**

The Spanish version of TI's Annual Report 2007 has been published and is available [here](#). Besides the translation of the full Annual Report, it includes a special section on Latin America and the Caribbean dedicated to TI's strategy for the region, "TILAC 2012."

# Transparency Watch

SEPTEMBER/  
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## CORRUPTION IN QUOTES

"Expecting Bulgarian officials not to be corrupt is like expecting them to stop breathing"

Says a diplomat in an interview with the Guardian newspaper

*The Guardian*, UK, 19 September 2008

"The fight against corruption is the fight against the mother of all evils"

Albanian Prime Minister Sali Berisha praised on the country's progress in Transparency International's 2008 Corruption Perceptions Index.

*Balkan Insight*, Albania, 28 September 2008

"A successful war against corruption is dependant on political will, which should not be limited to the top political leaders, but should extend to the public and civil society"

Bernard Makuzaof, prime minister of Rwanda, advises the East African Association of Anti-corruption Authorities

*The New Times*, Rwanda, 19 September 2008

"When there's corruption in political financing, all votes are not equal"

Andrea Sanhueza, Corporación Participa, says in an interview with IPS on the forthcoming Chilean municipal elections.

*IPS*, Chile, 13 October 2008

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## MASTHEAD

Transparency Watch is a monthly electronic publication of Transparency International. It is produced by the Communications Department.

Transparency International accepts no responsibility for opinions expressed in interviews or for the information provided through external weblinks.

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