

Transparency Watch

MARCH 2009

INTERVIEW OF THE MONTH



Michela Wrong, award winning author

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Seeing through the financial crisis

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INTERVIEW OF THE MONTH

Michela Wrong, award winning author

By Gypsy Guillén Kaiser

Michela Wrong's latest book "It's Our Turn to Eat: the Story of a Kenyan Whistleblower" has stirred controversy in Kenya. Through the struggles of anti-corruption whistleblower John Githongo, Wrong examines how corruption has plagued the country. Transparency Watch spoke with Wrong about the themes behind her book: identity, history, cynicism and integrity.



Transparency Watch (TW): *The story of John Githongo, who fled Kenya and showed up at your doorstep, is the basis of your latest book, through which you tell a larger story about corruption in Kenya. How did you feel about the risk of providing refuge to this man who was a friend, turn threatened anti-corruption whistleblower?*

Michela Wrong (MW): I had offered him a room in my flat when we met briefly in Nairobi, as it was clear that things weren't going well and he might need somewhere to escape to. I didn't know until he turned up quite what was involved, that he was about to resign and go underground, and I didn't know that he thought his life was in danger in quite such an acute way. It was slightly a case of biting off more than one had expected. But you know, I have spent a lot of time working in Africa and I was aware that these kinds of challenges come up in the lives of many journalists. Reporting in Africa is never trouble free and many of the people you meet as a journalist will be in danger because of the opinions they hold and actions they take. As a journalist you tend to get involved in their stories in a way that may be regarded in other countries as very unusual.

TW: *What do you think about your book being sold under the counter and not being carried by many bookstores in Kenya?*

MW: It's very exasperating. The situation is actually worse than you describe – I don't know of a single bookshop in Nairobi that is openly selling it. I think the reaction is quite exaggerated because the government has not banned the book. So far, in spite of various reports, none of the key characters mentioned in its pages have taken legal action. So it's very frustrating to then find the book being effectively censored by the very people who should be selling it. I keep getting Facebook messages and emails from people in Nairobi asking how they can get hold of a copy. I know that there is an electronic pirated version of my book doing the rounds and it's infuriating, because clearly there is a vast appetite for the book yet the booksellers, through their nervousness, are not allowing it to reach the public.

TW: *Why is that nervousness there?*

MW: Under former Kenyan president, Daniel arap Moi, there were instances where his cronies sued booksellers for selling books in which they deemed themselves to have been libeled [[CPJ](#)]. There has been this history, but I don't believe that this would happen nowadays. I think there may have been a campaign conducted to persuade these booksellers not to stock the book as this refusal seems to be strangely uniform, which I think is essentially censorship in another form.

TW: *John Githongo has been accused of being a puppet of the West. What do you make of such comments?*

MW: I get irritated when some people ask 'why did he have to go abroad to tell this story, why didn't he stay here and tell the Kenyan people about it and made sure it was investigated here?' If you read the dossier he wrote and if you read my book it's quite clear that he spent years trying to get the Kenyan authorities to do something about the Anglo Leasing scandal [[BBC](#)], to absolutely no avail. Githongo briefed the president 66 times! He was in touch with the Kenyan anti-corruption commission all the time. He was trying to put pressure on the justice minister, the finance minister, the minister of international security. I therefore don't think it's valid to claim he didn't try and deal with the problem domestically and simply ran abroad to spill the beans. That's just unacceptable. He did try and he only went abroad because a) he was afraid for his life and b) because it had become clear in his view that there was no desire at all in Kenya to find and prosecute the perpetrators of Anglo Leasing.

In any case, John could never be anyone's stooge. He has always had his own very independent view on the role the West has played in Kenya. He has become very vocal in his criticisms of the World Bank and the aid industry and organisations like the British Department for International Development, so it's

pretty unconvincing to present a man like that as being at the beck and call of Western powers. The great thing about John is that he has proved that he is not at the beck and call of anybody, including the very president who originally appointed him.

TW: *Your previous books were on Mobutu Sese Seko and the Congo and Eritrea. Were there any recurrent issues that you now see resurfacing in this book?*

MW: Definitely. Every time you write a book you find yourself reviving themes that you have already explored in previous ones. I have become increasingly critical of the West's record in Africa – from the role the World Bank played in propping up Mobutu to the extremely cynical role both the West and the Communist bloc played in Eritrea. And now in Kenya. One of the themes of my work is always to try and remind Western readers of a history that we tend to forget because our colonial past is not studied at school. There are generations that grow up in western countries with no idea about their own imperialist history and how it shaped Africa. I always try, through my books, to remind Western publics how important the colonial experience was and what a deep imprint it left behind.

TW: *What role do you think colonialism played in shaping the structure and perhaps planting seeds for social problems in today's Kenya?*

MW: The colonial experience in Kenya was of the kind that tended to cement the differences that existed between the various historical ethnic groups. Those differences predated colonialism - Maasai knew that they were Maasai, Kikuyu knew they were Kikuyu, Kamba knew they were Kamba. But the way the colonial state dealt with those ethnic communities reinforced the differences and played its part in creating this climate of 'It's our turn to eat' – which I used as the title of my book. Each ethnic group which came to occupy State House felt it had the right to gorge on state resources and do little to share the goodies with other ethnic communities. You could say that the whole 'it's our turn to eat' philosophy was rooted in white colonial rule, in which one ethnic community, which happened to be the white settler community, behaved as though it had a divine right to the riches of the country and that everyone else living in that country was essentially there to serve its plans for self-advancement. So the colonial experience served as a model for Kenya's first president, Jomo Kenyatta, and Kenyatta's approach served as a model for Moi [[Times](#)]. We see this sort of attitude being perpetrated through the decades. It's not the only reason, but the colonial experience definitely drummed that smash-and-grab vision of how you rule a country into the psychology of many Kenyan leaders.

TW: *There are those who say that poverty is no excuse for corruption. How do you see this?*

MW: If you are a lowly civil servant, schoolteacher, or shop assistant, and you regard yourself as being a small part of some epic struggle in which your ethnic community is massed against all the other ethnic communities in the country then you will think that it is your job, your duty even, to give that "brother" from upcountry a job in your office, to dole out better grades at school to his children, perhaps, or subvert the tendering process so a "brother" wins a contract. You then find corruption being perpetrated in tiny shops and small offices throughout the country. If you feel, in contrast, that you are born into a meritocratic system where people have an equal chance and where you come from doesn't automatically determine what your life chances will be, you will behave in a completely different way.

It's really about your relationship with the state and who you think you are. Corruption is all bound up with identity. Poverty is not the key issue, it's how you see yourself in relationship to your fellow citizens. Living in Kenya, it became clear to me that identity and corruption were intrinsically linked and that until people began to think of themselves in a different way, they would not be able to get corruption out of their lives, whether they were suffering from its effects or perpetrating it themselves in hundreds of tiny social transactions.

TW: *During your research, what have you learned about the role of international donors?*

MW: What I have learned, and it certainly was true in both Congo and Kenya, is that western regimes tend to get very fixated with individual players, the African presidents of the day. They become almost bewitched by these characters, obsessed with keeping their aid programmes or their partnerships with these leaders on the road. So many wrongs are tolerated and many corruption scams are spotted, but politely ignored, because the overall relationship is deemed to be so incredibly important.

TW: *Why do you think that is?*

MW: I think there is an inbuilt inertia in any bureaucracy – this applies to Western lending institutions, Western development ministries and Western NGOs. Once you start lending aid to a country you tend to regard it as a complete disaster to halt an aid programme or sever ties. The massive momentum of aid programmes and partnerships takes over. People lose sight of the big picture. They tend to assume that anything is better than change. So you stick with the president of the day, come hell or high water, because it would be better than change, which is seen as innately destabilising and dangerous. If such a policy is continued, you eventually pay a much higher price, because the inequalities that develop at the grass roots-level are so profound they create an incredibly unstable situation. We saw the anarchy that unfolded after Mobutu fled the [Congo](#) and in [Kenya](#) after the elections. Turning a blind eye and not talking about embarrassing things like human rights abuses or massive corruption scandals perpetrated by governments of the day always backfires in the end. It's a very stupid and shortsighted way to run foreign policy

TW: *TI Kenya recently released a survey which shows that citizens have lost confidence in the government's ability to tackle corruption. Where do you think this is all heading?*

MW: I think we are in an incredibly dangerous period. The recent killing of two NGO activists in broad daylight was a sign of how the rule of law in Kenya has broken down on many fronts. [Extra judicial killings](#) by the police are completely blatant and very wide spread, with the security forces exercising total impunity [[BBC](#)]. When you have millions of angry, frustrated young men with no prospects, leaders with ethnic agendas and security forces who don't recognise the rule of law, it makes for a really dangerous combination.

One of the problems at the moment in Kenya is that everyone is looking forward to the 2012 elections, without anyone thinking that now is a key opportunity to heal the wounds created during the last elections.

TW: *Do you think civil society can or has any real chance to change anything?*

MW: Civil society was shaken and traumatised by the events that followed the last elections, but I get the sense that these groups are growing in confidence and becoming much more vocal and active once again. The problem in Kenya is that violence now has become the understood method of deciding who runs the country. The lesson of the 2007 elections is that the ballot box is no longer the decider. Who ends up running a country will be determined by brute force: on one side, the capacity to get mobs out on the street, on the other, the capacity to deploy security forces ready to shoot demonstrators on sight. It's very hard for civil society to deal with that level of violence.

TW: *Do you have any hope?*

MW: I am pessimistic at the moment and I think it is reasonable to be so. It seems to me that one of the problems with Kenya in the past is that people who interact with Kenya – NGO workers, diplomats, donor representatives, journalists – have all tended to look at it through rose tinted spectacles and ignored the reality at the grass-roots level of increasingly poisonous politics. So I think one has to be realistic and accept how serious the problem is before you can see any real improvement. At the moment it is only sensible to be very worried, but there are still three years to go before the next election and there is time to heal these wounds if people really have the will. Western donors want to see that change, too, but they just don't know how to push Kenya's political players in the right direction. And I don't see Kenya's extraordinarily cynical political elite showing the required leadership or setting any examples.

TW: *You've spent many years reporting in Africa. How has your understanding of corruption developed over the years leading up to writing this book?*

MW: When I was in Congo I felt that corruption was something that came from on high, from figures like [Mobutu](#). I saw it as predatory looting by a sleazy elite. This was very obvious in Congo, because of the extraordinary spending patterns of that elite, the extravagance of Mobutu and his [cronies](#), with their Concorde trips to Disneyland and their villas in Belgium [[NY Times](#)]. Living in Kenya, I realized that the same phenomenon was evident not just at the top but at every level and echelon of society. People feeling that they had the right and duty to give a job to someone from their village back home, that they had the right and duty to rip off their employer, especially if he was from a different ethnic community or if he was a white man or Asian. Every business deal came with its own sleazy fiddle. I realised that corruption is not just an elite problem, but that it goes down and down and down through a society's various layers. The years have brought an appreciation of just how deep-rooted that attitude to state resources is.

TW: *What role do you see the private sector playing?*

MW: Here in the West, and particularly in Britain, we need to clean up our act when it comes to doing business in Africa. At the moment Britain can rightly be accused of total hypocrisy in its attitude to bribery abroad perpetrated by British companies. We are quite rightly being held to account and much criticised for our own shameful track record on things like the [BAE investigations](#). Although it's not the main thread of my book, I would hope that people reading it will come away thinking that it is not only Kenyans and Africans who need to ponder why their societies suffer from ingrained corruption, but also for us in the West to think through what we mean when we say "zero tolerance" for corruption. Because, in fact, we currently turn a blind eye to it. We have shown almost no indication that we are ever going to get serious about prosecuting companies that apply these tactics here in Britain.

TW: *Does it give you any hope that an organisation like TI has existed for only fifteen years and yet the issue of corruption is now much more at the forefront than it was fifteen years ago?*

MW: Yes absolutely. When Mobutu had his exchanges with the World Bank it was considered unacceptable to discuss corruption in the Bank's corridors because it was seen as a tasteless infringement of African sovereignty. That attitude has completely altered now and I think TI is to be congratulated on helping to bring about that fundamental change. There has been a radical shift in attitudes. There's an awareness that rather than this being a merely cosmetic problem, it can actually destabilise states and lead to conflict.

My only criticism of the anti-corruption industry is that I think it's going through the same process as the

aid industry It is tending to become institutionalised and bureaucratised itself, and so there are these conferences, which I too have attended, where people fly across the world and stay in expensive hotels to discuss corruption. There is a danger that the anti-corruption campaign becomes a sort of income generating industry where people who may have all sorts of economic crimes to their discredit go and spout platitudes about corruption in front of international conferences and rack in the per diems. It would be a terrible shame if that process went too far. The danger is that the anti-corruption industry becomes smoothly co opted by the very institutions and people it would like to bring down.

>>About Michela Wrong

Michela Wrong spent six years covering the African continent for Reuters, the BBC, and the *Financial Times*. Her first book, *In the Footsteps of Mr. Kurtz*, won a PEN award for nonfiction. She lives in London and travels regularly to Africa.

>> *It's Our Turn to Eat* reviews

[The Economist](#) 26.02.09

[The Guardian](#) 14.03.09

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SPOTLIGHT STORY

Seeing through the financial crisis

By Michael Sidwell



Stabilise the financial markets, reform and strengthen the global financial and economic system, and tackle rising unemployment and poverty levels.

Expectations were high as leaders of the world's 20 largest economies, representing two-thirds of the world's population and 90 per cent of its global GNP, met in London on 2 April for the [Group of 20](#) (G20) Summit.

The outcomes of the summit represent a defining moment in the current economic crisis, for they either point to a common road map to recovery, or mark a missed opportunity, the repercussions of which will be felt around the world.

High stakes

Although the initial effects of the financial crisis were largely limited to the US and European countries, its knock-on effect has serious implications for those in developing countries.

Experts warn that if appropriate action is not taken and decisively implemented, then it could lead to disastrous humanitarian consequences. The [UN Millennium Campaign](#) reports that the fight against poverty has been pushed back by up to three years, while the UK's [Department for International Development](#) has likened the credit crunch to a tsunami, warning that 90 million people will be forced into poverty by the end of next year. The [International Labour Organization](#) estimates unemployment could rise by 50 million.

Poorest hit hardest

Such forecasts spell a potentially devastating blow for the world's poorest, already hard hit by last year's oil and food price crises. Experts predict that foreign investment in developing countries in 2009 will be 80% down on 2007 figures and there is widespread concern that wealthy countries will cut back on their aid commitments.

In a letter to G-20 leaders UN secretary-general Ban Ki-moon called for a US \$1,000 billion (€737 billion) stimulus package for developing countries to protect the world's poorest from the worst effects of the financial crisis. In an interview with the [Financial Times](#) he warned: "If we don't handle the current economic crisis properly with a sense of strong determination and very strong and solid political leadership I'm concerned that this may not only be an economic crisis, but may develop into global political instability."

Other international organisations have sounded similar warnings. [IMF](#) chief Dominique Strauss-Kahn has said that the financial crisis could spark "social unrest, some threats to democracy and maybe for some cases, it can also end in war," ([AFP](#)). [OECD](#) chief Angel Gurría told G8 Labour and Employment Ministers recently, "Governments need to take quick and decisive action to avoid the financial crisis becoming a fully-blown social crisis with scarring effects on vulnerable workers and low income households."

A global problem

To support recovery and reform efforts Transparency International (TI) submitted a detailed set of [recommendations](#) ahead of the G-20 Summit. Emphasising the need for all measures to be grounded in transparency, accountability and integrity, the letter puts forth recommendations that require a concerted global approach to tackle a global problem.

From the use of public funds in 'bail-out' programmes to strengthening the role of international governmental organisations and regulatory authorities, the recommendations set out comprehensive measures crucial to regaining investor confidence and public trust, and protecting against potential risks.

In response to the G20 communiqué, TI [welcomed](#) the decision to prioritise transparency as a means to curb systemic risks in the global financial and economic system and to provide a stimulus that also extends to the developing world.

"Agreeing to tackle opacity and to establish a new global governance body in the form of the Financial Stability Board announced today, is the kind of decisive action that we expected from this summit," said Huguette Labelle, Chair of TI. "In the long term, however, the G20's initial steps towards transparency must be taken beyond the corridors of power and properly implemented, with input from civil society", said Labelle.

Time for transparency

While the pressing need for bold and decisive action is clear, all measures must be married to the appropriate regulation and monitoring to ensure that the intended results are achieved. It is critical that world leaders enshrine transparency as a principle for recovery efforts to be successful and financial reforms effective and viable.

The increases in funding to the IMF and the World Bank must be accompanied by accountability mechanisms and fiscal transparency requirements in order to truly help those it is intended to serve. Increased money means increased accountability and opportunities for citizens to see that steps are being taken to help them in their daily struggle to cope with the global economic meltdown.

With respect to trade barriers, which were addressed by the G20 mainly in the context of protectionism, foreign bribery must be tackled as it distorts competition and adversely impacts on development and the poor the G20 is seeking to protect.

Trust in the financial markets vanished when the lack of transparency became apparent, resulting in a global burden and the largest corporate bail-out in history, at the expense of the tax-payer. The sheer complexity of repackaging subprime mortgage loans to achieve AAA ratings is indicative of recent efforts to deceive through disguise. Similarly, hefty hedge fund brochures veiled in legal jargon should not be considered transparent tools of disclosure; it is a means of obfuscation.

To safeguard against risks of opacity, unaccountability and deceit all reforms must be rooted in transparency. From preventing excessive short-term risk taking to exposing potential conflicts of interest, transparency is key to improving the financial system and ensuring confidence is restored.

[Learn more>>](#)

[>> TI's recommendations to G20](#)

[>> TI's response to G20](#)

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ANTI-CORRUPTION WORK AROUND THE WORLD

TI chair Huguette Labelle in East Africa

By Michael Sidwell



TI chair Huguette Labelle visited Ethiopia, Kenya, Rwanda, Tanzania and Uganda in March, meeting with TI chapters, donors and anti-corruption workers.

All five countries scored lower than 3.0 out of a possible 10 in TI's 2008 [Corruption Perception's Index](#), indicating high-levels of public sector corruption throughout the region. TI chapters though, are working hard to change this by demanding transparency, accountability and good governance.

On her travels Labelle met with TI chapter staff to learn more about their work and to discuss future plans. She also participated in the launches of [several chapter surveys](#).

"I've been to Africa many times. I've visited cities and huts, met with heads of state and shared meals with local communities, but this was a special trip. It was the first time since being elected to head of our international anti-corruption movement that I am travelling to the region," said Labelle.

Labelle also met with various members of the recently elected [African Union](#) anti-corruption advisory board to discuss possible opportunities for collaboration. The establishment of the board is seen as a positive step. Tasked with promoting anti-corruption measures on the continent, it is also responsible for impartially advising governments on the nature and scope of corruption, and creating partnerships with civil society organisations.

In Tanzania Labelle joined TI vice-chair Akere Muna and TI founder Peter Eigen for an [International Monetary Fund](#) meeting in Tanzania on "Changes: Successful Partnerships for Africa's Growth Challenge." The conference delegates discussed how Africa can sustain and build on its recent economic success in light of the financial crisis and increasing insecurity for many of the world's poor.

>> [Read about Huguette Labelle's East Africa travels in our blog here.](#)

>> [Learn about promoting good governance in East Africa here.](#)

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ANTI-CORRUPTION WORK AROUND THE WORLD

Anti-corruption petition to European Commission and EU Members States

By Georg Neumann



Several members of the European Parliament have launched a cross-party petition urging the European Commission and Member States to propose legislation and mechanisms to fight corruption. High-level corruption in EU relations with third countries is a particular focus of the petition.

A list of detailed measures for the EU to fight corruption proposed by the petition include: transparent aid flows to partner countries; requiring extractive companies to fully disclose payments made to governments of the countries where they operate; better coordination in efforts to halt tax evasion and the illicit financial activities; and prioritising the fight against corruption in all EU policies and spending.

Transparency International supports the petition, which can be found at www.stopcorruption.eu.

Please take a minute to sign and share the link with your colleagues and friends.

You can also join the STOP CORRUPTION Facebook Group at (<http://www.facebook.com/home.php?#group.php?gid=57711198748&ref=nf>)

For more information on TI's work on the EU level, look at: www.transparencyinternational.eu

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ANTI-CORRUPTION WORK AROUND THE WORLD

Banks and "Undue Diligence"

By Georg Neumann



Ahead of the G20 finance ministers meeting in March in London, [Global Witness](#), an international NGO looking at links between corruption, natural resources and the international trade systems, presented its new report [Undue Diligence](#). The report accuses major banks of doing business with corrupt regimes.

Global Witness claims that by accepting corrupt heads of state and their families as customers, without verifying carefully that the origins of their monies are not illicit, banks are assisting them in enriching themselves. As required by national anti-money laundering laws, banks need to ensure due diligence of clients potentially having access to state monies and that are exposed to a greater risk of corruption and bribery.

The report gives recommendations on what needs to be done by governments, regulators and banks to avoid this malaise in the international banking systems and calls for money laundering laws to be tightened, as well as reforms to the financial regulatory system.

In a [letter](#) to UK Prime Minister Gordon Brown, Transparency International highlighted the efforts needed to strengthen the work of the International Monetary Fund (IMF), Financial Action Task Force (FATF) and other international governmental organisations. This should include publishing information and assessments of countries' compliance with anti-money laundering and transparency standards, and require that financial institutions take this information into account.

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CORRUPTION IN THE NEWS

British probe reports corruption in Turks & Caicos

By Michael Sidwell



Turks & Caicos Premier Michael Misick has stepped down earlier than expected, following the British government's announcement that it is prepared to take control of the islands after an official investigation found wide-spread corruption.

Misick, "who had previously promised to resign on March 31, said he was stepping down early to give his successor more time to set up a new government, even as Britain plans to dissolve the territory's cabinet and legislature following the wide-ranging U.K. corruption inquiry," reports the [Associated Press](#).

In July 2008 a UK government Commission of Inquiry was set up to "look into whether there had been corruption involving past or present elected members of the islands' House of Assembly, the 21-member parliament," details [Reuters](#).

An interim report by the Commission describes "a high probability of systematic corruption or serious dishonesty," and "clear signs of political amorality and immaturity and of a general administrative incompetence" ([BBC](#)).

The British government has drawn up an order suspending parts of the islands' constitution, which will be implemented if the final report, due at the end of April, matches the interim findings, notes the [Financial Times](#).

The order would "remove the cabinet and the House of Assembly from office and hand their powers to the islands' governor, who represents the Queen," writes [Reuters](#).

The inquiry was told that Misick, "arranged for his wife to be paid [US] \$300,000 (£203,000) from government funds to be the face of an international tourism campaign," reports the [Times](#).

Misick had criticised the moves and called on the UN to intervene on the country's behalf, according to [Bloomberg](#).

In a [statement](#) Misick said: "The British still think that there are none among us who are worthy and/or capable of running the affairs of our country. They still view us all as corrupt people, unfit to govern ourselves."

The British Foreign Office has rejected accusations of colonial ambitions, stating: "This would not be direct rule, nor would it be indefinite. It would be a smart, targeted, intervention for an interim period by the governor whose responsibilities not only include representing the Crown in the islands, but also the interests of the people of the Turks and Caicos islands," reports the [Financial Times](#).

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CORRUPTION IN THE NEWS

Pakistan: Reinstated judge calls for end to judicial corruption

By Michael Sidwell



Lawyers celebrated the reinstatement of Pakistan's chief justice as he returned to work and called for an end to judicial corruption.

"Supporters threw rose petals as Iftikhar Chaudhry arrived for his first day back at work at the Supreme Court in Islamabad," reports the [BBC](#).

"There is an endemic corruption in this institution. This cannot be eradicated without the help of lawyers," said Chaudhry ([BBC](#)). "I will request all of you, being officers of this court, to put your house in order first."

In a welcoming statement the Supreme Court Bar Association Secretary said, "Our struggle for rule of law and independence of judiciary has not ended here, rather onerous responsibilities have been placed on our shoulders for seeking justice for teeming millions irrespective of their caste or creed, or religion and without distinguishing between men and women, of high or low social and economic status," reports the [Daily Times](#).

"Millions of Pakistanis hope his return, after former military ruler Pervez Musharraf sacked him in 2007, will cleanse the judiciary, but experts warn that he faces huge challenges to bring about legislative and institutional reform," notes [AFP](#).

"Chaudhry's reinstatement ended a protest campaign by anti-government lawyers and opposition parties but tension has lingered between the country's two biggest parties: the Pakistan People's Party (PPP) of President Asif Ali Zardari and the party of former prime minister and opposition leader Nawaz Sharif," adds [Reuters](#).

According to the [BBC](#), "One reason for the failure to reinstate him is thought to be the fact that he challenged an amnesty given by Gen Musharraf that enabled Mr Zardari to return to Pakistan, on the grounds that Gen Musharraf's own rule could be illegal."

In his National Day address to the nation on 23 March, Zardari said, "I urge everyone to work in the spirit of tolerance, mutual accommodation, and respect for dissent and invite every one to participate in the national effort for national reconciliation and healing the wounds" ([BBC](#)).

"Sworn in on June 30, 2005, one of his [Chaudhry] most famous moves was to take up the cases of missing people allegedly held by Pakistani security forces or handed over to the United States on terror charges," reports [AFP](#).

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CORRUPTION IN THE NEWS

Former president of Malawi charged with corruption

By Michael Sidwell



Former Malawi President Bakili Muluzi appeared in court accused of stealing aid money in a case that could harm his plans to run for re-election this year.

"Muluzi was arrested on 26 February and initially charged with 86 counts of corruption and abuse of office," reports [PANA](#). "He is being accused of allegedly diverting 1.7 billion Malawi Kwacha (about US \$11m [€8.6m]) of donor money into his personal account."

The former president did not enter a plea, as his lawyers sought more time to prepare for the case. "His lawyer Kalekeni Kaphale told the court that the Anti-Corruption Bureau (ACB) only handed over the file containing 80 counts against him earlier this month," writes [AFP](#).

"The bureau has been investigating Muluzi – president of the southern African country for 10 years until 2004 – for two years for allegedly siphoning money from Taiwan, Morocco, Libya and other donors," details [Reuters](#).

Muluzi has rejected claims he siphoned public money into his personal bank account. In an interview with [Voice of America](#), he said, "There is nowhere in the world where a donor would write a check to a personal account in my name. It is not possible."

On 20 March, the Malawi Electoral Commission announced: "Muluzi cannot run in May elections because he has already served the maximum two terms the constitution allows," reports the [Associated Press](#) (AP).

In response Muluzi has filed a lawsuit challenging the decision, writes [AFP](#).

Even if Muluzi is allowed to run the "Criminal proceedings will hamper Muluzi's campaign because his movements will be restricted," writes the [AP](#).

"Muluzi is running against the incumbent, Bingu wa Mutharika. The two men used to be allies, but they fell out after Mutharika came to power and accused Muluzi of trying to block his anti-corruption drive," writes the [AP](#).

There are fears that the inquiry could spark violence before the election.

Muluzi, who ruled Malawi from 1994 to 2004, was "first arrested over the allegations in 2006 but the then-director of public prosecutions threw out the charges," notes the [BBC](#).

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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](#)

Africa and the Middle East

Ethiopia: Corruption Diagnostic Baseline Survey launched

A survey launched by the TI contact group in Ethiopia in March finds that people in the capital Addis Ababa are optimistic that corruption will decrease in the coming two years. The survey entitled *Corruption Diagnostic Baseline Survey* (CDBS) was conducted in October and November 2008. It aimed to gather information on citizens' confidence in public institutions in order to evaluate the quality of services rendered by these institutions.

According to the findings of the survey, corruption was ranked the fourth most important issue for the public, right after issues such as the cost of living, unemployment and housing. Respondents gave the first three ranks for the best service delivery to the registration process for public schools, telephone and electricity installations.

Procedures involving judicial records received the lowest quality improvements ranking. According to the survey, the procedure for obtaining a drivers' license and or register property, and processes involving judicial records and taxes tied for first and second place respectively with average alleged bribes of four to five hundred Birr 500 and 400 birr (US\$ 35-45).

The full report can be downloaded [here](#).

Kenya: National Corruption Perceptions Survey

One year after last year's elections in Kenya and the formation of the Grand Coalition, TI-Kenya has published a survey, which seeks to assess Kenyans' perceptions of the country's progress in the fight against corruption. The survey reveals that the belief is that the government seems to be losing the fight against corruption. The survey also shows that many Kenyans believe the government has the power and ability but not the will to tackle corruption. The Parliament is seen as failing to uphold the common good. Most Kenyans surveyed would like to see more and conclusive prosecutions of individuals implicated in major scandals; and that the re-emergence of post-election violence is viewed as highly likely should the current administration fail to effectively institute anti-corruption reforms.

The survey was conducted amongst a random sample of 1000 respondents between February and March 2009. More information available via www.tikenya.org

Zimbabwe: alleged corruption in the Harare City Council

Over March reports of massive corruption allegedly involving the Harare City Council [[Financial Gazette](#)] prompted the TI Zimbabwe to call for a series of measures to determine the magnitude of corruption, as well as to prevent further cases. Critical measures recommended include an audit into all Council assets and investments/revenue projects; setting up a clear system of public disclosure on the performance of these investments and all revenue generation projects of Council. Furthermore, it should determine a clear and robust accountability system, their implementation and power of oversight committees; clear risk management controls and mechanisms to arrest corruption at the very early stages for managers; and empower councillors to take relevant measures to fill the legislative gaps and counter corruption.

More information at:

http://www.transparency.org/news_room/latest_news/press_releases_nc/2009/2009_03_09_zimbabwe_city_council

The Americas

Colombia: drinks company agrees to promote business ethics training

The TI chapter in Colombia, Transparencia por Colombia, has entered into a special work partnership

with Bavaria, the largest drinks manufacturer in Colombia. This should eventually see the implementation of the chapter's business ethics training programme across the conglomerate's value chain.

The Rumbo Empresas training package uses a participative, hands-on approach. It is designed to be easy to implement and tailor to a variety of business contexts, comprising of three core modules and six optional extras. These extras cover topics such as ethical leadership, governance in family businesses and ethical conflict resolution, while the core modules provide a solid grounding in: 1) Assessing the Business Climate; 2) Business Ethics; and 3) TI's flagship private sector tool "[Business Principles to Counter Bribery](#)".

An initial pilot will see staff in 60 of Bavaria's franchises receiving training using the Rumbo Empresas model, with a view to extending its implementation throughout Bavaria's value chain in the near future.

El Salvador: presidential candidates sign public anti-corruption declarations

Ahead of the presidential elections held on 15 March, in which Mauricio Funes of the left-wing Frente Farabundo Martí para la Liberación Nacional (FMLN) emerged victorious, the TI national contact in El Salvador, *Funde*, successfully got the two leading candidates from both the ruling conservative and leftist opposition party to publicly sign manifestos on transparency and anti-corruption. Alejandro Salas, Director of the Americas at the TI Secretariat, attended the event, which generated a lot of media attention and put TI's issues firmly on the national agenda in the run-up to polling.

Unfortunately the final versions of the manifestos were much diluted in comparison to *Funde*'s original proposal, which both candidates refused to sign. This reluctance highlights the importance of the organisation's work in raising the bar on transparency and accountability standards in El Salvador. The real work of ensuring President Elect Mauricio Funes delivers on his promise only begins now, commented Marco Rodríguez of *Funde*.

Venezuela: public event on Access to Information

On 9 March, the TI chapter in Venezuela joined with its long-term partner the Proceso coalition to present a recently-updated report. The report diagnosed the ease of access to and quality of public information in nine different areas: economy, trade, the service sector, oil, health, HIV/AIDs, security and defence, education and human rights. Experts from each of these sectors identified the key gaps in access to information in their respective areas, along with the specific obstacles encountered when making public information requests. The link between access to information and the effective exercise of public oversight is clear. Given the report's conclusion – that Venezuelans do not currently enjoy full access to reliable information – the breakdown of this link was stressed as an urgent problem for the exercise of citizens' rights.

Asia and the Pacific

India: MoU signed to implement Development Pacts

TI India signed a Memorandum of Understanding with the water conservation NGO Jal Bhagirathi Foundation to implement a water agreement. The agreement, drafted on the lines of a Development Pact, is expected to work as a tool to empower citizen to hold their politicians to account.

The pact intends to encourage citizens to further their involvement in decision making that affects their immediate livelihoods. Where most citizens are involved in one time political choices such as voting, these pacts look for a greater citizen engagement in decision making processes within local development issues. It applies a successful anti-corruption tool, the TI [Integrity Pact](#), traditionally used for addressing corruption in public contracting, to prevent corruption in development. In practice, the organisations will agree on pacts between the water user forums, grassroots forums organised by the Jal Bhagirathi Foundation, and the local panchayats, the local administration bodies working for the good of the village.

The concept of the Development Pacts is based on the idea that disadvantaged citizens will join efforts to expose corruption only when they benefit directly from it at social, political and economic levels.

Pakistan: MoU with the district of Multan signed

TI Pakistan signed a Memorandum of Understanding with the District of Multan represented by Commissioner Syed Muhammad Ali Gardezi. The district has received Rs 13.5 billion (US\$ 250 million) from the Prime Minister of Pakistan under the Multan Development Package, as well as Rs 500 million (US\$ 7.5million) from the Punjab Government. The MoU aims to ensure the spending of the funds takes place in a transparent manner, the quality of the construction is assured at an economical cost and timely implemented. As part of the MoU, TI Pakistan will assist the Multan Division in the preparation of tenders and develop a Procurement Manual. The manual will include all standard bidding documents on procurement of works, goods and services, based on national and international standards and regulations. TI Pakistan will not be involved in the process of awarding the contracts.

More information can be found [here](#).

Europe and Central Asia

Armenia: Advocacy and Legal Advice Centres launched

In March the TI chapter in Armenia launched an Advocacy and Legal Advice Centre (ALAC) in Yerevan.

The opening ceremony in Yerevan enjoyed extensive media coverage and brought together representatives of diplomatic missions and international organizations.

Prior to that, in December 2008, two other ALACs were opened in Lori and Shirak Marzes. Since their launches all ALACs have received numerous complaints. The ALAC in Yerevan recorded more than 70 clients in March 2009 alone, as opposed to 12 during the previous three months. Citizens may report on corruption cases to the Yerevan ALAC through the 0 8000 1110 toll-free hotline, to the Gyumri ALAC through the 0 8000 1121 and to the Vanadzor ALAC through the 0 8000 1112.

The ALACs aim to enhance the capacity of citizens and organizations to readdress their grievances and stimulate system-level reforms through legal advice and assistance in formulating and channeling the citizens' corruption-related complaints to respective government agencies. These include analysing complaints, identifying loopholes that promote proliferation of corrupt practices, as well as developing policy proposals and organising campaigns for institutional reforms. In addition, the ALACs plan to produce quarterly online reports.

Belgium: workshop on banks and ethics

In January, TI Belgium organised a well-visited workshop under the theme of "Banks and Ethics" in Brussels. Gathering managers from the banking sector, the Belgian Federation for Financial Sector and academics, the starting point of the workshop was the financial crisis, its causes and impact, and the necessity to regulate the banking and financial sectors. Potential solutions looking at the ethical implications were discussed, trying to reconcile the fundamental problem of the asymmetry of information between the banks and their clients and the fact that, in many cases, the interests of the banks and their clients can be different.

For more information see the workshop report [here](#) (in French)

Estonia: round table on public procurement in local government

To review corruption risks in procurement procedures, TI Estonia organised a round table in January in Tallinn, Estonia. The significant growth in EU structural funds allocated to Estonia will increase public procurements in local municipalities, and potential risks for corruption. To prevent corruption risk, better awareness in local municipality is needed, as well as improving the organising of procurement, says Asso Prii, Chair of TI Estonia. The event was attended by representatives from local government bodies, law enforcement agencies, national government institutions and state procurement agencies.

More information can be found at: www.transparency.ee

Georgia: ALAC starts work

TI Georgia launched an ALAC on 16 February. The ALAC provides legal assistance to citizens' request in corruption-related cases. Within a month of opening the ALAC they received 91 calls and visitors and opened up 19 cases. 33 per cent of hot line users were invited for the preliminary consultation with ALAC legal staff. So far the majority of corruption related complaints concern corruption in the judicial sector and property right violation.

The ALAC is open from Monday to Friday and operates a toll-free hotline (822 009 888). Reported corruption cases will be analysed by a legal advisor who will provide advice and assist in preparing applications for submissions to the appropriate institutions and monitor the further development of cases.

Additionally, the ALAC aims to provide a statistical analysis of all applications with regard to sectors, state institutions and regions in which corruption-related complaints are the most common. It will keep track of those state institutions which respond to complaints most rapidly and those that do so belatedly or not at all. The aim is to ensure that any evaluation of the nature of corruption in Georgia will include the everyday experiences of Georgian citizens. The ALAC also plans to prepare legislative recommendations for the government and civil society.

Germany: cross disciplinary analysis of the Siemens corruption affaire

TI Deutschland has published the results of its scientific working group in the first cross disciplinary analysis of the Siemens corruption case. The book integrates contributions from different research fields such as political sciences, law, sociology and economics, each looking at specific questions regarding the Siemens case on the background of the respective research area. With its scientific results, the book aims at sharing practical suggestions for the fight against corruption. The book (in German) can be ordered [here](#).

Ireland: National Integrity System study reports much more needs to be done

In March, the Irish National Integrity System country study was published by TI Ireland, which reports that the country suffers high levels of lawful or "legal" corruption. It also ranked local government, political parties, and Ireland's public contracting system, as the sectors most vulnerable to fraud, corruption and the abuse of power. The research looked at the risk of corruption and abuse of power in 16 sectors, including government, politics, business, civil society and the media and is the most wide ranging analysis to be ever conducted on the issue in Ireland.

The report points out that Ireland is regarded as one of the countries faced with very low levels of "petty corruption" or political "grand corruption". However, the study concludes that "Ireland is regarded by domestic and international observers as suffering high levels of 'legal corruption'. While no laws may be

broken, personal relationships, patronage, political favours, and political donations are believed to influence political decisions and policy to a considerable degree”.

The study makes over 30 recommendations to tackle a problem that TI Ireland claims contributed to the world financial crisis and could be costing the Irish economy an additional €3 billion each year in lost business revenues and foreign investment.

More information on www.transparency.ie.

Lithuania: Lithuanian Map of Corruption

The Lithuanian Map of Corruption published by the TI Lithuania in March, reports that both experts and respondents continue to consider corruption as one of the most serious problems in the country. According to the survey results, more and more Lithuanian residents tend to think that it is possible to solve their problems by paying a bribe. Nearly two-thirds stated that they would be willing to pay a bribe. Nepotism, bribery and abuse of office are seen as the main forms of corruption in Lithuania, according to the survey. In their evaluation of possible corruption within institutions, all groups of respondents mentioned the Seimas (the Lithuanian Parliament) the Government and political parties as being among the five most corrupt institutions in the country. Health sector institutions are also mentioned as institutions where citizens most frequently paid bribes. Business people most frequently mention town and district municipalities and county head administrations.

Half the respondents believe that over the past five years the level of corruption in Lithuania has increased dramatically. However, on a positive note, an increasing number of Lithuanian citizens are willing to take part in anti-corruption activities. They also believe that whistleblowers – people that report about possible acts of corruption – are brave and civically active people.

The surveys were conducted between September 2008 and February 2009, questioning a total of 1,050 citizen, 509 civil servants and 500 heads of companies.

For the complete results please click [here](#).

Moldova: research on conflict of interests

In February, TI Moldova presented a research report looking at the regulations and perceptions around the issue of Conflict of Interest. It reports that the current law is interpreted erroneously and the concepts of “conflict of interests” and “personal interest” are not understood correctly by civil servants. According to respondents, there are cases such as using public offices for personal purposes, or employing staff on the basis of family and friendship affiliation, and of intimidating personnel for reasons of age and politics. The report “Approaching the conflict of interests: regulations and perceptions” is based on a sociological research conducted among employees of seven public institutions. The Moldovan parliament passed the law on conflict of interests and the code of conduct for civil servants in 2008. A draft law on the Main Ethics Commission is currently being prepared.

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CORRUPTION IN QUOTES

"The fight against corruption in our country is a particularly difficult task, which will require colossal efforts, stamina"

Russian President Dmitry Medvedev on corruption in Russia

AFP, Russia, 15 March

"Bribery blights free and fair competition and adds to the cost of doing business. It has no place in British business."

Jack Straw, UK justice secretary, on reforms to British bribery laws

Guardian, UK, 25 March 2009

"In the face of violence, corruption and abuse of power, the church can never remain silent"

Pope Benedict XVI in a speech in Cameroon

Bloomberg, Cameroon, 18 March 2009

"Corruption is a cancer -- as dangerous to our long-term success as the Taliban or al Qaeda."

US Secretary of State Hillary Rodham Clinton, at an international conference on Afghanistan

Washington Post, USA, 1 April 2009

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