



Transparency Watch

the e-bulletin of the anti-corruption movement

SEPTEMBER 2006

TRANSPARENCY & CULTURE

Dhruv Dhawan's documentary 'From Dust'



A new documentary film, From Dust, follows the lives of tsunami survivors in Sri Lanka and focuses on the government's application of the "100 metre rule" as it relates to relocation and land rights. Director Dhruv Dhawan shares his experience filming in post-tsunami Sri Lanka. >> read more

INTERVIEW OF THE MONTH

Andrew Mwenda, Ugandan journalist and academic



Ugandan journalist Andrew Mwenda has been one of the loudest voices in the dialogue on corruption and development aid, controversially insisting that aid from the West only fuels corruption in Africa. Transparency Watch asks why he thinks aid is such a bad thing. >> read more

TRANSPARENCY & ...

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"Everyone is corruptible; it

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depends only on the sum. If someone offered you four million euros, and nobody would find out, then wouldn't you be captivated?" >> read more

to the anti-corruption movement in September and October 2006. >> read more



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TRANSPARENCY & CULTURE

By Amber Poroznuk, Jennifer Williams



After the devastating Asian tsunami of 2004, film maker Dhruv Dhawan travelled to Sri Lanka to document its aftermath. The story that emerged in *From Dust* - one of corruption, opaque laws and rights violations - surprised even him. Following success at the Tribeca Film Festival 2005, the film was shown at the UN headquarters this summer. Amber Poroznuk and Jennifer Williams spoke to him.

"What right do we have," muses Dhruv Dhawan as he walks through New Delhi to shoot a film, "to go to other people's countries and say: 'this isn't right, you can't do this'? Every country has its own system."

It seems an incongruous view of corruption from a director whose first feature film focusses on governmental abuse of land rights. *From Dust*, an observational documentary filmed in Sri Lanka in the aftermath of 2004's devastating Indian Ocean tsunami, implies that displaced people were robbed of their land and frightened into relocating so that foreign business could build hotels on the coast.

Following two survivors and an Australian aid worker, Dhawan describes scenes in which the government forces coastal dwellers to move to the hills, on the pretext that it is too dangerous for them to remain by the ocean. Interspersed with painfully beautiful footage are interviews with local officials, eagerly admitting that the sites of the victims' destroyed homes have been sold to hotel chains such as Sheraton.

Yet director Dhruv Dhawan is circumspect. Part of the reason he was able to get such admissions, he believes, is that corruption was not viewed as a problem: "You know why it was so easy? Because they don't think it's wrong. They just think: 'those are poor people, and they should not be occupying prime coastal property. Other people should get that land, so that my son and his son can go to hospitality school, and manage a small hotel, and make this country richer.' And you know what? That's actually a strong argument to build up an economy and create jobs. But at what cost? How does it help the 700,000 homeless tsunami survivors?"

Dhawan went to Sri Lanka with a small film crew as soon as the tsunami hit on 26 December 2004. The crew left a few days later, unable to cope with the scenes of devastation. Dhawan remained, however, searching for inspiration. One month later he met Ravi, a young entrepreneur who had lost his father and sister in the tsunami but saved his mother using skills he learnt watching the US television series *Baywatch*. "Ravi started asking me questions," says Dhawan, "and I thought, I could really learn something from him." Thanks to this early friendship, a powerful documentary emerged that addresses complex issues.

Dhruv did not go to Sri Lanka looking for corruption, but there is political trickery at the heart of the film. Humanitarian assistance and relief projects present plenty of opportunities for corruption (see this month's article on the Corruption Risk Map), but *From Dust* focuses on just one - the land claims of tsunami survivors and the government's selective imposition of the "100 metre rule".

Following the tsunami, the government implemented what is widely known as the "100 metre rule" ostensibly as a buffer zone to protect against a new tsunami. In essence, this meant that no one was allowed to rebuild their homes within one hundred metres of the sea. Displaced residents were therefore unable to rebuild on land they already owned. While the rule had some legal precedent - the Coast Conservation Act of 1981 - it had never been enforced.

At the time of the tsunami, hundreds of thousands of Sri Lankans were living on the coastline. Due to this dense population, it was not just a matter of moving back 100 metres. Inhabitants were forced to relocate further inland to undeveloped areas, or "flats", some 10-14 kilometres from the coast. According to Dhawan, anyone who complained about being relocated would go out of favour with the local politicians. On good behaviour to receive government rations and funds to rebuild once they were relocated, these people rarely protested the 100 meter rule.

Dhawan followed the lives of Ravi and Cyril, tsunami survivors living in temporary tent villages, and Cameron, an Australian aid

worker trying to help in the reconstruction. Ravi and Cyril are on a list of people waiting to be allocated land in the hills; Cameron questions why, given the terrifying force of the tsunami, the rule sets dwellings back only a hundred metres.

The film brilliantly intersperses the survivors' struggles as they await information on rebuilding their homes with newspaper headlines that highlight the role of the media in creating fear of a second tsunami. This fear is reflected in Cyril's family, who simply do not wish to remain by the ocean. They are not alone; many survivors genuinely want to move away. But the film makes clear that, contrary to the espoused 'public safety' justification of the 100 metre rule, the real motivation is selling the land to foreign business interests.

What seems like blatant corruption to the viewer is met by subdued acquiescence on camera. Although the film portrays the situation as grossly unfair, it is not a diatribe against the government; it does not preach against the system. It is a story of acceptance, of survival, of starting again, told through those living that reality. Ravi and Cyril are acutely aware of their plight, but they do not appear outraged. Indeed, they are portrayed not as victims, but as survivors. Their resilience to adversity and commitment to life provides another degree of depth to the film.

Another intriguing representation of human nature is provided by Dhawan's interviews with officials from the Sri Lankan Tourist Board, who proudly boast of stimulating economic growth through tourism. The Chairman explains that if one million tourists visit Sri Lanka annually and each spends an average US \$155 per day, tourism will become the country's top foreign exchange earner by 2010. For this, the country will need 11,000 high class hotel rooms. Luxury hotels will not want to build away from the beach, he explains, so there must be exceptions to the 100 metre rule.

These officials make no attempt to cover up the land sale. Maps are victoriously thrust at the camera, proudly showing how much coastline had been "acquired". According to Dhawan, it was not difficult to get officials to appear on film: "The two officials I met were just dying to get their faces in the media," he says.

One year after the tsunami, US \$300 million had been invested in rebuilding the Sri Lankan coastline and yet Ravi and his neighbours were still living in their 'temporary' tent villages. The absurdity of the situation hit Dhawan. He notes: "Eighty metres back from these luxury hotels are refugee camps".

Absurdity aside, the film's humanity stands out, largely due to the stunning cinematography. Dhawan was astonished to find that amongst the devastation, the slim fishing stilts used by local fisherman for decades had withstood the disaster. Among the film's most poignant moments are shots of fishermen, pushed back to live in the flats, returning each day to these stilts to fish. "I used to go down there every day and film those stilts," said Dhawan. You see a man with one disabled arm, climbing a stilt which is 120 years old, which had survived the flood. I can't tell you how it feels to see these stilts still standing when iron has melted".

It is Dhawan's eye for the humanity of his subject that informs the film. While it reveals the injustice and potentially corrupt nature of post-tsunami life, Dhawan also tapped into something more abstract. "There is no absolute representation of a politic in such a large scenario. To me, Ravi, Cyril and Cameron were representative of the human spirit, which I was always chasing through the film."

Dhruv Dhawan's attention to the human spirit brings a tragedy of incomprehensible dimensions down to the personal. Filmed from this perspective, and with an awareness of the complexities surrounding an opaque system of governance in a humanitarian crisis, *From Dust* does not feel like an anti-corruption tirade. It is primarily about human suffering, but avoids explicit outrage at the system that prolongs that suffering.

The system does have problems. The government's failure to involve survivors in discussions on reconstruction and relocation represents a top-down approach that contradicts best anti-corruption practice. It also violates specific recommendations, such as the need to strengthen access to information regimes, in the 2005 framework for preventing corruption in tsunami aid compiled by Transparency International, the Asian Development Bank and the Organisation for Economic Cooperation and Development.

That Dhawan did not focus more on the systemic level can, at times, make the film seem diluted, as though the director did not really pursue his targets. But as a film maker trained in cultural anthropology, he recognises this is not his role. He can show the plight of the survivors, but does not pretend to speak for them. So why he didn't pursue the corruption angle more strongly? "I have often thought that you could say, 'ok, revoke the 100 metre rule, let the people live there'. I think that a lot of people would still want to take the option of getting land inland. Ravi does, Cyril does. They all just want to wait [for their land] now. Let's say my film managed to revoke the hundred metre rule. Great, I'm a major activist. I get my name in the papers, but what happens is these guys have to live there again. And what if another tsunami does hit again one day?"

As not all Sri Lankans are unhappy with their relocation or bothered by how the system operates, Dhawan thinks the solution is clear. Survivors should not be made to pay for their own land, and should have a choice as to whether they are relocated. A simple solution to a complex humanitarian problem.

Dhruv Dhawan was born in Bombay and studied in Dubai and the United States. He freelances as a director and writer in the United Arab Emirates, where he creates work for the emerging commercial sector and broadcast industry in the Middle East. From Dust is his first feature length documentary. It premiered at the Tribeca Film Festival 2005 and has since been screened at the United Nations headquarters and the Dubai International Film Festival, and has been shortlisted for the Hot Docs Film Festival. It opens to festivals in Europe in autumn 2006. To view the trailer or order a copy, log on to www.film-real.com

TI Sri Lanka examines tsunami reconstruction

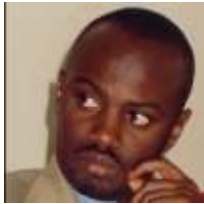
Transparency International Sri Lanka concluded its tsunami reconstruction response project in July. The chapter set out to analyse corruption in the reconstruction response and survey inhabitants' satisfaction with levels of post-tsunami services. TI Sri Lanka compiled the results of the project in a new publication, *The Tsunami Reconstruction Response: Sri Lanka*. It additionally addresses the 100 metre rule as highlighted in *From Dust*.

While some positive advances were identified, the project highlighted areas that continue to be vulnerable to corruption, including the housing sector. According to the report, "there was a lack of consultation with those affected and a lack of an effective complaints mechanism, which resulted in the people feeling powerless to influence the direction their lives their lives were taking." The analysis also notes that changes in the buffer zone and housing policy have "created new uncertainties for those who thought they were being provided houses by the government."

INTERVIEW OF THE MONTH

Andrew Mwenda, Ugandan journalist and academic

By Jennifer Williams



Recent forums such as the Group of Eight Gleneagles summit, Make Poverty History and Tony Blair's Africa Progress Panel, have thrust the issue of development aid back into the headlines. Ugandan journalist Andrew Mwenda has been one of the loudest voices on this topic, controversially insisting that western aid only fuels corruption. Transparency Watch asked why he thinks aid is such a bad thing.

TI: *In a July BBC interview, you said, "If only foreign aid could be shifted from lining corrupt politicians' and bureaucrats' pockets to developing private enterprise, then Africa would have hope." Could you explain this? Where do you think the money is going?*

AM: Foreign aid is channelled by international financial institutions from the governments of the west to the governments of Africa, in the vain hope that African governments will then invest that aid in poverty reduction areas like infrastructure development, free education and free health. Actually, what happens in most African countries is that African politicians and bureaucrats steal that aid money. They exploit it as a political resource. My argument is that throwing good money at incompetent and corrupt politicians and bureaucrats is obviously not going to end poverty.

TI: *Who do you think should be held accountable for ensuring this money goes to the right places? Should it be the donors' responsibility to make sure it doesn't line bureaucrats' pockets?*

AM: If foreign aid was channelled to private banks, providing long-term affordable financing for enterprise and **investment in the export trade**, then aid would have some benefits. It would recognise that often African economies lack long-term savings to finance long-term investment. Those investments can be two types: mortgage finance, and investment in export trade. So if aid was given to private banks, for commercial benefit, and the private banks lend it for mortgage finance and the development of a proper export industry, it would be more effective.

TI: *What should Western governments be doing if not giving aid? Should they do anything at all?*

AM: No, they shouldn't. The problem for most of Africa is not a lack of resources. I have visited many African countries, and I have seen that if they were better managed and if their public expenditure priorities were more appropriate, they would have the necessary resources to focus on development. **But aid is a subsidy for African government corruption and incompetence.** It is not so much that these countries don't have resources; it is that they mismanage available resources. **Giving them aid is an incentive for them to continue mismanaging.**

TI: *You have said that you think the models for governance in Rwanda and Botswana are admirable. Why?*

AM: In a country like Botswana, every shilling - every dollar - the government has is put to proper use, with proper methods of accountability. If you go to Rwanda, you will see a government committed to wiping out corruption. But not just corruption. In Rwanda, you see a clear and visible effort by the government to ensure that every dollar they have is spent on priority areas. Most African governments lose money through wastage.

As an example, the Ugandan health ministry has 3400 vehicles at its headquarters. But there are 961 dispensaries in Uganda, and none of them has an ambulance. This means that motor vehicles in Uganda are used by politicians and bureaucrats, but the people who are supposed to benefit do not have emergency medical transport. So it clearly shows that the money does not buy ambulances for the sick and dying in Uganda's villages.

In Rwanda, politicians do not have expensive fringe benefits. The government is able to manage its

resources very well. And do you know why? Because the most dominant influence in Rwanda's ruling authorities is the Tutsis, an ethnic minority. They have to take visible actions that are seen as helping in the eyes of the majority that they are ruling. The second reason is that the price of failure for the government of Rwanda is very high. The price may be another genocide. So the government of Rwanda has a strong imperative for success.

TI: *Do you think that countries that already have a transparent system of government in place should receive foreign aid?*

AM: There you have hit the point. Although Rwanda has the correct environment for aid, aid brings serious economic problems. When you receive aid in dollars, the government must then print money, because the aid is spent in Rwandan currency. So aid then fuels inflation. The government must step in to remove the aid from the economy; they over-budget, discourage exports, put up interest rates, and drive the private sector out.

Although Rwanda should receive aid, most of it should not fund health and education and roads. It should instead finance investment in private sector factories. It must go directly to finance production of exports. Then you can solve the problem of aid and inflation.

TI: *What is your view of the Africa Panel to monitor implementation of the G8's Africa proposals? Will it have any practical benefit?*

AM: Ultimately, if Africa is to get itself out of its misery, the initiative has to come from African leaders themselves, not from Tony Blair or Kofi Annan or anyone else. It must be in the self-interest of the political powers in Africa; it is their responsibility. The interests of Tony Blair, however high the engagement may be, are not in line with the political interests of African governments. So it is wrong for Blair to assume that they have a common interest.

Any attempts by Blair compound the problem. The problem is that African governments only want to survive, and **the methods they employ to survive politically are economically destructive**. In the long term, most African governments undermine the economic foundations of their own political survival. Aid is the money that actually props up African dictators. Aid is the subsidy they utilise. Once they have bankrupted their economy, they wait for Tony Blair to give them money, and steal aid to fund their lifestyles.

TI: *You have expressed an interest in becoming Uganda's president. If you were, would you refuse aid? What would you do to wipe out the culture of corruption in Uganda?*

AM: If I became president, the first thing I would do with my government is pay back the aid. I would then limit aid to assisting long-term private enterprise. The private sector would become the source of revenue.

The most important instrument for reducing poverty is for countries to carve their way economically out of poverty. What Africa needs is not money. It needs the right institutions, and the right policies.

To achieve democracy you have to actively fight corruption. You want to know how I would fight corruption? Let's look at Rwanda again. In Rwanda it's not easy to be corrupt. If you steal, you are fired. If they can find the evidence, they will prosecute you in court. So in Rwanda, they have built a culture where the feeling among the public is that if you are corrupt, it is a stigma. If you are a corrupt politician in Rwanda, you are kicked out of office; even your own brother will not be seen with you. You will be socially alienated. Your friends will not want to be seen with you for a cup of tea or lunch, because you are a bad man.

But in some countries the corrupt are considered heroes. A person can steal and walk around holding his head high. There is no punishment for it. So I would ensure that there is ruthless punishment of the corrupt.

Andrew Mwenda is a Ugandan academic and one of his country's most outspoken journalists. He is political editor of the newspaper *The Monitor*, and hosts a talk show on radio station KFM. In 2003, he was briefly jailed for sedition by Uganda's president. He has recently taken up a research fellowship at Stanford University in the United States.

SPOTLIGHT STORY

humanitarian assistance

By Amber Poroznik



In recent years, successive natural disasters have hit communities around the world. From the Indian Ocean tsunami and Hurricane Katrina to the conflicts in Darfur and Lebanon, the plight of thousands of displaced people is never far from the headlines. Governments, humanitarian agencies and the public have been generous in their donations for relief and reconstruction. But what happens to this money after a donation fades from the headlines? Does it reach the right people? Is the process of administering it transparent? And, crucially, is it vulnerable to corruption?

How *does* corruption occur in the process of getting humanitarian assistance to people in need? What kinds of corrupt practices can occur, and at which stages of the process? Who might be involved, and how can corruption be prevented?

Seeking answers to these critical questions, Transparency International recently released *Mapping the Risks of Corruption in Humanitarian Action*, a report that pinpoints the areas where humanitarian assistance is most at risk of being diverted from its intended beneficiaries through corruption. The report demonstrates that provision of relief and reconstruction support is a *process*, and begins long before an humanitarian agency transfers money or goods to a community.

The process of relief delivery can be broken down into clear stages:

- needs assessment
- fundraising and allocation of funding
- selection of local partners
- procurement of goods and services
- targeting and registration of beneficiaries
- distribution of assistance
- finance, administration and human resources
- project monitoring and evaluation.

The report is innovative in setting out the various elements of the humanitarian assistance supply chain in tabular form, to map where various types of corruption may occur.

Corruption: broadening the definition

There are many ways in which corruption can occur along the process of assistance delivery, and while they may be less dramatic than a despotic leader siphoning funds to a foreign bank account, each diverts money from people who desperately need the food, shelter and social programmes that assistance is intended to provide. In breaking down the activities where corruption may be possible, the report identifies each exact risk, and who would stand to gain from the corrupt activity. This detailed structure makes it easier to monitor aid activities and prevent diversion of funds.

The report shows that the range of individuals involved in corrupt activities and the definition of corruption itself can be broader than assumed. Many more opportunities for corruption surface in the chaotic management environments that follow a natural disaster, conflict or political crisis. Moreover, the primary objective of humanitarian agencies is to provide relief as quickly as possible to minimise suffering, often referred to as the “need for speed”. Though corruption affects the poor and needy the most, in situations of mass suffering humanitarian workers may feel that a debate on corruption is irrelevant.

The humanitarian dilemma

A common dilemma faced by humanitarian workers is whether or not to pay a bribe at a checkpoint to get relief supplies across a border to needy populations.

This leads straight to the question of who is involved in corrupt practices. The report identifies the possibility of corruption involving government officials, businesspeople providing goods and services, local elites, customs officials, aid organisations, local or partner organisations and the beneficiaries themselves. This expands the view of who may be responsible for corruption in such situations.

Similarly, the definition of corruption - "the abuse of entrusted power for private gain" - suggests that the benefit of a corrupt act may not always be financial: enhanced reputation, political capital, or most disturbingly, sexual favours may also be gained.

Mapping the Risks of Corruption in Humanitarian Action is a valuable assessment tool. It goes straight to the source - humanitarian assistance professionals - to ask where they believe corruption exists. TI's national chapters and the Overseas Development Institute (ODI) carried out interviews with humanitarian practitioners, including staff of UN agencies, local and international civil society organisations and government officials, in several countries that have experienced natural disasters or civil conflict (Bangladesh, Bosnia & Herzegovina, Burundi, Guatemala, Indonesia, Kenya, Niger, Pakistan, Sierra Leone and Zambia). The interviews helped to verify that the main elements of the risk map framework did indeed reflect the realities in emergency contexts.

Humanitarian practitioners explain

Specific examples of corruption in the assistance process were garnered through the interviews. In Pakistan, local community leaders complained that recovery assistance was only provided to families who supported local elected officials. In Zambia, interviewees noted that members of parliament pressured humanitarian agencies to adjust food aid distributions to favour campaign areas for upcoming elections; and in Bangladesh, government officials were believed to create fake names and addresses for beneficiaries in order to siphon off the relief allocations for themselves.

The interviews also noted that local people may see humanitarian agency staff as corrupt, due to "comparatively lavish spending on management and administration costs and the use of NGO assets for private as well as agency purposes, for example, using a car in the evening for social purposes".

Good management makes a difference

The interviews not only illustrate the risks of corruption; the people interviewed also suggested how to mitigate its risk. The general consensus: good management! It is important to bring all those affected into the process and make it much more participatory. The real challenge is that "committed staff at all levels who believe in the humanitarian objectives of the organisation, and disaster-affected populations who understand what they are meant to be receiving, can participate in its planning and implementation and can complain if relief is corruptly abused".

Other suggestions included taking decisions in teams rather than individually, developing an independent monitoring capacity, establishing a mechanism for handling complaints within organisations, peer review, and sanctions or penalties to deter corruption.

What's next?

There has been reluctance in the humanitarian community to speak openly of corruption. However, according to Dr. Namawu Alolo of the relief and development agency Islamic Relief, this reluctance must be overcome: "The secrecy that has surrounded corruption in humanitarian assistance has partly fuelled aid fatigue, apprehension and misgivings among donor communities. We have to break the circle of secrecy. We have to develop standards of practice, and propose guidelines for the conduct of humanitarian assistance agencies".

A core dilemma facing aid workers is how to get relief as quickly as possible to those who need it. Balancing that need with minimising the risk of corruption requires tools.

Developing tools specific enough to recognise the risks in different steps and activities of the process will be the second phase of work in this area. The study's findings are intended to contribute to the development of a toolbox of measures to minimise and tackle corruption.

TI will continue work in this area in partnership with a number of humanitarian agencies, including Islamic Relief. Next steps are to share, document and implement examples of good practice organised around the humanitarian relief processes set out in the Risk Map. Examples of best practice are expected to form the basis of tools for minimising the risks of corruption, with field staff as the ultimate target users.

It is important to note that this study was not undertaken because a great deal of corruption was found in the relief process. But it is not immune to corruption, either. Identifying where risks may lie will make it easier to identify tools to combat and, eventually, prevent corruption and ensure that desperately needed funds reach the people they are intended to help.



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CORRUPTION Q & A



The new report *Mapping the Risk of Corruption in Humanitarian Action* has identified that the risk of corruption exists also *within* humanitarian and relief agencies. One of the ways to eliminate, or prevent this risk is to establish an anti-corruption hotline where agency staff and the public can report irregularities. The **U4 Helpdesk**, located at the TI Secretariat in Berlin, has recently provided an expert answer regarding the establishment of whistleblower hotlines by aid agencies.

Hotlines present a number of advantages to preventing corruption. As a channel for whistleblowers to anonymously report irregularities, they can aid in detecting incidents of fraud. They may also deter potential fraudsters, raise awareness of the agency's commitment to fighting corruption, and identify risk areas to develop or improve prevention and detection.

Knowing this, **which aid agencies have undertaken the establishment of such hotlines?** The U4 Helpdesk looked at this question as part of its Expert Answer series and found information on two programmes. The question and response can be found in their entirety at: www.u4.no

Danida Anti-Corruption Hotline

Denmark's development agency Danida offers various ways to report incidences of corruption: directly through their hotline, via a staff member or in a letter sent directly to the Ministry of Foreign Affairs. The report will remain anonymous unless the person filing it wishes to pursue the matter further. To report corruption electronically, the following link can be used: www.um.dk/en/menu/DevelopmentPolicy/AntiCorruption/HelpUsToFightCorruption.

If corruption is uncovered in one of Danida's programmes or its funds are misused, the matter is generally handed over to traditional law enforcement. In deciding which avenue to pursue, Danida evaluates the situation using two criteria: the level of corruption and the will to rectify evident misuse.

The World Bank

The World Bank has initiated an international hotline (1-800-831-0463) where Bank staff members and the general public can report alleged corruption. Operated 24 hours a day, the hotline is run by an independent firm staffed by multilingual, trained specialists, working within the guidelines of strict standards of confidentiality.

Allegations of corruption in the Bank's lending portfolio can be made online

This area provides highlights of the valuable work of the anti-corruption movement, championing a world free of corruption.

This month highlights the following stories:

- [World Water Week: network launched to stem corruption in water sector](#)
- [IACC workshops on corruption in aid](#)
- [Civil Society present recommendations in IACAC follow-up](#)

World Water Week: network launched to stem flow of corruption in water sector

A new initiative aimed at cleaning up the water sector was launched by Transparency International and five leading water organisations during World Water Week in August. The Water Integrity Network (WIN) will promote greater global access to clean water for the poor, better quality of service for consumers and increased confidence among taxpayers in the equitable provision and distribution of water.

Over a billion people lack access to safe drinking water. More than 40 percent of water is lost due to leakages and illegal tapping, according to the United Nations. Corrupt practices such as falsified meter readings and opaque procurement processes are also to blame.

Founded by TI, the International Water and Sanitation Centre, Stockholm International Water Institute and the Water and Sanitation Program Africa, the network will work with the public and private sectors to raise awareness and promote effective anti-corruption measures by influencing national policy and implementing community initiatives.

For more information, see: www.worldwaterweek.org or www.waterintegritynetwork.net

IACC workshops on corruption in aid

Thematic workshops at the upcoming International Anti-Corruption Conference (IACC) in Guatemala in November will focus on corruption in aid and development, examining past practice to determine why corruption remains such a problem in developing countries.

Emphasis will be on identifying and learning from obstacles faced by funding agencies, providers of anti-corruption programmes and recipient nations, including ways to ensure that aid is used as intended.

Civil society presents recommendations in IACAC follow-up

The Inter-American Convention against Corruption monitoring mechanism assesses implementation in 28 of 33 member states. The second round of this process began this year, evaluating government hiring and procurement, whistleblower protection and criminal acts of corruption.

The second round also tracks implementation of recommendations from the first. Participating governments must complete a self-assessment questionnaire; civil society organisations have been invited to do so as well to provide an independent view of how governments are implementing the Convention.

TI chapters and chapters in formation in Argentina, Ecuador, Honduras, Nicaragua and Paraguay chose to participate. The following recommendations resulted:

- TI's Argentinean chapter *Poder Ciudadano* suggested mechanisms to prevent political favouritism in public appointments, and ways to improve government procurement and whistleblower protection, including strengthening the National Witness Protection Programme. See: www.poderciudadano.org/index.php?do=temas&id=44
- *Ética y Transparencia*, TI's chapter in Nicaragua, recommended reforming laws on public contracting and procurement, passing whistleblower protection legislation, and strengthening the country's institutions to detect, prevent and convict those guilty of corruption.
- In Ecuador, *Corporación Latinoamericana para el Desarrollo* (CLD), suggested unifying public contracting regulations to facilitate "ex-post" control of contracts, codifying the government's

electronic procurement system and creating a organisation to provide statistics, standardised procedures and training.

- *Transparencia Paraguay* suggested improving whistleblower protection, as well as access to information to assist in citizen oversight.
- In Honduras, *ACI-Participa* commented on the lack of legislation to protect whistleblowers and the failure of the state to apply laws to protect against corruption in the recruitment of public officials.

Corruption stories of note in the news this month:

- [Philips accused of bribing German retailers](#)
- [United Nations official calls for closer monitoring of development funds](#)
- [Head of Bolivian state oil company in corruption investigation](#)

Philips accused of bribing German retailers

by Jennifer Williams

The Dutch electronics manufacturer Philips has recently been accused by a Hamburg prosecutor of bribing retailers for more store space. The story first appeared in the *Financial Times Deutschland*, and was quickly picked up by the international media. The website *MSNBC* carried the story that more than 100 former employees were being investigated for offering “watches and business suits worth up to €2500” to purchasing officers at German retail chains, including Saturn and Media Markt.

MSNBC quoted the prosecutor, Rüdiger Bagger, as saying, “there is clear evidence of people offering these sort of bribes”, and Peter von Bloomberg of TI Germany, who stated, “This shows a low awareness among the retail staff about corruption.”

Reuters reported a comment from Philips Deutschland spokesman Klaus Petri: “The authorities are not blaming Philips; they are investigating individuals, all of whom are former employees,” he said. “The investigated business practices are totally against Philips’ principles.” *Reuters* also noted that at the time of the alleged offences, between 2000 and 2002, the current CEO of the Danish brewer Royal Unibrew, Poul Moeller, was in charge of German appliances business for Philips. *Reuters* could not confirm if he was a suspect in the case.

The German newspaper *Frankfurter Allgemeine* carried an in-depth article, quoting an unnamed German corruption expert who noted that the case cannot be considered a scandal, because a scandal is something beyond the norm. “Corruption,” he remarked, “is something very usual in Germany.”

United Nations official calls for closer monitoring of development funds

By Jennifer Williams

Stuart C Gilman, head of the UN Global Programme against Corruption, told the *Associated Press* that development funds are “not as closely guarded as we’d like”. Gilman urged the international community not to let aid fall into the wrong hands.

Gulf News reported that Gilman felt the international community “should be more proactive about making sure that aid did not end up on the black market”. The paper’s website also noted his remarks on the importance of the UN Convention against Corruption: “Right now, with the new convention, we’ve got a window of four or five years for it to be effective.”

The *Jakarta Post* highlighted Gilman’s recent visit to Indonesia. According to the paper, Gilman said the local Indonesian anti-corruption agency, the KPK, “recognised that there is a ‘vulnerability’ in the region and was considering sending a team to assess the situation”. The paper also reported his concerns that a lot of the aid destined for post-tsunami Aceh was “going to the local level where controls are minimal”.

Bolivian oil chief in corruption probe

by Raluca Batanoiu

Nationalisation of Bolivia’s gas and oil resources is proving complicated, with a contradictory picture of current troubles emerging in the international media. The president of Bolivia’s state oil company has been replaced by President Evo Morales after only a few months in the job, as opposition MPs vote to open a corruption investigation.

Reuters reported that Jorge Alvarado, head of state company YFPB, stood accused by Energy Minister Andres Soliz of fraud, “over a barter deal to exchange crude oil for diesel with Brazilian company Iberamericana at a price well under market value”.

MSNBC noted that “Bolivia’s energy regulator accused him of signing an illegal contract in June”, and so Alvarado “bowed to pressure to step down”.

Yet despite the allegation, President Morales was quoted by *MSNBC* as insisting the oil chief had “committed no act of corruption nor harm to the state”.

Alvarado, meanwhile, was quoted in the *Houston Chronicle* as claiming the accusations are “an attack of the oligarchy and the reactionary right wing” aimed at halting the nationalisation process.

Alvarado was a key figure in May’s oil nationalization, according to *Yahoo! News*. “The corruption scandal has tarnished the nationalisation drive by Morales, who took office pledging to ... stamp out graft,” it reported.

NEWS FROM THE ANTI-CORRUPTION MOVEMENT

Hilary Benn to speak at TI UK meeting

Hilary Benn, UK Secretary of State for International Development, will speak on "Eliminating world poverty: making governance work for the poor" at a TI UK meeting at the Queen Elizabeth II Conference Centre on 14 September. The address is expected to describe how the UK intends to fight corruption to improve governance. The event will be chaired by Laurence Cockcroft, Chairman of TI UK. For further information, email info@transparency.org.uk.

Transparência Brazil profiles candidates for Chamber of Deputies

Transparência Brazil has launched "Excelências", an online resource for citizens about candidates for re-election to the National Chamber of Deputies. The database provides information from public sources to help citizens make informed electoral decisions. The database focuses on candidates running for re-election, approximately 500 of the total 5000 candidates. Launched on 1 August, the database has already received more than 3.8 million visits. The project can be found in Portuguese at: perfil.transparencia.org.br, or contact Transparência Brazil for more information at: tbrasil@transparencia.org.br

TI Morocco urges action against vote-buying

In an open letter to Prime Minister Driss Jettou, Transparency International Morocco recently asked for concrete action against vote-buying in the upcoming elections to the second house of Parliament. The chapter urged the Prime Minister to conduct an enquiry into suspicions of vote buying and to prosecute those implicated. It urged the government to move forward with the action plan against corruption and ratification of the UN Convention against Corruption. Clear and immediate measures against corruption now will help prevent vote buying in the legislative elections slated for 2007.

TI Switzerland thanks board member Otmar Hafner

TI Switzerland has thanked Otmar Hafner for his selfless commitment and long-standing support and dedication to the development and success of the chapter. Mr Hafner served faithfully on the chapter's board of directors for eight years, never once missing a board meeting. He authored an important publication on corruption in Switzerland as well as articles, internal working and strategy papers, and was active in lobbying for the chapter in Switzerland. Mr Hafner was a supportive and motivating force for the staff and members of the chapter in the fight against corruption in Switzerland.

TI Latvia prepares court application

Transparency International Latvia challenged illegal construction on the shores of Lielais Baltezers Lake in an August submission to the Latvian Constitutional Court. The brief was filed by fifty residents of Garkalne and the capital Riga, protesting the lack of public consultation on plans to build luxury villas. The plans had been approved by Garkalne Parish Council despite a ban on construction on the lake's shores for environmental reasons. Public proposals were ignored, violating rights guaranteed by the Latvian constitution. Residents have been submitting petitions to the chairman of Garkalne Parish and to government ministers since 2002.

ALAC workshop on communicating success

Due to their direct contact with people affected by corruption, the Transparency International's Advocacy and Legal Advice Centres (ALACs) in South East Europe generate a wealth of fascinating anti-corruption human-interest stories. To learn how to best communicate these stories to a broader audience, the 2nd regional ALAC workshop in South East Europe will focus on on-site training to build the capacity of ALAC staff to analyse and draft such stories. The workshop, organised by Transparency Bosnia and Herzegovina and the TI Secretariat will take place 27-28 September at the Hotel Grand Sarajevo in Bosnia and Herzegovina. For more information, please contact Jana Mittermaier at: jmittermaier@transparency.org

Cooperation between Chile Transparente and University of Chile

Chile Transparente recently signed an agreement with the University of Chile to develop and disseminate a guide on how to denounce corruption cases in good faith, “Responsablemente y de Buena Fe Actos de Corrupción”. It will provide legal and practical information to support citizens and public officials who want to denounce acts of corruption.

TI Costa Rica promotes transparency in municipal elections

In preparation for December's municipal elections, Transparency International Costa Rica is launching a pilot advocacy programme in nine municipalities. The objectives are twofold: to promote transparency within the mayoral election process, and to engage and inform citizens to improve participation in the electoral and political management processes at local level. For more information, contact: transparencia@racsa.co.cr

Perceptions of Corruption in Palestine

TI's national chapter in Palestine – AMAN (The Coalition for Accountability and Integrity) - has conducted a public opinion survey to measure perceptions of civil society compliance with transparency and accountability standards, as well as the forms and magnitude of corruption. Carried out by the Palestinian Centre for Policy and Survey Research, the survey found that 70 percent of Palestinians believe that civil society organisations (CSO) and charities do not publicly disclose financial, administrative, or programme information. When asked the most prevalent forms of corruption in CSOs, 53 percent cited 'nepotism' or 'influence trafficking'. Survey results and TI Palestine projects will be featured in an 'In Focus' on the TI website.

TI Israel participates in whistle blowing meeting

TI Israel (SHVIL) recently participated in a meeting on whistle blowing in the Israeli Parliament. The chapter used the opportunity to press for increased whistleblower protection based on international regulatory standards, as well as the adoption of tools such as hotlines, legal advice services and support groups. The meeting also served as a platform for whistle blowers to share their personal stories with Members of Parliament and for the Movement for Quality Government, an Israeli civil society organisation, to present ideas on improving the current legislation.

Reduced rate for early IACC registration

The deadline for “early bird” registration at a *reduced rate* for the 12th International Anti-Corruption Conference is 15 September. Information about registration and the preliminary programme is available at: www.12iacc.org.

Latest U4 expert answers

The U4 Helpdesk at the TI Secretariat provides expert answers on corruption and development issues in response to queries from partner international development agencies. Recent U4 answers include an analysis of the political will to fight corruption in Zambia; the pros and cons of establishing an anti-corruption hotline; the implications of gender on corruption; the use of the UN Convention against Corruption; and corruption in education in Bangladesh. U4 answers can be found at: www.u4.no.



Transparency Watch

the e-bulletin of the anti-corruption movement

SEPTEMBER 2006

CORRUPTION IN QUOTES

"Everyone is corruptible; it depends only on the sum. If someone offered you four million euros, and nobody would find out, then wouldn't you be captivated?"

Rüdiger Bagger, prosecutor, regarding bribery charges against Philips;
Frankfurter Allgemeine Zeitung, Germany, 27 August

"The last ten years raise the old and perennial question: is there something in the nature of democratic politics that leads to collective corruption no matter what the intentions of the politicians at the outset; or is it that there is something corrupt about the people who get into democratic politics?"

Brian Brivati, journalist, on ten years of New Labour; *The Guardian*, United Kingdom, 26 August

"If the people cannot trust their government to do the job for which it exists - to protect them and to promote their common welfare - all else is lost. And this is why the struggle against corruption is one of the great struggles of our time."

Senator Barack Obama (Illinois, United States), in a speech at the University of Nairobi, Kenya; 28 August

"The United States has a strong national security interest in opposing corruption and bribery worldwide...we want to prevent foreign officials from accepting bribes that might lead to a dangerous container being allowed onto a ship bound for our shores. We want to prevent bribes that might help a criminal or terrorist gain access to our country. And we want to prevent bribes that might provide terrorists with access to nuclear material, chemical and biological weapons...or other dangerous items".

Senator Richard Lugar, Chairman of Senate Foreign Relations Committee; *American Chronicle*, United States, 2 August

"Corruption is like tango; it is a dance for two. If there is a corrupt customs official, it is because there is a businessman who is rewarding him; if there is a serious tax evader it is because there is a bureaucrat who is being bribed."

Nicanor Duarte Frutos, President of Paraguay; *Financial Times online*, United Kingdom, 14 August

"These economic saboteurs and enemies of our economic-turnaround strategies should take heed that we are determined to fight the scourge of corruption and do honour to the integrity and dignity of our nation".

Robert Mugabe, President of Zimbabwe; *Mail & Guardian online*, United Kingdom, 15 August

COMING UP

Coming up in September

11-13 September

OECD: Values and Ethics: Managing Challenges and Realities in Higher Education

14-15 September

United Nations High Level Dialogue on International Migration and Development

18-19 September

Third United Nations Conference on the Least Developed Countries

19-20 September

Annual Meetings of International Monetary Fund and World Bank Group

19-23 September

2nd Global Conference of Parliamentarians against Corruption

20-22 September

Clinton Global Initiative

21-23 September

European Business Ethics Network Annual Conference: Ethics in and of Global Organisations

25 September

Wirtschafts Woche Conference: "On the Way to Central and Eastern Europe - Obstacle Private Sector Crime?"

25-26 September

Risky Business? Corporate Governance in Asia 2006

26 September

Centre for International Private Enterprise, Seminar on Good Governance and Codes of Best Practices: International Experiences

Coming up in October

3-5 October

Humanitarian Development Summit

4-6 October

The Amsterdam Global Conference on Sustainability and Transparency

7-14 October

The Economics of Corruption: A University Lecture on Good Governance and Reform

16-17 October

Extractive Industries Transparencies Initiative Annual Conference

20-21 October

Club de Madrid Annual Conference: The Challenges of Energy and Democratic Leadership

22-26 October

First Annual Conference and General Meeting of the International Association of Anti-Corruption Authorities

29-31 October

Eurodad Annual Conference 2006 - From Illegitimacy to Responsibility: Transforming Development Finance

For more information please visit: www.transparency.org/news_room/events

MASTHEAD

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