



Report on the Transparency International Annual Meeting & 12th International Anticorruption Conference held in Guatemala

Over 230 people from across the Transparency International movement and cooperating organizations gathered for the TI Annual Meeting in Guatemala City on November 13-14, 2006. The meeting provided opportunities for more than 50 TI national chapters to exchange information and broaden cross-border participation in programs, including anti-bribery initiatives in the construction, defense and extractive sectors; legal and regulatory reform; and preventing corruption in development assistance. National chapters explored ways to cooperate in the context of the G8, OECD, Extractive Industries Transparency Initiative and other transnational initiatives. They agreed to provide political support to help protect a growing number of TI chapters working in challenging circumstances, such as in Russia and Venezuela.

TI-USA President Nancy Boswell was re-elected by the gathering to a second three-year term on the TI Board of Directors. Devendra Raj Panday, a former Finance Minister of Nepal and democracy activist who founded TI Nepal, was also elected. He served previously on the TI board and Advisory Council.

The 12th International Anti-Corruption Conference (IACC) followed directly after the TI meeting, convening over 1,000 governance practitioners and experts from 115 countries. The November 15-18 meeting, organized by TI, featured a special ceremony where eight Central American presidents and official representatives signed a "Guatemala Declaration for a Corruption Free Region." The leaders agreed to achieve concrete outcomes, including strengthening access to information, by 2010. TI chapters in the region will monitor progress.

TI presented the fifth annual Integrity Award to Dr. Ana Cecilia Magallanes Cortéz, a Peruvian prosecutor who brought to justice some 1500 members of the Montesinos criminal network. Her efforts led to formal charges against former President Alberto Fujimori, the arrest of Supreme Court justices, generals and media magnates and the recovery of stolen assets. Participants adopted a motion calling on the Government of Chile to accept Peru's request to extradite Fujimori to stand trial.

The Final Declaration called on leaders in government, business and civil society to take practical actions in the fight against corruption. It focused on key issues including the UN, OAS and OECD conventions, humanitarian assistance, national resources, the World Bank and the private sector. Participants adopted a resolution calling on the Conference of States Parties to the United Nations Convention Against Corruption (UNCAC) meeting in Jordan, in December 2006, to create a monitoring process to effectively promote implementation.

World Bank in the Spotlight at the 12th International Anticorruption Conference

The World Bank's new Governance and Anticorruption Strategy and its future implementation were addressed by the Bank's Managing Director, Juan José Daboub, at the Opening Plenary and, at an additional Special Plenary session, Bank officials Sanjay Pradhan and Daniel Kaufmann described key elements of the strategy and heard feedback from the standing-room only crowd. The session, entitled "The World Bank Governance & Anticorruption Strategy: A Multistakeholder Dialogue On The Road Ahead," was moderated by Nancy Boswell and highlighted commentary from TI Chair Huguette Labelle and celebrated corruption fighter John Githongo, founder of TI Kenya and former Permanent Secretary for Governance and Ethics in the Office of the President of Kenya.

Commentators and participants congratulated the Bank on the increased attention to the issue but noted the need for a clear message from the board as well as the president to overcome strong internal resistance. Among the key recommendations were the following:

1. Given the comprehensive nature of the strategy, successful implementation will depend on broader consultations, setting clear priorities, providing adequate resources, and setting benchmarks and timetables. Incentives for Bank staff and the Bank culture must also be realigned to reward both lending and attention to governance issues. With the devolution of authority to the country level, this is particularly important for staff working in challenging environments.
2. More frequent and consistent interaction with non-executive governmental branches as well as civil society, including the private sector, professionals, media and academia, is essential to ensure local demand for governance and the relevance, effectiveness and sustainability of the strategy and in-country reforms.
3. The Bank must find ways of delivering assistance to those in need even in situations where further lending in highly corrupt environments cannot be justified.
4. The Bank should assure greater transparency and participation in its own operations and increase borrower transparency in public financial management, including procurement and budgeting, and opportunities for public participation.
5. The Bank should translate lessons learned from its internal investigations into operational change, such as requiring bidders to adopt and enforce anti-bribery programs.

Other IACC workshops focused on the multilateral banks and particularly the work of the ethics and investigations units. The directors of the Asian, African, European and Inter-American regional banks as well as the World Bank discussed their approaches to investigating fraud, collusion and corruption in bank-financed projects and their efforts to develop more consistent procedures and policies. Significant progress has been made and more is expected, particularly on mutual recognition of debarment. Mutual recognition and public blacklisting become more important as the banks move to debar larger companies, such as the recent World Bank action against German multinational Lahmeyer International.

Continuing the Pressure for OECD Convention Monitoring

At a panel discussion on “The OECD Convention: How Can Pressure Be Maintained?” Patrick Moulette, Head, OECD Secretariat Anti-Corruption Division; French Ambassador Jean-Pierre Vidon; UK prosecutor Alan Bacarese, TI’s Fritz Heimann and Kirsten Drew, from the UK organization UNICORN, agreed that with OECD enforcement lagging, a continued vigorous peer review monitoring process is of critical importance.

They noted that enforcement efforts are still lagging, particularly in Canada, Italy, Japan and the UK. However, based on knowledge gained through the OECD Working Group tour-de-table, Mr. Bacarese predicted an increase in investigations and enforcement actions within the next year.

Mr. Moulette indicated that there is a strong commitment within the OECD, even at the highest levels, to secure funding through the end of the current round of reviews and to continue on-site reviews going forward. However, these reviews are likely to be more constrained due to anticipated budget cuts in the future.

Going forward, the Working Group is likely to explore accession by China, India and Russia, as well as unresolved issues, including payments through foreign subsidiaries and to political parties and party officials; facilitation payments; and off-shore financial centers.

Strengthening Follow-Up on the InterAmerican Convention

On a panel entitled “Drawing lessons from the implementation and monitoring of the OAS Convention, is this an example to follow?” Nancy Boswell joined Moisés Herrera, President of the Follow-up Mechanism Committee of Experts; Hugo Maul, from the Government of Guatemala; Jorge Garcia, Director, OAS Department of Legal Cooperation, and Alejandro Urizar, Accion Ciudadana, the local TI national chapter. TI’s recommendations for strengthening the monitoring process include accelerating the pace of reviews, assessing action on recommendations to each country, implementing on-site reviews and calling for a report from each country on progress to date with implementation. There was a call for greater expertise in the Committee of Experts and additional resources for follow-up on recommendations. The US Government has recently contributed \$1 million for these activities and IDB President Moreno committed further support.

UN Convention Against Corruption Widely Viewed as Critical Instrument

At the panel on “How Can UNCAC Monitoring Be Made to Work” Fritz Heimann joined Christophe Speckbacher, from the GRECO, Council of Europe; Pauline Tamesis, from the United Nations Development Program; and Martti Antola, from the Ministry of Foreign Affairs, Finland. Fritz presented TI’s study on monitoring the UNCAC and underscored the need for action at the December Conference of States Parties to launch an effective mechanism. The Conference is expected to review implementation, demands for technical and other capacity assistance and asset recovery. There was broad agreement that existing convention and money laundering monitoring mechanisms must collaborate to avoid duplication and monitoring fatigue.

TI Chapters from G-8 to Cooperate on Call for Action

TI chapters from G8 countries agreed to cooperate in promoting progress on the anticorruption agenda at the G8 Summit in Heiligendamm, Germany on June 6-8, 2007. Among the priorities are:

1. Tracing corrupt money flows and ensuring no safe haven for corrupt actors and their assets.
2. Ensuring vigorous enforcement of the OECD Convention with fully-funded on-site peer review.
3. Encouraging the private sector, including ‘gatekeepers’ such as accountants, bankers and lawyers, to enforce anti-bribery compliance programs and measures to prevent facilitating corruption.
4. Supporting universal ratification of the UNCAC and the creation of an effective follow up mechanism.
5. Calling upon the multilateral development banks to implement comprehensive anti-corruption plans.

The Role of the Private Sector

A growing interest in working with the private sector was much in evidence at the TI annual meetings. A regional workshop for the Middle-East Africa chapters revealed promising initiatives, notably in Lebanon, where the TI chapter facilitated the development of a code of corporate governance and is working towards the creation of a Lebanese Institute of Directors. However, chapters noted substantial obstacles including the large number of micro-enterprises with limited capacity, blurred lines between business and the state, and particularly the climate of endemic corruption requiring reform of the state as well as the private sector.

Many of the IACC plenary sessions and five workshops focused on practical actions to curb corruption in the private sector. Delegates emphasized the need for business to implement detailed anti-corruption policies and systems and the need to move towards independent verification processes to enhance the credibility of such systems. Participants called on parties to major infrastructure projects to implement effective anti-corruption systems, including transparency and expert independent monitoring throughout the project cycle.

In a workshop devoted to the special challenges of small and medium-size enterprises (SMEs), participants suggested that major businesses, including financial services firms, create incentives throughout their supply chain and lending policies to encourage SMEs to adopt integrity standards. The conference also called for greater attention to professional ethics programs for accountants, lawyers, engineers and others who play an important gatekeeping role.