

TI-USA WELCOMES G8 FINANCE MINISTERS COMMITMENT TO PROMOTE INTEGRITY IN RESPONSE TO FINANCIAL CRISIS

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Transparency International-USA welcomes the G8 Finance Ministers acknowledgement that the 'violation' of basic principles of propriety, integrity and transparency "contributed to undermine international economic and financial stability" and their agreement on the need for rapid implementation of such principles to govern international business and finance.

In their June 13th Statement and the "Lecce Framework," the G8 Finance Ministers correctly note existing instruments, including on bribery, which "suffer from insufficient country participation and/or commitment." A prime case in point is the OECD Convention on Bribery of Foreign Public Officials. According to the upcoming *2009 TI Progress Report on Enforcement*, this convention is still not effectively enforced, except by Germany and the US and a couple of smaller exporting nations. In an economic downturn competition for contracts intensifies and vigorous convention enforcement is of even greater importance to prevent bribery from undermining recovery efforts.

TI-USA applauds the ministers' commitment to "make every effort to pursue maximum country participation and swift and resolute implementation." The G8 must set the example by enforcing its existing commitments, notably the OECD Convention, if they are to be credible in the important work of "reaching out to the G20 and beyond."

In drawing attention to the role of the World Bank and other Multilateral Development Banks as well as trade finance agencies in the recovery, the ministers appropriately call for good governance, effective use of aid and focus on the world's poorest. In light of the substantial financial flows that are moving rapidly through these institutions, it is critical that they ensure sufficient attention to propriety, integrity and transparency.

We urge the Obama Administration to integrate strong principles of propriety, integrity and transparency into the proposals for reform of the US financial regulatory structure that will be unveiled this week and which the Congress will consider.

In his June 13th Statement to the G8 Finance Ministers, Secretary Geithner noted that "[r]isk and leverage will always tend to migrate to where the constraints are weakest," and that "[w]e need a level playing field globally, or the effectiveness of our national safeguards against risk will be undermined," Secretary Geithner might easily have substituted 'corruption' for 'risk.' Corruption will migrate where constraints are weak, and there must be a level playing field globally for national safeguards against corruption and bribery to be effective. The *Lecce Framework* should contribute to the application of globally consistent and effective safeguards against bribery and corruption.