



RECOMMENDATIONS FOR THE AMERICAN RECOVERY & REINVESTMENT ACT

Transparency International-USA urges the inclusion of strong and explicit transparency and accountability mechanisms in the American Recovery & Reinvestment Act and effective oversight in its implementation. Public confidence depends on increasing the use of such mechanisms in the expenditure of public funds whether under the Troubled Assets Relief Program or this Act.

Transparency and accountability mechanisms in the Act and its implementation will help ensure that the American public can see how and where funds are spent and that funds are reaching their intended purposes. We strongly support the proposed accountability measures and requirements for robust and comprehensive controls to qualify for financial assistance.

The Act's success will depend on government as well as banks, companies, trade and professional associations, auditors and the public sharing responsibility for the integrity of the recovery effort. Public contracting can be especially vulnerable to corruption and undue political influence and must be protected at all stages, from the policy-making process, through procurement of contracts, underwriting of investments and contract execution. Officials must demonstrate that policy and contracting decisions will be made solely in the public interest and that government oversight agencies will prevent, detect and punish fraud and corruption.

Therefore, we recommend the following measures to mitigate corruption risks be a condition for receiving financial assistance:

- **Adopt a Presumption of Transparency:** Ensure full, timely and easily accessible information with respect to policies, decisions, funding and contracts as well as the names of responsible officials. Publish all complaints and reports of oversight bodies.
- **Maximize Fair Competition** Require contracts be awarded in a transparent, fair and impartial competitive process; limit political influence, or the perception of such influence, in decision-making by making public, in a timely fashion, all campaign contributions from government contractors and lobbyists.
- **Promote Accountability and Integrity of Government Officials:** Foster accountability of responsible officials for investment decisions, with measures such as splitting decision-making responsibility, addressing conflicts of interest and rotating staff in sensitive positions.

- **Invest in Integrity:** Set aside a percentage of the funds provided for in the Act to cover the costs of accountability mechanisms to protect the integrity of those funds. Consider the deployment of independent private monitors with the necessary authority to closely examine each stage of a public works project, reporting their findings to the government agency responsible for each project and directly to the Department of Justice and/or state and local prosecutors. Develop a database of contractors found to have engaged in fraud or corruption under the Act.
- **Require Anti-Corruption Codes and Practices:** Require all contractors under the Act to adopt robust anticorruption policies, practices and internal controls, including reporting hotlines and whistleblower protection.
- **Conduct Effective Oversight:** Encourage complaints and protect whistleblowers; investigate indicators of corruption, kickbacks, collusion and fraud and take remedial action, including increasing supervision where appropriate.
- **Engage the Public:** Provide opportunities for public comment and oversight in decision-making, contract selection, implementation and execution.