

H.E. Nicolas Sarkozy
President
Republic of France

20 May 2011

Your Excellency,

Transparency International welcomes the G8 Leaders' commitments to the fight against corruption and the G8 Accountability Report on implementation of anti-corruption commitments published at the G8 Summit in L'Aquila in 2009. Addressing corruption is a prerequisite for the successful implementation of all G8 agenda items. Nonetheless, there are still two G8 Members, Germany and Japan, who have not yet ratified the UN Convention Against Corruption (UNCAC). We strongly urge Germany and Japan to take immediate steps to ratify the Convention by the end of the year and all G8 members to set an example in the successful implementation of the Convention by committing to onsite reviews with active civil society participation and publication of country reports when they are under review. In light of the upcoming G8 Summit in Deauville, we respectfully submit our recommendations on four agenda items which are of particular relevance to the fight against corruption:

1) Transparency and accountability in the Arab world

The revolutions across the Arab world this year underscore the intense frustration and anger of tens of millions of ordinary citizens about the abuse of office - the corruption - perpetrated by the leaders of their governments. The international community now needs to move with great urgency to support the people who have risked so much and who have overcome grave fears and dangers to secure real change in their countries. The G8 should provide substantial financial support for the growth of civil society across the Arab world and issue a bold declaration that the international community will no longer tolerate the levels of corruption that continue to prevail in many countries and that major efforts will be pursued to enforce the UNCAC and the OECD Convention on Combating Bribery of Foreign Public Officials in International Business transactions.

To this end, there must be consistent and vigorous enforcement of foreign bribery laws. We ask the G8 governments to

- Implement and enforce laws criminalizing foreign bribery and prohibiting off-book accounts by Jan 1, 2012.

In addition, since the beginning of the revolutions in North Africa, the international community has already taken some positive steps in quickly freezing the assets of corrupt leaders from the region. However, much more can be done by the governments in both the countries requesting repatriation and countries where stolen assets are stored in line with UNCAC Chapter V. Furthermore, government action is needed to prevent financial institutions from accepting potentially illicitly acquired assets in the future. We ask G8 governments to:

- Enact and implement new laws or regulation that require identification of suspicious assets and make it easier to freeze those funds where there is limited capacity in the requesting country to make an appropriate request.
- Oblige banks and other institutions in major financial centres to undertake enhanced due diligence (in accordance with FATF Recommendations) on customers who are Politically Exposed Persons (PEPs); and oblige financial institutions to publicly report on their assets in or transactions with offshore financial centres.
- Implement global mandatory national-level registers of shell corporations, such as trusts, foundations, and Anstalt, along with their operators, trustees and beneficial owners, and share this register with the tax, customs, and judicial authorities of other countries for the purpose of investigations.

- Create escrow accounts for frozen assets managed by an independent third party such as the Regional Development Banks and ensure the swift transfer of all frozen assets to these accounts. The aim would be to avoid the unethical situation of banks continuing to earn interest on potentially stolen assets until a restitution request by the concerned country has been received, examined and implemented.
- Take concrete steps to facilitate the success of the World Bank and UNODC Stolen Assets Recovery Initiative, including fully supporting all legal actions aimed at recovering stolen assets, including assets transferred to trusts and assets owned or used by political leaders still in office.
- Create a fund to assist developing countries in their asset recovery efforts.
- Put in place legal frameworks that would enable victims of corruption and civil society to take asset recovery cases to court, both in the countries from where the assets have been stolen and in the countries where the assets are deposited.
- Undertake efforts to increase the capacity of civil society organisations to monitor asset recovery cases and to ensure accountability in the recovery process.
- Ensure that asset recovery processes not only target corrupt leaders but also their cronies and other corrupt officials.
- Strengthen “no safe haven” and visa denial policies by immediately extending them to include those officials about whom there is evidence (through prosecution or settlement of a foreign bribery case) that a bribe has been demanded or accepted.
- Report on activities in this regard to strengthen public confidence that there is no impunity for corrupt dictators.

2) Climate finance and governance

To prevent corruption, climate funding must be transparent and monitored by oversight bodies staffed by independent professionals. To make sure reporting on climate projects is systematic from planning to implementation, governments should develop standard criteria for monitoring, reporting and evaluation of all projects. To this end, the G8 governments should:

- Ensure full transparency in flows of funding for mitigation and adaptation to mitigate corruption risks. State parties to the UNFCCC must develop standard criteria for reporting on the financing of projects.
- Integrate anti-corruption safeguards in the design of adaptation and mitigation action.
- Agree on a robust system for the measuring, reporting and verification (MRV) of emissions, including a robust MRV system for UN REDD. Such transparency is crucial for business investors, and, ultimately, for the success of strategies for mitigating the impact of climate change. Although many methods and initiatives are already in place, more resources and training are needed to improve this information. In developing countries, a lack of technical capacity or financial resources makes the development of ongoing emissions data collection difficult, and a lack of expert reviewers may mean that formal reporting on national emissions is not subject to sufficiently robust verification.
- Build robust mechanisms for representation and public engagement that can cope with the increased public demand.
- Strengthen coordination and operational transparency in adaptation funds which are disbursed across various bilateral and multilateral streams in order to build the trust needed for sustainable climate change policy.

3) Aid and accountability

Accountability is promoted through different tools and channels that allow for more responsive and responsible governments. Transparency is a key factor in order to use accountability channels. G8 governments should:

- Abide by the commitments of the Paris Declaration on Aid Effectiveness (2005) and the Accra Agenda for Action (2008), which focus on transparency, ownership and (mutual) accountability.
- As part of meeting these commitments, improve the transparency of aid flows by publishing comprehensive and standardised information and making aid predictable and comparable. The International Aid Transparency Initiative, signed by the UK and Germany, provides this platform.
- Developing country partners in Africa should promote their own transparency by making information on their budgets and spending, particularly on key public services, open to the public.

- Ensure aid allocations benefit countries that have shown a clear and continued commitment to transparency and anti-corruption measures and make a percentage of aid available for transparency, civil society participation, supervisory and audit programs (this applies to donors and recipients). As donors, encourage corruption-risk assessment and budget transparency in countries receiving significant budget support.
- Promote the space for civil society to feed into and deepen accountability by governments by creating an enabling environment for civil society organisations and supporting an agreement at the upcoming high level forum on aid effectiveness in South Korea that has specific, time-bound commitments to strengthen accountability principles.

4) Revenue transparency

According to TI's research, the extractive sector is among the world's least transparent sectors. Oil and gas producers as well as mineral extractors transfer considerable funds to host governments. When revenues from the extractive sector are not managed with transparency and accountability, mineral and petroleum wealth can fuel large-scale corruption, as well as poverty, injustice and conflict. To avoid this *resource curse*, G8 governments should:

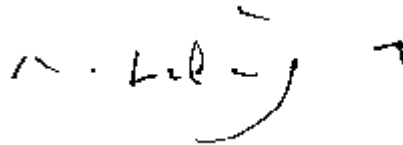
- Follow the US example to introduce a requirement for companies listed on their stock exchange to publish their payments to governments on a country-by-country basis.
- Support the Extractive Industries Transparency Initiative (EITI) and enable civil society monitoring of its implementation through relevant access to information.

We appreciate your consideration of our recommendations and look forward to the G8's leadership in setting an example in anti-corruption.

Yours sincerely,



Huguette Labelle
Chair



Daniel Lebègue
President, Transparence Internationale France

Cc: G8 Heads of State and G8 Sherpas