



# TRANSPARENCY INTERNATIONAL CANADA INC. NEWSLETTER

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## Transparency International 2006 Corruption Perceptions Index

2006 Corruption Perceptions Index reinforces  
link between poverty and corruption:

*Shows the machinery of corruption remains  
well-oiled, despite improved legislation*

**Berlin, 6 November 2006** - The 2006  
Corruption Perceptions Index (CPI),  
launched...by Transparency International (TI),  
points to a strong correlation between  
corruption and poverty, with a concentration of  
impoverished states at the bottom of the  
ranking.

“Corruption traps millions in poverty,” said  
Transparency International Chair Huguette  
Labelle. “Despite a decade of progress in  
establishing anti-corruption laws and  
regulations, today’s results indicate that much  
remains to be done before we see meaningful  
improvements in the lives of the world’s  
poorest citizens.”

The 2006 Corruption Perceptions Index is a  
composite index that draws on multiple expert  
opinion surveys that poll perceptions of public  
sector corruption in 163 countries around the  
world, the greatest scope of any CPI to date. It  
scores countries on a scale from zero to ten,  
with zero indicating high levels of perceived  
corruption and ten indicating low levels of  
perceived corruption.

A strong correlation between corruption and  
poverty is evident in the results of the

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improved, user-friendly website**

CPI 2006. Almost three-quarters of the  
countries in the CPI score below five (including  
all low-income countries and all but two  
African states) indicating that most countries in  
the world face serious perceived levels of  
domestic corruption. Seventy-one countries -  
nearly half - score below three, indicating that  
corruption is perceived as rampant. Haiti has  
the lowest score at 1.8; Guinea, Iraq and  
Myanmar share the penultimate slot, each with  
a score of 1.9. Finland, Iceland and New  
Zealand share the top score of 9.6.

Countries with a significant worsening in  
perceived levels of corruption include: Brazil,  
Cuba, Israel, Jordan, Laos, Seychelles, Trinidad  
and Tobago, Tunisia and the United States.  
Countries with a significant improvement in  
perceived levels of corruption include: Algeria,  
Czech Republic, India, Japan, Latvia, Lebanon,  
Mauritius, Paraguay, Slovenia, Turkey,  
Turkmenistan and Uruguay.

A concentration of so-called ‘failed states’ is  
apparent at the bottom of the ranking. Iraq has  
sunk to second-to-last place, with pre-war  
survey data no longer included in this year’s  
CPI.

While the industrialised countries score relatively high on the CPI 2006, we continue to see major corruption scandals in many of these countries. Although corruption in this context may have less of an impact on poverty and development than in developing countries, these scandals demonstrate that there is no room for complacency. [Canada has maintained its ranking of 14<sup>th</sup> place, while improving one tenth of a point in its score from 2005.]

### **The Facilitators**

The weak performance of many countries indicates that the facilitators of corruption continue to assist political elites to launder, store and otherwise profit from unjustly acquired wealth, which often includes looted state assets. The presence of willing intermediaries – who are often trained in or who operate from leading economies -- encourages corruption; it means the corrupt know there will be a banker, accountant, lawyer or other specialist ready to help them generate, move or store their illicit income.

Kenya's Anglo-Leasing and related scandals present a case in point, where the misappropriation of public funds was enabled through fraudulent contracts using sophisticated shell companies and bank accounts in European and off-shore jurisdictions, according to John Githongo, Kenya's former anti-corruption tsar. And according to TI Kenya's *Kenya Bribery Index*, bribery costs Kenyans about US \$1 billion each year, yet more than half live on less than US \$2 per day.

Acts of corruption involve a giver (the supply side) and a taker (the demand side). TI advocates strong measures to curb bribery's supply side, including the criminalisation of overseas bribery under the OECD Anti-Bribery Convention, as well as its demand side, including disclosure of assets for public officials and adoption of codes of conduct.

But the transaction is often enabled by professionals from many fields. Corrupt intermediaries link givers and takers, creating an atmosphere of mutual trust and reciprocity; they attempt to provide a legal appearance to corrupt transactions, producing legally enforceable contracts; and they help to ensure that scapegoats are blamed in case of detection.

“Firms and professional associations of lawyers, accountants and bankers have a special responsibility to take stronger action against corruption,” said Transparency International Chief Executive David Nussbaum. “Indeed, prosecuting attorneys, forensic auditors and compliance officers can be the stalwarts of a successful fight against corruption.”

Transparency International recommends:

- Promotion and, where necessary, adoption of corruption-specific codes of conduct by professional associations for their members, for instance the International Bar Association, International Compliance Association, and professional associations for accountants;
- Professional training to ensure that honest intermediaries better understand their role;
- Legal or professional sanctions for legal, financial and accounting professionals that enable corruption;
- Greater scrutiny of the role of insufficiently transparent financial centres in facilitating corrupt transactions.

To access the 2006 CPI and all supporting documents, visit:  
[www.transparency.org/policy\\_research/surveys\\_indices/cpi/2006](http://www.transparency.org/policy_research/surveys_indices/cpi/2006)

**Transparency International Corruption Perceptions Index 2006**

Country Rank	Country / territory	2006 CPI Score*
1	Finland	9.6
	Iceland	9.6
	New Zealand	9.6
4	Denmark	9.5
5	Singapore	9.4
6	Sweden	9.2
7	Switzerland	9.1
8	Norway	8.8
9	Australia	8.7
	Netherlands	8.7
11	Austria	8.6
	Luxembourg	8.6
	United Kingdom	8.6
14	Canada	8.5
15	Hong Kong	8.3
16	Germany	8.0
17	Japan	7.6
18	France	7.4
	Ireland	7.4
20	Belgium	7.3
	Chile	7.3
	USA	7.3
23	Spain	6.8
24	Barbados	6.7
	Estonia	6.7
26	Macao	6.6
	Portugal	6.6
28	Malta	6.4
	Slovenia	6.4
	Uruguay	6.4
31	United Arab Emirates	6.2
32	Bhutan	6.0
	Qatar	6.0
34	Israel	5.9
	Taiwan	5.9
36	Bahrain	5.7
37	Botswana	5.6
	Cyprus	5.6
39	Oman	5.4
40	Jordan	5.3
41	Hungary	5.2
42	Mauritius	5.1
	South Korea	5.1
44	Malaysia	5.0
45	Italy	4.9
46	Czech Republic	4.8
	Kuwait	4.8
	Lithuania	4.8
49	Latvia	4.7
	Slovakia	4.7
51	South Africa	4.6
	Tunisia	4.6
53	Dominica	4.5
54	Greece	4.4
55	Costa Rica	4.1

Country Rank	Country / territory	2006 CPI Score*	
111	Albania	2.6	
	Guatemala	2.6	
	Kazakhstan	2.6	
	Laos	2.6	
	Nicaragua	2.6	
	Paraguay	2.6	
	Timor-Leste	2.6	
	Vietnam	2.6	
	Yemen	2.6	
	Zambia	2.6	
	121	Benin	2.5
		Gambia	2.5
		Guyana	2.5
Honduras		2.5	
Nepal		2.5	
Philippines		2.5	
Russia		2.5	
Rwanda		2.5	
Swaziland		2.5	
130		Azerbaijan	2.4
	Burundi	2.4	
	Central African Republic	2.4	
	Ethiopia	2.4	
	Indonesia	2.4	
	Papua New Guinea	2.4	
	Togo	2.4	
	Zimbabwe	2.4	
	138	Cameroon	2.3
		Ecuador	2.3
Niger		2.3	
Venezuela		2.3	
142		Angola	2.2
	Congo, Republic	2.2	
	Kenya	2.2	
	Kyrgyzstan	2.2	
	Nigeria	2.2	
	Pakistan	2.2	
	Sierra Leone	2.2	
	Tajikistan	2.2	
	Turkmenistan	2.2	
	151	Belarus	2.1
Cambodia		2.1	
Côte d'Ivoire		2.1	
Equatorial Guinea		2.1	
Uzbekistan		2.1	
156	Bangladesh	2.0	
	Chad	2.0	
	Congo, Democratic Republic	2.0	
	Sudan	2.0	
160	Guinea	1.9	
	Iraq	1.9	
	Myanmar	1.9	
163	Haiti	1.8	

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111	Albania	2.6
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	Kazakhstan	2.6
	Laos	2.6
	Nicaragua	2.6
	Paraguay	2.6
	Timor-Leste	2.6
	Vietnam	2.6
	Yemen	2.6
121	Zambia	2.6
	Benin	2.5
	Gambia	2.5
	Guyana	2.5
	Honduras	2.5
	Nepal	2.5
	Philippines	2.5
	Russia	2.5
	Rwanda	2.5
130	Swaziland	2.5
	Azerbaijan	2.4
	Burundi	2.4
	Central African Republic	2.4
	Ethiopia	2.4
	Indonesia	2.4
	Papua New Guinea	2.4
	Togo	2.4
Zimbabwe	2.4	
138	Cameroon	2.3
	Ecuador	2.3
	Niger	2.3
	Venezuela	2.3
142	Angola	2.2
	Congo, Republic	2.2
	Kenya	2.2
	Kyrgyzstan	2.2
	Nigeria	2.2
	Pakistan	2.2
	Sierra Leone	2.2
	Tajikistan	2.2
Turkmenistan	2.2	
151	Belarus	2.1
	Cambodia	2.1
	Côte d'Ivoire	2.1
	Equatorial Guinea	2.1
	Uzbekistan	2.1
156	Bangladesh	2.0
	Chad	2.0
	Congo, Democratic Republic	2.0
	Sudan	2.0
160	Guinea	1.9
	Iraq	1.9
	Myanmar	1.9
163	Haiti	1.8

Transparency International commissioned Prof. Dr J. Graf Lambsdorff of the University of Passau to produce the CPI table. For information on data and methodology, please consult the frequently asked questions and the CPI methodology:

[www.transparency.org/surveys/#cpi](http://www.transparency.org/surveys/#cpi) or [www.icgg.org](http://www.icgg.org)

#### *Explanatory notes*

\* **CPI Score** relates to perceptions of the degree of corruption as seen by business people and country analysts, and ranges between 10 (highly clean) and 0 (highly corrupt).

\*\* **Confidence range** provides a range of possible values of the CPI score. This reflects how a country's score may vary, depending on measurement precision. Nominally, with 5 percent probability the score is above this range and with another 5 percent it is below. However, particularly when only few sources are available, an unbiased estimate of the mean coverage probability is lower than the nominal value of 90%.

\*\*\* **Surveys used** refers to the number of surveys that assessed a country's performance. 12 surveys and expert assessments were used and at least 3 were required for a country to be included in the CPI.

## **2006 Global Corruption Barometer**

**Governments don't do enough to fight corruption, says new poll**  
**Global Corruption Barometer shows police, political parties, parliaments most compromised**

**Brussels/Berlin, 7 December 2006** – Millions of people around the world come face-to-face with corruption in their daily lives, and urgently want their government to take action to stop it. This is the resounding conclusion of Transparency International's *Global Corruption Barometer 2006*, launched...in advance of **International Anti-Corruption Day on Saturday, 9 December**.

The 2006 *Barometer*, a public opinion survey conducted for Transparency International by Gallup International, looks at the extent of corruption through the eyes of ordinary citizens around the world. It explores the issue of petty bribery in greater depth than ever before, highlighting people's personal experience of bribery, and identifying the sectors most affected by corruption, its frequency, and how much people must pay. [The Canadian survey (carried out by Leger Marketing) reports that 3% of Canadians say they paid bribes in the preceding 12 months. This is 1% higher than the US survey and 2% higher than the surveys in Western Europe.]

"This worldwide poll shows that corruption has a dramatic effect on the lives of individuals. Its power is enormous," said Huguette Labelle, Chair of Transparency International. "When basic services like electricity are denied to the poor because they cannot afford a small bribe, there is no light in the home, no warmth for the children and no escape for the government from its responsibility to take action."

## **Scepticism about government efforts**

Most respondents have a poor opinion of their government's anti-corruption efforts. Sixty nine percent say their government is not effective in fighting corruption, or that it makes no effort to fight it, or that it actually encourages corruption. Only 22 percent labelled their government's actions "effective" or "very effective".

Regionally, 42 percent of Europeans and 50 percent of North Americans [Canadians and Americans] think their government's actions are ineffective, with 19 percent of North Americans, 15 percent of Asians and 23 percent of Latin Americans stating that their governments actually encourage corruption. In contrast, many African respondents were more positive, though African views about government anti-corruption actions are more mixed.

## **Bribes for essential public services**

The *Barometer* asked respondents about bribes they paid in conjunction with public services. The findings: bribes are most commonly paid around the world to police. In Latin America, for instance, about one in three respondents in contact with the police end up paying a bribe. This indicates that the gears of law enforcement have been jammed by corruption, with the judiciary ranked the third most corrupt institution.

"Citizens rely on the police to protect them, and on judges and the judiciary to punish the criminals. When these guardians are for sale, some people simply lose faith; others take the law into their own hands," said Labelle.

Bribery for access to services is most common in Africa. Registrations and permits command the biggest bribes – on average, more than €50. Bribes to utility companies average a much smaller €6, still large enough to place electricity and other vital services out of the

reach of many of the continent's desperately poor citizens. "The public is the victim in this vicious corruption cycle," adds Labelle.

In wealthier regions such as North America and Western Europe, the *Barometer* showed that concerns about large-scale corruption run high despite a low level of direct experience of bribery for services. In spite of the lack of day-to-day experience with bribe-paying, respondents in North America think that the business environment (85 percent) and political life (89 percent) are affected to a moderate or large extent by corruption.

#### **Political parties again seen as most corrupt**

Ordinary citizens perceived political parties, on average, to be the institution most affected by corruption, followed by parliaments and legislatures and then by police. Police top the chart in respondents' own experience of bribing, though the police are perceived as the fourth most corrupt institution.

"Corruption has infiltrated public life and burrowed in," said Robin Hodess, Policy and Research Director at Transparency International. "Legislatures are elected with a precious mission: to place the interests of their citizens above their own. The *Barometer* shows that this trust is being violated, at great cost to the legitimacy of elected officials in many countries. The democratic process is at stake if this warning is not heeded."

#### **Religious bodies, NGOs make a positive showing - barely**

Perceptions of sectors and institutions are presented as a point score on a scale from 1 to 5, with 3.0 considered the mid-point. Institutions with a score below 3.0 reflect more positive than negative public opinion.

Globally, only three institutions make a positive showing: religious bodies (2.8), non-governmental organisations, and registry and

permit services (both 2.9), though none of these scores are strong endorsements.

#### **Corruption affects personal, political and commercial life**

Respondents were also asked how corruption affected their personal, commercial and political lives. Political life was seen as being the area most compromised by corruption. The percentage of respondents who believe corruption affects their personal or family life varied greatly among regions, with 22 percent of Europeans feeling personally affected to a great extent, compared to 70 percent of Africans. In Bolivia, Kenya, Nigeria, Philippines, South Korea and Turkey, more than 70 percent of respondents indicated that corruption affects their personal and family lives to a large extent.

#### **UN Convention is key**

This opinion survey should not just rap the knuckles of public sector institutions; it points to urgently needed action. Through the United Nations Convention against Corruption and results from other corruption surveys, governments now have a clear direction and concrete areas for improvement to address the concerns that citizens have expressed so clearly in the *Global Corruption Barometer*.

Countries that are party to the Convention will come together at the Conference of States Parties in Jordan on 10 to 14 December to decide the fate of the only global legal instrument in the fight against corruption. They will decide how much money to commit to monitoring implementation, and how to ensure compliance with this landmark agreement.

The Convention creates obligations on everything from protecting whistleblowers and denying criminals safe haven to codes of conduct for civil servants. It contains tools to fix many of the problems that the *Barometer* identifies, which affect a broad range of

institutions and the citizens that depend on them.

### **A wake-up call, says Labelle**

“Today’s report on the *Barometer* is a wake-up call for governments that have yet to make fighting corruption a top priority,” said Labelle. “The people have spoken unequivocally, and governments must act now to stop corruption in all forms, curb money laundering, protect whistleblowers, and ensure the return of looted assets.

“Next week in Jordan, governments have an opportunity to take concrete steps to implement the Convention and monitor its progress. My message for countries that have not yet ratified this landmark agreement is clear: your absence is conspicuous. This is your chance to join the fight. The world is waiting.”

*To access the 2006 Global Corruption Barometer, visit: [www.transparency.org/policy\\_research/surveys\\_indices/gcb/2006](http://www.transparency.org/policy_research/surveys_indices/gcb/2006)*

### **Taking Stock of the International Campaign against Corruption**

*(A report by Frank Vogl, TI Board Member and Publisher, EthicsWorld, on the 12<sup>th</sup> International Anti-Corruption Conference, Guatemala City, 15 – 18 November 2006)*

*“As the handmaiden of repression and censorship, corruption undermines private sector investment and skews the playing field against small business. Corruption keeps schools from being built. It saps resources for fighting AIDS and improving maternal health care. It distorts government decision-making in innumerable ways and – perhaps most terrible of all – it robs people of their faith in institutions and leaders and democracy itself.”*

**Huguette Labelle**, Chair of the Board of Directors of Transparency International, at the International Anti-Corruption Conference, November 15, 2006.

### **Progress is being made in the global fight against corruption.**

Nuhu Ribadi, Executive Chairman of Nigeria’s Economic & Financial Crimes Commission reports that over \$5 billion in stolen funds has been returned to his country over the last three years. He adds that controls geared to preventing illicit outflows of cash have resulted in substantial sums of “corrupt cash” being invested in mainstream Nigerian businesses. Redempto Parafina, coordinator of the G-Watch, a non-governmental organization in the Philippines, reports that anti-corruption actions by a growing number of civil society organizations have led to huge cuts in basic school text book prices and the ending of schemes that saw tens of thousands of books failing to reach designated schools. In Bangladesh, Manzoor Hasan is gaining mounting support to develop the Centre for Governance Studies at BRAC University. In Kenya, Gladwell Otieno is close to launching the African Centre for Open Governance (AfriCOG).

Across the world a rising number of new anti-corruption initiatives are coming to the fore, promoted by civil society, business, government and international aid agencies and research centers. About a dozen years ago the landscape was largely barren. Transparency International, founded in 1993, was a pioneer and today it has over 75 national chapters around the world. At that time the World Bank and other aid donors largely ignored the corruption issue with the Bank’s leadership asserting that it was “too political” for an aid agency. Now, the Bank and all other major multilateral and bilateral aid agencies have

good governance and anti-corruption as a top priority. Numerous official international anti-corruption conventions have been signed and the official communiqués of global summits regularly feature anti-corruption resolutions (a decade ago this was rare).

But, is corruption declining?

Is there any evidence of reduced bribe-paying or bribe-taking?

It is difficult to find the evidence to answer these questions in the affirmative. But, so much is happening on so many fronts that cautious optimism may well be in order. This was certainly evident among the more than 1,200 delegates from over 100 countries who crowded into plenary sessions and more than 40 workshops at the 12<sup>th</sup> International Anti-Corruption Conference (IACC), held in Guatemala City from November 15-18, 2006.

The meeting provided an opportunity to take stock – to look at a host of critical issues and find some common ground on where actions can be taken on a priority basis. The issues considered included the following:

### **Money**

Greed drives corrupt practices and usually the focus is on cash. Bar the taking of cash and you bar much of the abuse of office for personal gain – corruption. The anger of many people over the difficulties involved in preventing corrupt officials from shipping their loot out of their countries, and in securing the repatriation of the cash even if one knows where it is deposited overseas, is substantial. Across Eastern Europe, Asia, Latin America and Africa, there are civil society organizations that are frustrated at international financial systems that appear geared to helping the corrupt.

A central concern is money laundering. Progress has been made in recent years, partly due to the voluntary efforts of banks and TI in forging the Wolfberg Principles. Then, 9/11 made international anti-money laundering a major governmental priority given the imperative to cut funding to terrorist organizations. The authority of the Financial Action Task Force rose. Corrupt officials, however, continue to engage intermediaries who facilitate the laundering of stolen funds across national borders. The application of laws and regulations to foil the facilitators is often undermined by hosts of national regulations from one country to another that often seem to contradict international regulations and thus create confusion. Banks and regulators are working on this, but progress is slow. It is a similar jumble of often contradictory regulations (providing high incomes to lawyers) that also complicates the issue of the repatriation of stolen assets. Hopefully, recent Nigerian successes may inspire progress across a broader front.

### **Punishment**

But, as it was noted at one of the IACC workshops, corrupt officials and the complicit financial intermediaries will continue to forge ahead if they feel the risks are few. Punishment in this area appears to be infrequent. As former Peruvian public prosecutor José Ugaz explained at the IACC, politicians in too many countries enjoy immunity from prosecution while they hold public office and then they secure asylum in countries that ignore extradition demands. Why, he asked, is former president Fujimori still able to stay in Chile after a year there and not be returned to face trial in Peru? (The IACC conference passed a resolution about Fujimori.)

Punishment, it was noted at the IACC, can come in many forms. Too few politicians who have stolen fortunes have ever faced trials for



their crimes. The IACC took place as former top cabinet members in Kenya, who had been forced to resign office because of documented allegations of their massive thefts, were reinstated into the Kenyan cabinet! In many countries, it was discussed, the public has a cynical view of law enforcement – in one nation after another it seems that people are convinced that the law will never deal appropriately with the big corrupt crooks. It is hard to find evidence to suggest these views are misplaced. Many delegates felt that an increasing priority for civil society is to work to better monitor the legal system and to campaign for greater fairness and equality in law enforcement. Such an effort may secure some support in early 2007 when Transparency International publishes its next Global Corruption Report, which will highlight the roles of the judiciary.

Delegates at the IACC also stressed the power of the electorate to punish the corrupt. The recent U.S. Congressional elections illustrated the point. Exit polls in the U.S. indicated that 75% of voters saw corruption in politics as a key issue as they went to vote. The result: many powerful incumbent politicians lost their seats – punishment indeed!

### **Personal Risks**

The conference also noted that, while calls for greater civil society anti-corruption efforts are well placed, the dangers are rising in many countries for those who seek to wage the good fight. From Bangladesh and the Congo to Venezuela and Zimbabwe, anti-corruption campaigners live in fear of arrest or assassination. The murder of journalists investigating corruption in Asia and in Latin America has been rising. The threats to non-governmental organizations in Russia by the Kremlin are serious. The pressures by authorities in Sri Lanka and Ethiopia are intense on those who might seek to challenge

public officials and call for transparency and accountability. On the eve of the IACC, word came that Christian Mounzeo had been arrested for the second time this year by the authorities in Congo-Brazzaville. He is a Congolese anti-corruption activist and a member of the international board of the Extractive Industries Transparency Initiative (EITI) - a coalition of governments, industry and civil society that promotes transparency in the natural resources sector. Its chairman, TI founder Peter Eigen, noted that the arrest is, "A violation of human rights and a travesty of justice. Christian Mounzeo is a civil society leader of the utmost integrity who has championed clean government, a better business climate and greater justice for the people of the Congo. These issues may be unpopular in the eyes of the Congo's government, but they are crucial to the country's future."

Conference delegates worked at a series of initiatives to counter the mounting threats – ones that of course are just as great for human rights and other social justice activists as they are for anti-corruption campaigners. A number of civil society leaders from high-risk countries met informally to forge support networks to share information, to assure major external contacts in the event of a disaster in one country or another, and to pool experience. Then, there was an animated discussion of official regional and possibly global approaches to protect the basic rights of civil society to freedom of assembly and freedom of expression. A suggestion for initiatives of this kind was made at one of the IACC plenary sessions by José Miguel Insulza, Secretary-General of the Organizations of American States.

In addition, it was widely recognized that increased media attention on the governmental threats to civil society and to individuals can contribute to the enhanced safety of those who campaign for justice. This point was

underscored at the meeting when Dr. Anna Cecilia Magallanes Cortéz from Peru received the 2006 Transparency International “Integrity Award.” Dr. Magallanes overcame enormous personal dangers to lead the force that successfully prosecuted 1,500 members of the criminal organization of General Vladimiro Montesinos, the collaborator of former president Alberto Fujimori.

## Values

Crucial to the fight against corruption is the education of young people (as well as leaders of many diverse institutions from the media to business to academia, and of course government) about basic moral values. As Costa Rican president and Nobel Peace Prize winner Oscar Arias eloquently told the IACC meeting, too little is being done to ensure in all societies a core understanding and support of values that reach beyond material concerns and “place at the center the right of all human beings to a place under the sun.”

In an increasing number of countries, civil society organizations are taking anti-corruption campaigns into the schools, working with teachers to find ways to make children strengthen their understanding of core values. Efforts are being made to involve faith-based organizations in this agenda (so far with limited success). More broadly, good governance campaigns by civil society in many countries are gaining traction with businesses and not-for-profit organizations that stress core values, building a values-based institutional culture, and emphasizing the importance to chief executives to demonstrate an ethical “tone at the top.”

## Politics

Corruption is all too pervasive in almost every corner of politics, from the bribing of voters in elections, to the nefarious influence of lobbyists

using criminal tactics to influence legislation, to the abundance of money flowing to political parties and candidates for political office for their campaigns by those who seek special influence. It often seems that no country is spared the curse of corruption in political life. Cases such as those involving lobbyist Jack Abramoff in the United States and the current Government in Kenya are highlighting the power of secret networks of corruption that embrace politicians and civil servants and business. Moreover, the rapid evolution of globalization is enabling the networks to launder cash to overseas havens, facilitate the engagement of foreign players in contracting and bribe-paying and making a mockery of law enforcement. In parallel, the pace of governmental decentralization is accelerating in many countries and giving rise to the potential of rising political abuse at the local and municipal levels.

These are huge issues and the discussions at the IACC merely scratched the surface. But work is proceeding in many countries to try and clean-up politics. At a global level, there is increasing emphasis now on conventions that seek to ensure a higher level of transparency and accountability in all areas of public life. This is at the core of the new United Nations Convention against Corruption. Anti-corruption campaigners are pressing public authorities to enforce the conventions and agree to rigorous monitoring of new ones.

In addition, in a rising number of countries diverse organizations are attracting increasing media attention to new research and to advocacy campaigns that highlight the range of corrupt practices in national politics. Whether the mounting public interest will lead to sustained reforms remains an open question. That there will be no reform without punishment of corrupt politicians is clear.

What became evident at the IACC was the need for greater exchanges of experience and knowledge across national borders of many aspects of corruption in politics. A. Ruzindana of Uganda, Chairman of the African Parliamentarians Network Against Corruption, believes that legislative bodies in developing countries can play greater oversight roles of the executive branches of government. He says his organization is growing and gaining strength through ties beyond Africa with, for example, the Global Organizations of Parliamentarians Against Corruption [founded and chaired by TI-Canada member, the Hon. John Williams, also a speaker at the IACC].

A crucial tool in undermining the secret corrupt networks rests in public information. Transparency – exposing the facts for all to see – has been shown to be powerful for promoting accountability. Former Kenyan chief ethics and anti-corruption official John Githongo, who resigned and sought refuge in the U.K. as threats on his life mounted because of his work, told the conference that detailed exposures of actual cases where embedded networks engage in grand scale corruption can have an impact. But, discussions at the IACC left no doubt that success comes only if pressures on government for action are maintained, if the courts are fair and active, if courageous prosecutors are in place, and if all engaged understand that the skill of corrupt top politicians to overcome adversities dare not be underestimated.

## Conventions

Building international frameworks to achieve actions, to articulate the responsibilities of governments and to direct policies to curb corruption, has become a central theme of IACC conferences over the last decade. The OAS Convention was the first major regional anti-corruption initiative of its kind, but its impact has been marginal at best. The challenge now is to ensure that its monitoring mechanisms are seen by the Latin public to be

working. The anti-bribery convention of the Organization for Economic Cooperation and Development (OECD), signed by 36 countries, has yet to be meaningfully enforced. The failure here represents a humiliating situation for the very same industrial countries that are using their aid agencies to drum good governance into the heads of the leaders of poor nations. There was a sense among some experts at the IACC that crunch time is looming for the OECD Convention and that it is going to be essential that the level of serious investigations and prosecutions of overseas bribery of government officials rises in the year ahead.

There was much talk about the United Nations Convention Against Corruption . It is new and holds much promise. UN Secretary-General Kofi Annan has asserted that, “If fully enforced, this new instrument can make a real difference to the quality of life of millions of people.” The key rests in his first few words. Will this U.N. initiative, like so many others, languish and fail to be applied? At a major forthcoming conference in Jordan in December 2006 governments will have the opportunity to commit to effective monitoring. Civil society will be present to push for full enforcement.

## Humanitarian Assistance

The massive earthquake in Pakistan and the tsunami in Indonesia served to remind the IACC of the opportunities for large-scale corruption at times of humanitarian disaster when the charitable funds and the official aid flood into a country in a haphazard manner. Time and again, it seems, the donors just do not learn from previous errors. The criminals benefit. Repeatedly, the opportunities for corrupt practices surface as the donors fail to coordinate adequately; their zeal to disburse funds rapidly overwhelms their prudence; their focus on being seen by the media to be highly active relegates a focus on safeguards to a low

priority; the lack of local information by international donors compounds the problems, according to the discussions at the IACC.

What can be done? The international community needs to focus still more directly on measures that ensure that the victims of future natural disasters obtain the maximum benefits in ways that are transparent and efficient. Key actions should include a greater commitment by donors to coordination, enhanced priority to engaging civil society as a meaningful partner by governments and donors, and strengthening independent monitoring, which can include civil society. The lessons learned from special seminars - such as one involving TI, the OECD and the Asian Development Bank in Indonesia last year - need to be learned. Perhaps, there would be progress if there was a major international commission of investigation into corruption in the Indonesian disaster, where by some accounts vast amounts of cash have still not been disbursed and the agonies of countless tsunami victims continue to this day.

### **Human Rights**

A rising number of studies have shown how countries perceived to be highly corrupt also have terrible human rights records. Yet, the anti-corruption organizations and the human rights organizations have tended to steer clear of each other, despite a common focus on the same villains in governmental power. The need for greater cooperation and for a deeper understanding of the overlaps between anti-corruption and human rights was a clear message from the IACC. In this regard, the comments made to the IACC by Peter Ackermann were particularly interesting. He has created the International Center on Nonviolent Conflict, whose prime focus has been on the use of civilian-based, nonmilitary strategies to establish and defend human rights, democracy and justice. He sees a growing area of common spaces between the issues that he

has been most preoccupied with and anti-corruption. It is linkages like these and the networks that can emerge as a result that are particular virtues of conferences like the IACC.

### **Environment**

There is an equal deficit in understanding, linkage and cooperation between environmental movements and the anti-corruption community. Initiatives have been launched relating, for example, to forestry and to safe water. However, progress has been tepid. There is a need for more research and the decision by Transparency International to focus its 2008 Global Corruption report on water may be beneficial. There was a paucity of environmental organizations present at the IACC, just as there were few anti-corruption campaigners evident, for example, at the major Business for Social Responsibility conference in New York City the week before the IACC. Civil society, like business, has a convenient way of compartmentalizing issues – it may be comfortable from a management perspective, but linkages are missed and in this case the protection of the environment is made all the harder.

### **Natural Resources**

Just before the IACC convened, the EITI formally came into existence and it is now moving fast to become established, build a secretariat (its location is about to be determined), and seek to play essential roles in an industrial sector rife with bribery and kick-backs. Many countries that are rich in oil, gas and metals, are the homes of appalling poverty and corruption. At its core, the EITI's goal is to bring full transparency to transactions in the extractive industries and to business and governmental practices. A core driver of the EITI is the need for companies to publish what they pay to public authorities as they explore for and as they extract resources. There was a

call at the IACC for greater public information on what companies currently do not publish. Some delegates voiced skepticism that companies would find ways, through highly technical contracts with host governments, to evade full disclosure of all of their payments. EITI has a validation and monitoring mandate and there is a strong sense that this is a timely initiative that offers a good deal of promise. It relates to only one aspect of corruption in natural resources, but a key one and if there is success here, then that is encouraging. A reality check, however, is that despite the wealth of information on corruption produced by the Volcker Commission on the UN oil-for-food scandal in Iraq, there have so far been few prosecutions!

## **Business**

EITI represents just one initiative where the private sector is committing to more transparency. Extensive workshop discussions at the IACC highlighted a range of others. Corporations are demonstrating a rising willingness to agree to specific anti-corruption standards, pursue employee training and report on the progress that is being made. The rising corporate participation in the UN Global Compact is one example of this. At the same time, multilateral institutions are pressing business to be more transparent. The International Finance Corporation is leading the way in some areas. The President of the Inter-American Development Bank, Luis Alberto Moreno, told the conference that a major challenge and opportunity rests in enhancing all aspects of transparency in the development of large-scale infrastructure projects and here he sounded hopeful, for example, about the major widening of the Panama Canal that is on the drawing boards.

## **Defense**

Corruption in this sector poses an enormous threat to global security. When a Pakistani nuclear scientist is bribed to sell nuclear bomb-making secrets to Iran and North Korea and when terrorist movements use money-laundering schemes to secure funding, then the connections between corruption and security are obvious. But this issue has not yet captured the center of the anti-corruption stage. Too many governments continue to refuse to provide details on their defense budgets and argue that secrecy is essential for national security. Too few civil society organizations concentrate on this topic. An exception is TI-UK, where under the leadership of Mark Pyman, a program to secure information and transparency in the defense industry, including voluntary standard-setting by firms and integrity pact bidding procedures by governments, are moving forward.

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