

Taking Stock of the International Campaign Against Corruption

A report from the Transparency International-organized “12th International Anti-Corruption Conference” in Guatemala City, November 15-18, 2006

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“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](#) (see [Best Practices by NGOs](#) for more on G-Watch’s work), 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 \(CGS\) 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 [12th International Anti-Corruption Conference](#) held in **Guatemala** 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 [Wolfsberg 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](#) (FATF) 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 discussed 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 noted, 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](#) (GCR) (click [here](#) for EthicsWorld's report on the 2006 GCR), 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." (see [press release](#))

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 [Organization 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 (*see above*). Even in the U.S., the media and political experts are acknowledging that corruption problems are undermining the basic roles of the Congress, as noted, for example by a November 9th report by the [Committee for Economic Development](#).

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](#) (APINAC) 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 Organization of Parliamentarians Against Corruption](#) (GOPAC).

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](#), 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. *(For more on this topic see <http://www.adb.org/Documents/Books/Curbing-Corruption-Tsunami-Relief/default.asp>)*

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 space 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, is moving forward.

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