

Weather today

15-19 °C



partly cloudy

# news

10th international anti-corruption conference

## The private sector: the “missing link”



Ricardo Semler

Speakers at yesterday's IACC plenary session agreed that companies are a major part of the corruption equation. “Private sector companies shape the rules to their advantage,” said the World Bank Institute's corruption expert Daniel Kaufman. “Companies purchase votes, executive decrees, court decisions, parties through illegal party financing, (and) favours.” Mr Kaufman pointed out that about half of the countries in Central and Eastern Europe have become “state captured”, which comes at a great cost to the region. Jean Lemierre, President of the European Bank for Reconstruction and Development pointed out that the misallocation of resources is particularly problematic for countries undergoing a difficult transition from a centralised to a market economy. But the scramble for resources is even more acute in countries of the South, recalled Patrick Alley of Global Witness. “In Liberia, every natural resource in the coun-

try is treated as the personal property of President Taylor,” he said, also pointing to the complicity of multinational companies in these acts.

The temptations for businesses to engage in corruption are indeed great. Ricardo Semler, CEO of Brazilian industrial giant Semco, provided a personal example: “At US\$200 million, we are about one third of the size of the company we think we would have been had we accepted to play along with the (corrupt) rules of the game,” he said. One organisation that has played a leading role in the drive to make the private sector more transparent is the OECD. Deputy Secretary General, Seiichi Kondo, pointed to recent successes, including the OECD Anti-Bribery Convention, the OECD principles of corporate governance and Guidelines for Business Conduct. “The guidelines are voluntary and do not override national law; but they help business and civil society by indicating what can reasonably be expected of a company in such fields as transparency, human rights, environmental protection, consumer interests, competition and taxation.” But Ricardo Semler made a sobering point: “There are no democratic companies,” he noted. He pointed out that 130 of the largest 200 GNPs in the world are companies and only 70 are countries. “If there are no democratic companies and the corporate share of world GNP is now larger, isn't the world becoming less democratic instead of more?”

## World Headlines

- Russian crash investigators say they have discovered parts similar to missile components in the wreckage of a crashed Russian airliner. The investigators believe the Sibir airplane was shot down accidentally by a Ukrainian missile as it flew over the Black Sea.
- Authorities in Pakistan have detained three leading pro-Taliban Muslim clerics in a bid to prevent them from planning more anti-US rallies during the Afghan bombing campaign.

## Czech Headlines

- The United States will decide by Thursday on the possible use of one or two Czech TU-154 transport planes, which the Czech Republic has offered, according to Czech Foreign Ministry spokesman Aleš Pospisil.

## Conditionality in aid and debt relief

By Malina Beretova

Participants in a workshop on aid and debt relief favoured unconditional debt relief, or cancellation, provided that relief is coupled with transparency and accountability. “Everyone agrees that money received through debt relief must go to those who really need it,” said Dieter Frisch, former Director General of the European Commission. Some participants said that debt responsibility should be shouldered by creditors and recipients alike. One participant warned against employing double standards, and suggested that lenders who contribute to corrupt governments share guilt. Exacerbating the problem is that donor countries pursue commercial and geopolitical goals, as well as a perverted incentive structure, in which aid organizations reward quantity of lending over impact. The workshop tackled the issue that conditions on aid have failed to cause reform in recipient countries. Professor T.C.I Ryan, former Economic Secretary, Ministry of Finance of Kenya offered some positive news: “Kenya has a reputation which is not the most enviable,” he said. “Fifty-four percent of Kenya is below the poverty line. But in 1960, over 80 percent was below the poverty line, so there is definite progress.”



Seiichi Kondo, Jean Lemierre

# Spoiled sport

Conflicts of interest abound in sports. One such case exploded on to the public stage when a Brazilian journalist got hold of a copy of a secret contract between Nike and the Brazilian Federation of Football. In this now-famous deal, the Federation sold the rights to over 50 international games, granting Nike control not only of the location of the games, but even the choice of players on the field. If sport straddles the line between public and private interest, standards must be set, said Jeremy Pope, Executive Director of Transparency International, steering a workshop on corruption in sports at the 10th IACC yesterday.

## Big business, big politics

Brazilian Congressman Aldo Rebelo - leader



John Githongo, Francois Werner, Jeremy Pope (Happy Birthday, Jeremy!), Andrew Jennings, Aldo Rebelo, Ana Garcia

of the congressional enquiry into Nike - was on hand at the workshop to detail the gross irregularities in the Nike contract: the president of the Federation had millions of undeclared property abroad and US\$ 11 million in interest was paid out on a loan of US\$ 39 mn. "We need to restrict private sector interference in sports," he insisted. But football has become not only big business but big politics, said John Githongo, Chairman of Transparency International Kenya. In Kenya, he explained, football is a stepping stone to national politics. But he emphasised sport's great inherent strength: "Soccer is about development and freedom from poverty," Githongo said. "It is an opportunity for young people to make something of themselves." TI Kenya unexpectedly became involved in soccer management issues last spring when 8 of the 20

clubs in the top national league approached the civil society group for assistance in inspecting the books of the Kenyan Football Federation (KFF). TI-Kenya's involvement in the case revealed not only wide-spread mismanagement in the KFF, but also the lack of assistance available from the International

Federation of Football Associations (FIFA), which channels money to African leagues, without asking for any accountability. "In the next 6 months, we might see the collapse of the whole league if we're not able to clean it up," said Githongo.

## Real reforms

The International Olympic Committee (IOC) also came close to a major crisis when the Salt Lake City scandal broke in 1999. According to investigative journalist Andrew Jennings, this was just the tip of the iceberg. "Institutionalised corruption was the core of (IOC President) Juan Antonio Samaranch's management of the IOC," he said. But even though Samaranch left in July 2001, the structures have remained, says Jennings, who has investigated corruption in the IOC for 13 years. The biggest crime of the IOC has been the doping cover-ups, which, according to Jennings, have nearly destroyed sport. But Francois Werner, Special Representative to the IOC Commission of Ethics, insisted that the organisation is undergoing extensive reform. "After the Salt Lake scandal, a new era began," he said. The new IOC Code of Ethics was available at the workshop. But Werner says that the reform process is still in its early stages. And he welcomed the suggestion by Transparency International's Jeremy Pope to work together, alongside the sponsors, to look seriously at the conflicts of interest in sport.

# Mobilising a new generation of anti-corruption leaders

One of the most important goals of the international anti-corruption movement is to inspire future leaders to fight for greater transparency and openness in society. The 10th IACC affords an opportunity for promising future leaders to gain important insights into the practical dimensions of anti-corruption activities through the Students' Forum, which has brought together 50 students from more than 25 countries. Papers delivered in yesterday's workshop focused on the role of the media, gender, civil society, and privatisation in corruption and anti-corruption efforts. Speakers included undergraduate students from Georgia, Kazakhstan, Tajikistan and Ukraine. Ismagilova Nuria Rifkatovna from Tajikistan provided particularly useful insights into an oft-neglected issue: the relationship between gender and corruption in Central Asia. Women in that region face severe obstacles in entering the political and policy-making arenas because the non-transparent character of government institutions militate against women, despite the adoption of conven-



tions elevating their status. Among the solutions Rifkatovna proposed was "investing in the organisational capacity of women, for example by supporting NGOs." She added: "Changing social norms is dif-

icult but possible. It depends on us; on women in politics." The third and final Students' Forum workshop session will take place today at 11:00-13:00 in room W403.

## Unlikely allies: TI chapters working together in the former Yugoslavia

Today's programme features a number of regional workshops, including one for Central and Eastern Europe and the Commonwealth of Independent States. TI chapters in the former Yugoslavia have already established an exciting regional alliance.



In the last one and a half years, Transparency International chapters have been formed in Bosnia-Herzegovina, Croatia, Serbia and Macedonia. The chapters have taken the unusual step of wishing to be known as country rather than national chapters, in accordance with their multiethnic constituency and with their goal of curbing corruption country-wide. More importantly, the four chapters have formed the basis for co-operation in the fight against corruption in the former Yugoslavia which bypasses nationalist enmities.

### Transparency and democracy go hand-in-hand

TI-Croatia is headed up by Prof. Josip Kregar, former Interim Mayor of Zagreb who

is widely recognised for having launched the debate about corruption in Croatia. The Croatian case is a prime example of co-operation between civil society and government: Experts from TI-Croatia worked with the Minister of Justice in drafting the



TI representatives from the region

National Anti-Corruption Plan (available at [www.transparency.hr](http://www.transparency.hr)). The chapter also drafted a proposal for a law on conflict of interest, which is now under discussion in parliament. TI-Serbia has its roots in the European Movement in Serbia, an NGO which was already bravely working on anti-corruption initiatives under the Milosevic regime. TI-Serbia moved swiftly once Milosevic was toppled: establishing anti-corruption programmes aimed at improving the functioning of municipal services. Imperative to this initiative, and to Serbia's first tentative steps as a new democracy, will be the introduction of professional budgeting and public procurement proce-

dures which are the subject of draft proposals of TI-Serbia to the Serbian government. "Ours is the only country in the region which still has no legislation on public procurement," says Predrag Jovanović, the chapter's president. TI-Bosnia-Herzegovina (BiH) also plans to focus its energies on fiscal management because of the constant deficit, due in part to deficiencies in public procurement legislation. According to TI-BiH head Boris Divjak, fiscal evasions year on year were the equivalent of all foreign aid received. Thus far, TI-BiH has been instrumental in instigating the anti-corruption laws passed by the Republika Srpska - one of the state's two entities - and highlighting the large-scale corruption in the region's forestry sector.

### Open for business

Important to all the groups in the region is bringing legislation in line with that of the European Union, a body which all aspire to join. Together with Bostjan Horvat, TI national contact in Slovenia, the chapters recently adopted the Initiative on Public Procurement in South-East Europe. Its action plan focuses on public procurement in a regional context and aims at mutual harmonisation among the participating countries, ultimately bringing procurement in line with EU best practices. Simplification, harmonisation and removal of barriers are needed to improve the business environment and attract foreign capital to the region. These are goals shared by all of the chapters in the region.

## New survey of corruption climate in CEE

"Among the 11 Central and Eastern European countries surveyed, the Czech Republic had the third worst figure in terms of the public view that bribes are a natural part of life. It's an alarming result," said Michal Burian, Executive Director of TI Czech Republic (TIC), of a new regional survey of the corruption climate released yesterday by GfK Agency in co-operation with TIC. The figure he was referring to, however, contradicts other surveys of corruption perception, which suggest that the

majority of people living in the region tolerate corruption. In fact, the GfK study showed that only 25% of Czechs believe bribes are a natural way of life. Nevertheless, the Czech Republic lags behind other countries, such as Bulgaria and Croatia, where only 17% and 18%, respectively, of those surveyed perceived this to be the case.

The survey also suggests that a country's reputation in tolerating or rejecting corruption cannot be assessed by studying the behaviour of politicians or business people alone - it is as important to analyse the actions and perceptions of ordinary citizens as well. Approximately 12,000 people in the region were surveyed and the study was completed in 2001. The main research findings suggest that it isn't enough for people to resist corruption passively, they must actively fight against it. The study can be ordered at [www.gfk.cz/corruption](http://www.gfk.cz/corruption).



## The Global Corruption Report 2001

Publication Date: 15 October 2001

*The Global Corruption Report is the new definitive annual overview of the state of corruption around the globe from Transparency International. As well as expert analysis of party funding, money laundering and corruption in the diamond trade, the GCR 2001 features in-depth regional reports from across the globe, and a comprehensive data and research section.*

*More information about the book is available at the TI Stand, on the 2nd floor of the Prague Congress Centre, or at: [www.globalcorruptionreport.org](http://www.globalcorruptionreport.org). You are cordially invited to attend the press conference on the GCR today at 13:15, Press Room, 4th floor, featuring TI Chairman Peter Eigen, GCR editor Robin Hodess, and Cardiff University Professor of Criminology, Michael Levi.*



Frank Vogl, Daniel Kaufman, Seiichi Kondo, Jean Lemierre, Ricardo Semler, Heinz Rothermund and Patrick Alley

## Plenary session

**Petr Brod** (Czech Republic): Editor of the BBC's Czech Service. Author of a book on Soviet-Israeli relations and articles on Jewish history in Czechoslovakia.

**Cheryl Gray** (United States): Director of the Public Sector, The World Bank.

**Marie-Noëlle Patterson** (France/Vanuatu): President of Transparency International Vanuatu and first Ombudsman of Vanuatu from 1994-99.

**Baltasar Garzón Real** (Spain): Investigating judge in Spain's Audiencia Nacional. Indicted former Chilean dictator Augusto Pinochet in 1999.

**Liu Liying** (China): Senior Supervisor, Ministry of Supervision of China.

**Francois Werner** : Special Representative, International Olympic Committee Commission of Ethics, Switzerland.

## Changes to today's Workshops

### Creative Workshops

All creative workshops during the conference will take place from **11:00-13:30** instead of **11:30-13:00**. We ask all participants to please arrive promptly at **11**.

### Workshop cancellations

The following workshops have been cancelled: **80, 91, 110**.

### Workshop changes

**WS No. 43:** Private to Private Corruption - Impact and steps required to curb its effect  
New panellists: **Francoise Vinke**, Chairman, ICC Standing Committee on Extortion and Bribery, France

**Graham Rodmell**, Transparency International UK

**Ian Trumper**, Transparency International UK

**WS No. 60:** Business principles for countering bribery

Change of speaker: **Felipe Ochoa** will be replaced by **Daniel Ivarsson**, Managing Director, International Federation for Consulting Engineers

**WS No. 82:** Corruption in capital markets: What can be done?

New Co-ordinator and Chair: **Rene ter Haar**, Director, PricewaterhouseCoopers, Dutch Investigation Practice, replaces **Aart Bloemheugel**.

**WS No. 83:** Mobilising society against corruption

Change of speaker: **Josefina Vazquez Mota** will be replaced by **Octavio Aguilar**, Administration Under-Secretary, SEDESOL.

**WS No. 86:** Corruption in health services, Part I

Change of speaker: **Norman Inkster** will not be in attendance. He will be replaced by **Dan Winkler**, Medical Fund and Medical Ethics.

**WS No. 102:** Corruption in health services, Part II

**Elena Stempovscaia** will not be in attendance.

**WS No. 103:** Containing corruption in privatisation

Update to panellist topic: **Alan Rousso**, EBRD, on Privatisation and Corruption in Russia

**WS No. 105:** Corruption in forestry  
New panellist: Prof. **Rudolph Dolzer**, University of Bonn

## ANNOUNCEMENTS

*Note to all Workshop Speakers: Please bring your case studies to the copy centre so that we can make them available to participants.*

*Note to all Workshop Rapporteurs: Please bring your reports to the "workshop speakers support centre" on the ground floor or to the directly adjacent copy centre.*

*Note to all Workshop Co-ordinators: Please check your room to see that necessary equipment is there. Workshop rooms are now open from 8:00.*

*Tickets for the gala evening are still available.*

## What's on in Prague

### Cultural Tips Wednesday, 10 October

**Státní opera Praha**, Ballet of National Theatre, Wilsonova 4, Praha 2, CARMEN (19:00)

**Black Light Theatre**, Rytířská 31, Praha 1, FAUST (20:30)

**Jazz Club Železná**, Železná 16, Praha 1, Yvonne Sanchez Brazilian Mud - Latino jazz (21:00)

**Reduta**, Národní 20, Praha 1, Jana Koubová & Guru Band - Vocal jazz, world music, ethno and jazz fusion (21:00)

**10th IACC Gala Evening**  
Municipal House (Obecní Dům)  
Wednesday, 10 October (19:30-24:00)  
Price: 65 USD

**Panellists:** Guo Yong (China), Prof. Ahmed Jafari-Samimi (Iran), Prof. Roberto Garza-Leonard (Mexico), Jorge Aguirre (Mexico), Scott Gehlbach (USA), Kerry Pedigo (Australia), King Tsao (China). Rapporteur: John Heilbrunn

### Additional meeting: New Developments

Wednesday, 10 October, 11:00-13:00, W 201

**Chair:** Heather Marquette, University of Durham, UK

