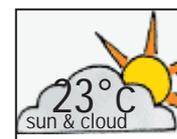




IACC update



DAILY NEWS FROM THE 12TH INTERNATIONAL ANTI-CORRUPTION CONFERENCE



Moderator Michael Holman with panelists John Githongo, José Ugaz, Devendra Raj Panday, John Williams, Soung-Jin Chung

Panelists call for action against embedded networks of influence

Anti-corruption champions who have stood up to embedded networks of corruption in their countries were featured in the IACC's second plenary, *State for sale: Corruption and Embedded Networks of Influence*.

Moderated by Michael Holman, the panel included John Githongo, famous in the anti-corruption movement for exposing the Anglo-Leasing scandal in Kenya, Devendra Raj Panday, who spent three months in prison this year in Nepal for his political views, Soung-Jin Chung, Chairman of the Korean Independent Commission Against Corruption, John Williams, Chair of Global Parliamentarians Against Corruption (GOPAC) and José Ugaz, a lawyer with expertise in criminal law, human rights, anti-corruption and money laundering.

Consistent with the plenary's theme, speakers noted that not only politicians make a society corrupt. By its very nature, a network consists of many parties. According to Devendra Raj Panday, the state, the political class, civil society and business all play roles. Though society cannot live function without a network of influence, the challenge is to define which exchanges are corrupt, Panday said.

While John Williams of GOPAC discussed the need for government accountability, John Githongo spoke from his experience of serving in a government captured by an embedded network. According to Githongo, despite good intentions, it is not easy: "Often you find that you have become part of the network. From my experience, the most you can do is disrupt the network. You cannot uproot it all at once without a revolution."

With their power to motivate people to change, it is no wonder that these panellists are often called champions of the fight against corruption. John Williams called on parliamentarians to take action: "Why does government keep getting away with cash? Because there is no openness, no transparency, no accountability. The choice is ours. Parliamentarians need to stand up." A member of the audience called for John Githongo to return to Kenya, where he is needed more than ever to fight the embedded networks of corruption.

Transparency International's Chief Executive David Nussbaum gave the last call to action with his suggestion that the IACC should call for the government of Chile to speed up the extradition of Alberto Fujimori in its closing declaration.

Did you know?

El Señor Presidente, the most famous novel of Guatemala's Nobel laureate for literature, Miguel Angel Asturias, portrays corruption and the social ills faced by a people ruled by an insensitive dictator. The controversial work remained unpublished for 13 years during the regime of dictator Jorge Ubico.

Today's Programme

09:00-11:00 Plenary III
Breaking the vicious cycle: Corruption and poverty, obstacles to social and economic rights

11:30-14:00 Workshops IV *

- 4.1. OECD convention (Onix)
- 4.2. Access to information; comparing Argentina, Guatemala and Mexico (Jade/Bronce)
- 4.4. Anti-corruption for post-communist societies (Asturias)
- 4.5. Sports and corruption (Izabal)
- 4.6. Multilateral development banks mechanisms to investigate & sanction (Amatitlan)
- 4.7. The role of law enforcement (Atitlan)
- 4.8. Investigative journalism (Peten Itza)

Special session: The SME challenge (Obelisco-Independencia)

14:00-15:00 Lunch

15:00-17:30 Workshops V *

- 5.1. The asset recovery paradigm (Onix)
- 5.2. Corruption in the judiciary (Jade/Bronce)
- 5.3. Corruption in the water sector (Oro/Esmeralda)
- 5.4. Financial disclosure programs for public officials (Obelisco-Independencia)
- 5.5. OECD guidelines for multinational enterprises (Izabal)
- 5.6. Roles for donor institutions (Amatitlan)
- 5.7. Addressing impunity (Atitlan)
- 5.8. Strengthening civil society parliamentary network (Peten Itza)

Special session: investigating corruption in multiple jurisdictions (Obelisco-Independencia)

18:30-20:00 Special plenary session
Security sector reform

21:00-24:00 Gala Dinner

* Workshop names have been shortened from their full titles



Dr. Ngozi Okonjo-Iweala

Former Minister of Finance and Economy Dr. Ngozi Okonjo-Iweala led Nigeria's acclaimed new economic team, implementing President Olusegun Obasanjo's sweeping economic and social reform agenda. IACC update was able to catch up with her for a few questions:

IU: What do you consider to be your major achievements as Minister of Finance?

Okonjo-Iweala: I was able to get a debt write off for my country of US \$18 billion- 60 percent- from the Paris Club group of creditors. Second, I helped put together a comprehensive anti-corruption reform programme for the

Special plenary session: Corruption and oil

When corruption steals the wealth of resource-rich nations, generations are trapped in poverty. The Extractive Industries Transparency Initiative (EITI) offers a concrete solution to a problem of large proportion. A major anti-corruption initiative to address what is often called the "resource curse" or the "paradox of plenty," EITI addresses the specific factors at play in extractive industries: the strategic significance of oil, large transaction sizes and massive flows of investment that make it easy to extract large rents. The concentration of revenue flows and their complexity make it easy to manipulate incomes and hide illicit transactions. Peter Eigen, Chairman of the EITI Board, moderated last night's special plenary session that examined features of the initiative and looked at the challenges ahead.

EITI seeks to reverse the paradox through transparency: under its provisions, governments and countries commit to publishing their revenues and payments. A multi-stakeholder initiative, EITI membership mandates the involvement of governments, companies and civil society. Ben Mellor of the EITI Secretariat noted, "It is as much about building trust among all

Okonjo-Iweala speaks on reforms in Nigeria

country; reforming public procurement and setting up the Extractive Industries Transparency Initiative (EITI).

IU: Why did you resign from the Economic Team?

Okonjo-Iweala: I do not want to be subject of the interview. I want the work that we did to be the subject. My reasons for resignation are complicated. Vested interests were at work. You must never rest when you are doing economic reform or anti-corruption because the more successful you are, the more likely it will be that someone tries to undermine you.

IU: Vested interests were the subject of today's plenary session. Would you say that you resigned because of embedded networks?

Okonjo-Iweala: I wouldn't use embedded network of corruption, but there are definitely vested interests that do not want things to change.

IU: How well known is the Nigeria EITI in your country?

Okonjo-Iweala: There is no easy way to tell. We need more opinion research in the country. Although the initiative has been very well publicised in the newspaper and on the radio, a large

number of people don't have access to media, because they live in rural areas. But I am working on a project to get people's opinions in Nigeria.

IU: What else are you working on?

Okonjo-Iweala: I am working on some issues on asset recovery and increasing private investment into the country.

IU: You have promised to spend the nearly US\$ 500 billion repatriated from Switzerland for social programmes. What monitoring mechanisms are in place ensure that this money is not diverted by vested interests?

Okonjo-Iweala: We didn't have a very good system of tracking at the time, but the ministries that got the extra money - health, education, agriculture - were told they would have to account for this money. There is an on-going study with the World Bank, the Swiss government, Swiss NGOs, Nigerian NGOs.

The next year we built an expenditure tracking system designed to track the money from debt relief. The money we would have used to service the debt is now available for millennium development goals projects. The first year for this was the 2005 budget, so we will see by the end of this year how successful it was. It will be a pilot for the whole budget.

IU: A final question reflecting the theme of the IACC: what is blocking the way?

Okonjo-Iweala: Everyone is always focusing on corruption in the developing countries, but they never say that Switzerland is corrupt, the UK is corrupt, for keeping this money. Some of the responsibility lies with these countries as well. People don't like to look at their own country and find out what is wrong.

At the airport:

With all the talk of corruption, the two taxes in two different currencies required of travellers leaving Guatemala may spark suspicion. Rest assured - in mind, if not in pocketbook - these taxes are legitimate. An airport tax of US \$30 will be charged as you collect your boarding pass from the airline counter, and a security tax of quetzals 20 will be charged at a bank booth to the left of the immigration check point. Proof of payment is required to pass immigration.

For questions or comments about this newsletter, contact Amber Poroznuk at: aporoznuk@transparency.org