

The Information Challenge: Transparency International and Combating Corruption

By Mr. Jeff Lovitt, Director of Communications – Transparency International

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Thank you, Mr Chairman, for inviting me to speak here today, not least because I'm sure that a number of the economic crime offices and customs offices in the various countries have come across the work of Transparency International (TI) at the national level, but this is my first direct contact with OLAF, yet alone the OLAF communicators' network. I very much hope that it will be the beginning of a fruitful co-operation.

But first I should tell you something about TI. It was founded in 1993, which makes it a fairly young organisation, albeit not quite as young as OLAF. It was founded by a group of people from many different countries who were angry at the way corruption was strangling development in developing countries, or perhaps, because of corruption, I would say in non-developing countries.

Corruption doesn't only line the pockets of corrupt politicians and public officials. It prevents money flowing to those who need it, depriving hospitals of vital medicines, leaving schools without schoolbooks.

The development focus has always been very strong at TI, and one of the early figures in TI's history was a former Director-General of Development at the European Commission, Dieter Frisch, who remains very active in our Transparency International Brussels office today. The relationship between TI and the EU actually goes back quite a long way.

Transparency International does not investigate cases: we leave that to investigators and of course to investigative journalists. TI's approach is to propose systemic reform. We try to see institutional change come about, and to make sure that corruption becomes a high-risk activity instead of a low-risk activity, to make sure that the laws are in place, that the laws are enforced, and that offenders are put behind bars.

We define corruption as the abuse of entrusted power for private gain. Now a lot of people used to define corruption as the abuse of public power for private gain, but the private sector is so enormous now that it is impossible not to include private-sector corruption in any definition.

Now, to be transparent about Transparency International, I should explain our governance structure. A few people have already asked me: where does the money come from? TI has national chapters in 92 countries plus contact organisations in another 25. Every year we have an annual meeting, where the national chapters elect the International Board. The International Secretariat in Berlin, where I am Director of Communications, reports to the International Board.

Our funding, TI tries to have as diverse a funding structure as possible, so TI takes funding from governments, the private sector and foundations. Very little, actually comes from the private sector; the primary source of funding is governments. But TI is not dependent on any

one government – it comes mainly from Development Agencies – ranging from Norway, Netherlands, Germany, Britain, USA, Sweden, Denmark, Switzerland and Canada.

It is essential that civil society organisations engage with governments in both the developed and developing world. The role of civil society is crucial, not just in raising awareness and making lots of noise in the media, but also by working with governments, lobbying politicians, and confronting international institutions. Just as laws to clamp down on bribery require teeth, namely prosecutors with the resources to enforce the law, so civil society must be more than just angry crowds throwing stones on the sidelines. Civil society organisations need to engage with each other, but also with governments, and also with the private sector, so that their voice is heard and taken seriously by policymakers.

So Transparency International is an international non-governmental, not-for-profit organisation.

More than one-third of TI's national chapters are in Europe, so the EU is a major focus of TI's work. Our national chapters determine their own priorities. For instance, you'll see in Latvia, Transparency International often focuses on political party finance or access to information. In fact, Delna, TI's national chapter in Latvia, provides an example of where TI was a bit more public in its advocacy work recently with the European Commission. Ingrida Udre, the proposed European Commissioner from Latvia, was accused of party political funding irregularities, and vociferous protests by Transparency International and other civil society organisations met with success. That Commissioner was one of those dropped from the new line-up of EU Commission President Jose Manuel Barroso earlier this month.

So, one of the key plans of the work of TI is the spreading of greater access to information and a greater understanding of the need for greater transparency in government. This is where TI has a natural alliance with the media.

The key question for us, and even more so for the media is – Who holds the power? And how can we check the abuse of power? This is of course a question that is central to the role of the investigative journalist, who has to follow the trail off power. When corruption takes place, it is invariably the powerful that set arbitrary rules allowing too much discretion to public officials, who benefit by ensuring, for instance, that key tenders or privatisations go to the cronies of the powerful.

The whole notion of transparency and public accountability stands and falls with our own ability to organise and publish the right information.

On the discussion underway here today on when to say “No comment”, well I would say: use it very sparingly. On the whole, it is much better to tell a journalist that you will ascertain the facts or a response and get back to them. But then make sure you do get back to them, and promptly. That is far better than ad-libbing with a vague answer. And where a more precise answer can be formulated it is also better than “No comment”, and the interpretations that can be drawn from that phrase. But what I think might be interesting from the perspective of this network is really: “What is your message, what are your goals and what is your audience?”

I have a feeling that your audience is not on the whole going to be investigative journalists. It may be professionals such as lawyers, prosecutors and public officials. So you might want to develop close relationships with specialist media. To give an extreme example, China has a

newspaper called *The Daily Prosecutor*. With about 250,000 prosecutors, China is probably the only country in the world that could possibly justify from a readership size a *Daily Prosecutor*. But there are weeklies and monthlies for the legal profession and for the civil service, which might be very important target audiences for you. Although though you are selling a product in the way that a commercial organisation would be, you do have a goal, namely to further the aims of the office, which could be to clamp down on abuse of the customs services, loopholes in taxation or fraud generally. That very often means seeking to do more than just improving the public image of your office.

The goal is often to inform key audiences, which include not just the general public, but more targeted audiences such as the business community and the financial community, about the importance of the subject matter of fraud, and that will sometimes require a more pro-active approach.

It is important that you don't just wait for a scandal to break out before you talk to journalists. Fraud is a very complex problem, and you should as a matter of course regularly meet with key journalists from your target media, because when a scandal breaks you'll complain the next day that they have all their facts wrong, because you haven't kept up contact on a regular basis, so that they understand the issue.

As well as a regular briefing with journalists, I would also suggest, perhaps every year, an open day. It would be a very good idea, showing them how you operate, giving them just a better feeling for what your work is. Although you are not selling a product, the relationship between a spokesperson and a journalist must be mutually beneficial. And I think you'll find that that comes quite naturally. You want to make sure they get their facts right; so do they.

You want to make it clear what your office does and what the role of your office is; and they want access to the information that you can provide. So it should be a win-win situation from that point of view. But that does require building up and maintaining good relations. Now the chairman talked yesterday about crisis communications - how to deal with an aeroplane crash and the importance of having plans already hatched beforehand.

That is very important, but in any public office, particularly one dealing with economic crime, clear codes of conduct and policies are even more important. Don't wait for a crisis to implement a crisis communications plan. Institute and implement a compliance policy, so that the scope for criminal or serious unethical conduct is specifically condemned and punished - and provide and publish a regular annual report outlining how cases that have arisen under the codes and policies have been handled, and monitor and review the effectiveness of those policies.

With a name like Transparency International, reputation is rather vital. So we have a code of conduct, we have a conflict of interest policy, we have a clear donations policy, and we have now instituted for our national chapters around the world a re-accreditation process, so that one bad apple can't bring down the whole organisation, so that there are clear financial reporting lines and clear governance criteria. If at the end of the three-year cycle a national chapter fails to live up to those requirements, they will cease to be a member of the Transparency International family.

This is an approach TI is also taking towards corporate governance in the private sector. When the Enron, Global Crossing, WorldCom and Parmalat scandals broke out, shareholders

and pension fund managers were jolted into reality. The public no longer has any confidence that a given corporation's books show a true and fair statement of its finances. The implications for the efficient operation of capital markets are far-reaching. That is why companies must establish codes of conduct, including detailed rules designed to combat bribery at home but also in their subsidiaries abroad. TI has developed, together with leading companies and Social Accountability International a set of Business Principles for Countering Bribery, because the only way you are going to implement a change of practice is by pre-empting national laws. It is essential to work with the business sector to effect change, to secure their buy-in to ensure that the scope for bribery is minimised.

In terms of how an NGO like TI can make an impact, can effect change, we don't always do it by calling a press conference. We don't see the media always as the first point-of-call. Instead, we need to target our message by working with and influencing governments, private companies, other civil society organisations, and of course the media. From the start, TI took a very non-confrontational approach towards governments. That does not always work. In Zimbabwe, our chapter is very confrontational because in Zimbabwe there is no way to talk to Robert Mugabe.

Another example was perhaps Delna, our chapter in Latvia, with their protests at the choice of an EU commissioner. TI also works with other NGOs, for instance in the Publish What You Pay campaign, which brings together TI, Global Witness, Oxfam and a range of other NGOs, calling for international companies in the extractive industries to disclose what they pay to the host government and state-owned companies, for instance in Angola.

Another important area where TI has combined advocacy work with carefully targeted media work is in engaging with international institutions, particularly on international legal instruments and conventions. One is the OECD Convention on Combating Bribery of Foreign Public Officials, which aims to curtail bribery of foreign public officials by OECD exporters. Until 1999 it was tax-deductible in countries such as France, Germany, and other OECD members, to pay bribes abroad. But the key to securing support for the convention actually was the support of big European companies. TI secured the support of the International Chamber of Commerce, and 20 European companies signed letters to their ministers to encourage them to sign the OECD convention.

That is an example of where an NGO does not need to shout on the streets, nor go to the media. Instead, it is often more effective to try to influence policymakers directly. It is all the more important now, therefore, that each country that has signed the OECD convention, feels confident that the other signatories have not only introduced the appropriate legislation, but also that they are now effectively enforcing that legislation. A follow-up process is underway at the OECD to translate this into law and practice, and this is where the monitoring role of NGOs is crucial. Civil society organisations led by TI are providing input and monitoring the follow-up to the effective implementation of the Convention. I have to say that there have so far been no successful prosecutions under the OECD convention. Luckily there are now cases going through the courts, but we are still waiting for the first successful prosecutions (excluding cases brought in the US under the already existing US Foreign Corrupt Practices Act, which predates the OECD Convention).

Now in November 2002 there was a big problem. It was clear that the governments were not putting the resources into place to make it even possible to bring cases to trial under the OECD Convention. In this instance, TI deployed a dual strategy. We not only made sure that

our national chapters pressured their governments to vote for real budgets to enforce a peer review process; we also made sure there were letters in front of everybody at a key OECD meeting. We placed op-eds and letters in the *Financial Times* and the *International Herald Tribune*, and encouraged our national chapters in OECD countries to write letters to the editors of key newspapers in their respective countries.

Now another important partner of course is the EU. TI has been engaging with the EU for many years and, as with our approach to the OECD, it has been an example of bringing about change through direct advocacy work rather than high-profile media campaigns. As in the case of the OECD, in the case of the EU, the European Commission has produced two comprehensive papers on corruption.

The Commission issued an EU policy against corruption in May 1997, which was significantly influenced by a memorandum from TI dating from 1995. In November 1999, TI issued a second memorandum to the Commission urging for a comprehensive EU strategy to fight corruption, and that paper fed into a second EU communication in 2003. TI has also been actively working at the EU level to see the development of the blacklisting of companies bidding for EU tenders, so that any company that has been found guilty of paying bribes will be excluded from future bidding for a prescribed period of time.

Another area is export credit insurance. Export credit agencies have been prone to underwriting contracts, where as much as 20 per cent of the total sum involved can be taken up by bribe payments. The relationship between TI and the EU - despite being very low key - has resulted in a very welcome change of heart in the EU, which is excellent news.

One very important development has been the adoption of blacklisting, but there are also further actions that need to be taken. One is to make realistic the new European Arrest Warrant, which probably requires really the establishment of a European prosecutor. In addition, conflict-of-interest regulations for EU staff are urgently needed as are the protection of whistleblowers and the introduction of anti-corruption provisions in foreign aid programmes.

TI has also worked with the EU in the accession process by making sure that the issue of corruption in the candidate countries has been placed very high on the EU's agenda. While new members have put in place a wide-ranging body of legislation, implementation does require effective prosecution services with sufficient resources and an effective independent judiciary, which is sadly one of the institutions most prone to bribery in many countries. In fact, one of the biggest areas of corruption in accession countries has been the distribution of PHARE funds, although it is important to note that in a more long-standing EU member, Greece, regional structural funds have also been a major area of corruption. So membership of the EU certainly does not preclude the problem of corruption. In fact, in TI's annual Corruption Perceptions Index some of the new EU members, particularly Slovenia and Estonia, have scored consistently higher than countries such as Greece and Italy.

The media's success in exposing corruption doesn't depend so much on the quality of journalism as on other external factors, from press freedom laws, freedom of information acts, to fair, strong and independent judges, as well as courageous public prosecutors, and the development of an environment that permits the media to serve as an effective public watchdog. Now the media love TI's Corruption Perceptions Index, because it's a league table ranking more than 140 countries, so it's a very sexy headline-grabber. But what we find very

difficult is to engage the media into a more thoughtful debate about how to tackle corruption. For all forms of media, it is essential to relate news through human interest stories.

One way is by showing the impact of corruption on ordinary people who cannot afford to pay bribes, and therefore cannot for instance receive urgent medical attention. One way that TI tries to do that is that every year we have an Integrity Awards ceremony where we recognise the bravery of individuals or groups who have taken courage into their own hands by taking a stand against corruption. These courageous figures have demonstrated great courage despite very often facing death threats to themselves or to their families. A couple of examples that are particularly relevant to economic crime officers are the cases of two public officials, namely a TI Integrity Award winner from 2002, a Slovak judge, Jana Dubovcova, and a TI Integrity Award winner from 2003, Dora Akunyili, the head of the Nigerian Drug and Food Inspectorate.

Ms Dubovcova took on the judicial establishment by conducting a survey of bribery in her own court in Banska Bystrica in Central Slovakia. Her actions drew the wrath of the judicial establishment when she did this, but luckily the then Justice minister, Ján Carnogurský, supported her fight, and she made a lot of headway in implementing a new system designed to randomise the allocation of court cases in Slovakia, so as to reduce the scope for corruption and bribe-taking on the part of judges.

Dr Dora Akunyili, a pharmacologist and university lecturer in her field, was called upon to become the new director of NAFDAC, the National Agency for Food and Drug Administration and Control in Nigeria two years ago. In Nigeria, the high level of corruption has led to thousands of deaths. But, Dr Akunyili was not afraid to indict those responsible, even taking on multinational companies in the international food sector. She also took on the powerful drug cartels, confiscating products worth millions of dollars and destroying them in public. Her brave actions have saved countless lives, preventing Nigerian citizens from consuming drugs and food harmful to their health. But her brave stand against corruption has come with a price. Her own life has been threatened.

Her successful prosecution of some of the big multinational companies, as well as her own campaign against corruption, has restored the credibility and the integrity of NAFDAC, a government institution. In a society where up to 65 per cent of all drugs on the market are fakes, commanding respect is crucial for the director of the national control organisation, and concrete anti-corruption tools such as her telephone hotline, where people can report cases of corruption anonymously, will help her in her fight against corruption. TI Nigeria was convinced that awarding Dr Akunyili the TI Integrity award would help the fight against corruption in Nigeria.

TI Integrity Awards include posthumous tributes, and one of them went in 2001 to Georgy Gongadze from Ukraine. He was an investigative journalist who had an anti-corruption web site, and as you have seen from recent events, corruption remains very much at the top of the agenda in Ukraine. Corruption, combined with concern about a lack of democracy, underpinned the protests on the streets at the falsification of Ukraine's presidential election. Very much like we saw in Georgia just a year ago. Georgy Gongadze's brutal death is a tragic reminder that investigative journalism is a very dangerous trade, and the killing unfortunately hasn't stopped.

According to the Committee to Protect Journalists, it was possible to identify 36 journalists who had been killed because of their work as journalists in 2003. Thirteen of those deaths were in the war in Iraq, and another six in conflict zones. But of the remaining 17 journalists killed, seven are believed to have been killed due to the fact that they were investigating cases of corruption. So it's a very dangerous profession. When it comes to investigative journalism of government corruption, the best stories would actually never emerge if it were not for the co-operation of honest public officials, which is why I chose two examples here of public officials who had been awarded TI Integrity Awards.

The linkage between honest public officials and journalists needs to be more widely appreciated, because they really can work in harmony, and we all have to work to strengthen laws and systems in countries to protect whistleblowers and to encourage whistleblowing.

Next 9th December is the first ever UN International Anti-Corruption Day, and it is to mark the day that the UN Convention against Corruption was signed in December 2003 in Merida, Mexico. So from 2004 onwards, 9th December is International Anti-Corruption Day, and one of the things TI will be doing this year is to pressure governments around the world not just to sign the Convention, which they did in rather a hurry, but also to ratify it, because only about a dozen have ratified it a year after it was signed. Thirty ratifications are required before the Convention actually comes into force. So a lot of TI's national chapters will be making some noise on 9th December to make that happen.

The World Bank has put an estimate on the cost of bribery annually at US\$ 1 trillion. It doesn't take much to think how many hospitals could be built in sub-Saharan Africa with that money, or how many medicines could be provided for HIV sufferers, or how many people could be provided with clean water supplies and clean sewers.

So it is not so challenging to make clear the importance of the fight against corruption, and what would be very encouraging to me is if some of your offices might also make use of 9th December. It might be a bit early for this year, but if you have any ideas, still try, or perhaps contact TI's national chapters in your countries, just to see what they're doing, to see to what extent you can work together, and perhaps this will open up possibilities for co-operation in the future.

The impact of corruption, and the impact of fraud, can make for compelling television and - hugely important - television reporting. To help things along, TI on a miniscule budget has just created a television spot, which is already in English, French, Spanish, German, Russian and Arabic. It will be running on Deutsche Welle, and we have had very positive noises from CNN International that they will be running it. We decided to launch the spot in time for 9th December, but it can run all year round, and as you know, it is important to have short messages in the TV era. So we have a 30-second version and also a 15-second version. When you see the spot, I hope it leaves a very clear message and one I would like to end on - namely that corruption is a diseases that kills - but it is preventable.

So thank you very much, and remember the 9th of December.