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Plenary II - Fueling Transparency & Accountability
in Natural Resources & Energy Markets

Panelists:

Michael Peel – Financial Times (Moderator)

Peter Eigen – Chairman of Extractive Industries Transparency Initiative

Arvind Ganesan – Director, Business and Human Rights, Human Rights Watch

Ashok Khosla – President of the International Union for Conservation of Nature

Karin Lissakers – Director General, Revenue Watch Institute

Transcription

Michael Peel:

Thank you very much, Emma, and good morning everybody.....Thank you for coming this morning, or this afternoon now, for what I hope and trust is going to be a very stimulating session. The subject we have to grapple with today is, as Emma said, Fueling Transparency & Accountability in Natural Resources & Energy Markets. This is a subject very close to the hearts of all of the panelists here, including me. I work for the Financial Times, and I used to be the West Africa correspondent, based in Nigeria, where, as many of you will know, issues of transparency and accountability were not absent, and indeed were a very large part of the whole debate, and controversy that went on around the oil industry there, and still does. I think this is an excellent time to be discussing this, because I was thinking about this yesterday that, one of the stories of the year, really, has been about this whole question of how natural resource companies and the industry more widely operates, and that is of course the BP oil spill, oil blow-out, in the Gulf of Mexico. I noted a couple days ago that William Reilly, the co-chairman of the special US panel set up to investigate the blow-out, was condemning BP and Halliburton and Trans Ocean, its partners, for making egregiously bad decisions, and for being in need of a top-to-bottom reform in terms of how they operated. So, in a sense, I thought that that was an example among many other things of the kind of the debate that had been going on for years without the same publicity in countries from which resources are taken, being aired in the US, after this enormous disaster on US shores, and you had a very public acknowledgement of how much work there is to do in this sphere. And of course, this extends into the field, particularly, of corruption. This has traditionally been one of the most troublesome industries as many of you will know, as far as corruption goes.

So, without further ado, I'm going to ask each of our panelists to give a short speech, and then they will talk about an area of their particular interest which bear on the greater theme. And then, I want to get as quickly as possible into a discussion both among the panelists and then with you. And I think that is always the most interesting part of these kinds of sessions, the interaction with the audience. So, first of all, I'd like to call on Peter Eigen, who is the Chairman of the Extractive Industries Transparency Initiative, which as many of you will know, is one of the, if not *the*, premiere efforts which has been going on over almost a decade now, to try and bring increased transparency and accountability to the natural resources industry. And so, Peter, please.

Peter Eigen:

Thank you very much. This is a wonderful opportunity to introduce our efforts here in this conference, which is very close to my heart, since we started at Transparency International to lead the role of

Secretariat for this conference. In fact, I would like to start by pointing out two areas in which my past experience led me to the leadership in the Extractive Industries Transparency Initiative. The first one is my conviction and my experience how powerful the corporation and the important impact of civil society organizations, can be in improving governance in intractable areas of governance, which are very often caused by globalization and inability of governments, of national state governments, to take care of issues of sustainability and justice and peaceful development in the world. And that experience comes of course from Transparency International, where we were able to help governments and the private sector to overcome this inability which seemed to exist for many, many years, if not decades, to deal with global corruption, international corruption. And the second experience is while we were working as Transparency International, in an attempt to strengthen governments to fight corruption everywhere in the world, we noticed how much more difficult this would be in the area of natural resources and particularly also energy markets. The latter experience meant that we began, together with other NGOs, Global Witness, Oxfam, and others, to form a coalition, which tried to induce companies to publish what they pay to the governments in which they operate, in which they produce oil and gas, minerals and other natural resources, because we simply found that these data were not available, they were kept confidential by the power elites in these countries. And therefore, a very powerful coalition has been formed in the late 90s. In fact, it still exists with hundreds and hundreds of civil society organizations. We've made a lot of progress. Some of the companies said, "Yes, we are going to publish what we pay to the countries....Nigeria, Angola, Azerbaijan, and Peru...what we pay to these governments in terms of royalties and taxes and dividends and other payments." But we ran into a tremendous obstacle, when some of the countries, like Angola for instance, when this powerful international company BP, which Michael mentioned, tried to publish what they pay to the Angolan government and were told they were not allowed to do it because of the confidentiality clauses in their investment agreements, and if they break this clause, they will not get a renewal of their production rights. So, we were basically, in a cul-de-sac. But we then decided to put the onus on the governments, the governments, on the host governments to allow, to not only allow, to promote the publication of this data. And we very quickly found very powerful supporters for this, for instance, Tony Blair became very much interested, George Soros, a number of other governments, but also other powerful people in civil society. And you will be happy to hear this Michael, it was Obasanjo who, in the year 2003, broke the ice. He announced that Nigeria would not only allow the publication of these data, but they would even make it mandatory, and they would publish what they received. And that was basically the hour of the birth of the Extractive Industries Transparency Initiative. And the interesting thing is a coalition of civil society, of the companies which are interested to help us, and of governments, not only within the countries, like in Nigeria for instance, where a mighty stakeholder has been formed in order to define what kind of financial flow should be included, but also to manage basically the collection of the data. But also, on the global level, we formed a programme of a preparatory committee—in fact Karen Lissakers was a very powerful part of that—we formed a global governance which again is a mighty stakeholder governance....20 members of a board, one-third civil society, one-third government, one-third companies, which is now presiding over the process whereby now 33 countries are implementing this

idea of publishing what you pay. In fact, since...in the last 4 years, 53 reports have been produced, covering data for about 500 million people who are the inhabitants of these countries where these natural resources are produced. Five of these countries are already qualified. The board meets regularly, and on this basis we have now created a system where the data about these financial flows are made available to the media, civil society, to the parliamentarians in the country, and for the first time, we have taken the first step to make the governments in these countries accountable for the tremendous wealth which has been flowing to the coffers of these governments. And of course, others have to take it from here, because the data themselves do not fight poverty, do not feed children, do not create hospitals, but they are first step in a chain of cooperation in this triangular arrangement which I mentioned of government, civil society, and private sector, which in my opinion is one of the most promising models for a better global governance.

Michael Peel:

Thank you very much, Peter. And one of the things I'm looking forward to discussing, and I hope you the audience will have views on this, and that is how the EITI has worked, particularly, in your own countries, and what some of the problems that need to be addressed are.

Next, I'd like to call on Karen Lissakers, who is the Director-General of the Revenue Watch Institute. And one of the things Revenue Watch has been doing in association with TI is a Special Disclosure Index, which I hope is one of the things Karen will tell us a bit more about now. So, Karen.....

Karen Lissakers:

Thank you, Michael.

As Peter Eigen said there has really been tremendous progress in the area of governance and transparency of extractive resource sector...the revenue side in particular in the last decade. One can see that it's no longer just an issue for civil society advocates, but the principle of transparency and accountability is being accepted by governments and recognized by donor agencies and the international financial institutions as a critical economic development issue. To give just one example, Africa gets about 40 billion dollars a year in foreign aid inflows; Africa exports about 400 billion dollars worth of minerals resources each year. The magnitude of the export, the value of the export, however, unfortunately, does not always translate into increased revenue and development, resources available for development in the resource-rich countries, for a variety of reasons, having to do with governance. One is the quality of the deals that countries negotiate. They may negotiate a very unfavourable deal with the companies that produce the resource and export the resource, for lack capacity, of negotiating capacity. This is a very complex business with many complex calculations in

order to reach a deal that is fair both to the country and the companies. Second of all is corruption. It is very clear that sometimes ministers cut a deal with companies that is unfavourable to the countries because they are being paid on the side and Transparency International has been very active in fighting this problem.

Now even when a deal may be favourable to a country and revenues actually flow, the *people* don't always get a good deal. Again, either because the government lacks the capacity to manage the resources effectively, and these, as we've seen in recent years, there are huge swings in global prices for commodities that make revenue management even for a very well-equipped government to manage well, poses huge challenges. But again, also corruption is definitely a factor. A lot of resources...resource revenues...are misappropriated and diverted for a personal and factional benefits. Transparency is an absolutely critical component of getting the resource management right, right in the sense of maximizing the long-term economic benefit for the resource-producing country. Transparency along the whole value chain, contracts and concessions, licensing processes, revenue streams, budgets, and spending the money. The EITI has made an enormous breakthrough both because it generates information publicly and also because of it provides a multi-stakeholder platform domestically for discussing the resource management issues, so that companies, civil society, and government are all at the table together.

Recently, there has been another big advance on the transparency front: that's the adoption of the Dodd-Frank Financial Reform Law in the United States, which includes a provision which will require all companies that are listed, that raise capital in the United States, to publish their payments to governments that are related to resource extraction, country by country, and project by project. Because the U.S. has the largest capital market in the world, the company coverage of this new law is very, very broad. It covers 29 of the 32 largest oil companies in the world; it covers 8 of the 10 largest mining companies in the world; it covers the majority of internationally active state-owned companies. This will generate, when the rules take effect next year, a lot of information, very broadly.

The advances, however, are...still clearly don't go far enough, and we can see that through the Revenue Watch Index that...the Revenue Watch Institute and Transparency International released just last month. This is a factual account of how much information 41 of the world's major resource-producing countries make public to their own people about revenue streams, about contracts, even about environmental and social assessments. And we find that two thirds of the 41 countries we assess produce limited or virtually no information to the public. Even in the EITI countries, there are huge pockets of opacity and lack of information. Only 5 of the 41 countries publish the contracts they enter into on the behalf of their own people. Only 14 of the 41 countries publish social and environmental impact assessments. So there is indeed a very long way to go. Fortunately, the index and the companies transparency index that Transparency International and Revenue Watch will publish early next year, and the Budget Transparency Index produced by the International Budget Partnership, provide very good advocacy tools as well as policy guides, as does the Natural Resource Charter which looks at the overview along the whole value chain.

So, there are tools now for the public to demand accountability and, as Peter said, there is huge increase in awareness, in public awareness, in the resource producing countries about their need to understand the sector, and their right to demand information from the governments and from the companies about how the sector is being managed.

Michael Peel:

Thank you very much, Karen. And as Karen mentioned, the Dodd-Frank Act and the disclosure provisions for natural resource companies that has just been passed in the U.S. is obviously a major development in the past year. It was a strange experience as a reporter to report on it, because here was a legislature actually producing a law which was being welcomed by NGOs, rather than condemned by it. So, writing that story was a refreshing change. But this is one of the things I hope we can talk about during the discussions.

Now, I would like to turn to Arvind Ganesan who is the Director of Business and Human Rights at Human Rights Watch and I think one of the things you're going to talk about, Arvind, is taking this agenda forward beyond efforts towards greater transparency which are very valuable and worthy but not in themselves sufficient. So, Arvind....

Arvind Ganesan:

Well, thank you very much. First I wanted to thank the organizers and my fellow panelists and all of you for attending today, and giving us the opportunity to talk about this important subject. What I'd like to start with is to look about a decade ago when groups like Human Rights Watch, Global Witness and others, first started looking at the impact of corruption on human rights in natural resource-rich countries like Angola and more recently places like Equatorial Guinea, Azerbaijan, and elsewhere. And what is clear to me today, almost ten years later, is that the three parts of this agenda, which is transparency, accountability, and respect for human rights, have significantly advanced, particularly on the transparency front. I mean today EITI is a world-recognized institution and initiative to promote government transparency. And even governments that have been plagued with corruption, and who choose not to join the EITI, have to disclose information, like Angola, which has to disclose, and does disclose, information about its oil revenues on its own Ministry of Finance website, and more recently has disclosed audit of the state-owned oil company as a result of an agreement with the IMF.

So, if we look today, we can see quite clearly that transparency has made enormous progress over the last decade. But that leaves us with the other two components of the issue, which is accountability and respect for human rights. And, if we're not sure that there are problems of accountability, let me just point out a few statistics. One is, as of the most recent Transparency International Corruption Perception Index, Angola is still 168th out of 178 countries, and it's been roughly in that category, that range for the last 6, 7 years. Nigeria and Azerbaijan, which were two of the first countries to join the

EITI for example, and have made clear progress on the EITI, are ranked 134th out of 178 countries this year. And Equatorial Guinea is tied with Angola. And what that that says to me that while we are achieving clear gains on transparency, still not enough is being done about accountability. So, I would propose two ways of thinking about the issue of accountability, and third I'll talk about human rights.

The first way of looking at accountability is maybe looking at accountability within countries. That is, making governments in particular and government officials accountable for their expenditures, through auditing and through mechanisms that force the government to be accountable to its citizens. But the second one is something we've seen more development on in the last year and something I'd like to point out today, which is if you're going to steal money, more likely than not, you want to spend it. And if you want to spend it, you don't want to spend it on average things if, say, you're mismanaging or you're stealing millions or hundreds of millions of dollars...you want to spend it on luxury items. And you have to go somewhere to spend that money, whether it's New York or Paris, or London or somewhere. So let's think today about raising the Transaction Clause for being corrupt. And that is something we're seeing around the world. Just this week, a French Appeals Court allowed judges to investigate the purchase of real estate in France by corrupt officials in Gabon, Equatorial Guinea, and elsewhere, for example. In the U.S., the U.S. Senate has conducted several reports on corrupt purchases by government officials and family members in Equatorial Guinea. I mean for example, they've documented how, in a two-year period, government officials and their family members spent over 80 million dollars on houses, cars, and jets. And during that time, in one year, 2005, the education budget of the entire country was 40 million dollars. So what we're seeing is that corrupt officials want to spend their money somewhere. So let's make it more difficult for them to do that. One of way of doing it that we heard this morning in our workshop session is by letting civil society file private suits that force the government to investigate in France. Another way is by governments denying visas to places where people want to shop. If people want to spend stolen money in New York, don't let people have visas to come to New York. A third way is looking at existing anti-corruption and anti-money laundering laws, to see if they can go after those officials when there is clear evidence of corruption. And a fourth way, and something that has been proposed in the U.S. and elsewhere, is to put more of a burden on the types of institutions and individuals who may facilitate this behaviour: real estate agents, airline brokers....people who work in the areas where people can procure luxury items or high-end real-estate or things like that, and make sure they do adequate due diligence to know they're not facilitating corrupt activity. The basic point in all of these things is we can address accountability in two ways. We can make sure governments are accountable in their countries, but we can also make sure that they're accountable in....when they try to shop for things which they otherwise shouldn't be buying. Now, as we look at the success of the last decade, we should look at the next decade and the next few years as really the decade of accountability and building mechanisms and coordinated global effort to make it much more difficult to spend the money that should otherwise be invested in the people. Thank you.

Michael Peel:

Thank you very much, Arvind. And...Arvind mentioned the U.S. Senate report on Equatorial Guinea which I do recommend, as a really excellent read with some really kind of gothic features. And I think at one point there's a story of some rather embarrassing correspondent, a lawyer for President Obiang, who was thanking the President for taking him to party at the Playboy Mansion. And this sort of gives you a sense of the tawdriness of the whole thing.

I'd like to come finally to Ashok Khosla, who is the President of the International Union for Conservation of Nature. And one of the things that I think you're going to talk about, Ashok, is what I hope will be a big theme of the discussion, which is how we go from the very piecemeal, valuable but piecemeal efforts we've seen on promoting transparency and accountability in natural resource industries, to something that embraces the way that the world is developing economically, and make sure all countries are brought in, not just traditional Western powers, but particularly the brick economies of Brazil, Russia, India, and China, and others. So Ashok, please.

Ashok Khosla:

Thank you. Not just all countries but all people. What I'd like to share with you is what I've seen over the last 30 years working on the ground, grassroots. I think the first three speakers have very, very well described some of the macro-level issues of corruption, how governments have to behave, how international organizations have to behave, or multi-nationals. But most of my experience has been with real people on the ground, the village housewife of third world countries, the farmer, the fisherperson. And these are the people that face the actual cutting edge of corruption.

What is corruption? As we all know, corruption is an illegal act. It is a crime, a crime against the law, crime against humanity, crime against nature, and crime against the future. But it's a different kind of a crime....it's a special kind of a crime, one in which there is complicity. You get away with the crime because you have the ability to influence the guardians of the public good that are supposed to protect what you are violating.

Now this concept of corruption, and this concept of natural resources—because we've been talking about minerals and energy, but remember that resources, natural resources, include a lot of other things. They include forests, soils, and land. They include wildlife. They include all the riches and treasures of the oceans. And a very large part of the corruption issue is being forgotten because they're outside of our radar screen. All of the 7 or 8 largest sectors of the global economy, in addition, of course, to defence, to illegal money transfers, to mineral and energy resources, almost as big—in the trillion dollar range—are human trafficking, trade in wildlife or wildlife parts and, of course, drugs. And many of these are real natural resource issues. If wildlife is not a natural resource, then what is? The issues are dealt with, are only in the way that we can describe indexes, our government laws, both from donors or donees or recipients and host countries. But what really matters to three billion people on this planet, half the population, is what happens to them when they face the forest officer, the policeman, and the local government officials, as well as the local representatives of multi-national

companies. My work at IUCN has brought me to contact with a great deal of issues relating to trade in wildlife, which is a horrendous area, basically responsible for the extinction of a very large number of species already, and of threats to very many more. The tiger is down now all over the world to less than 2,000 individuals, mainly because of exports of tiger parts. The orangutan and a very large number of emblematic species and large numbers of other ones, birds, reptiles are gone, or going, because of corruption.

The work that I do as President of the Club of Rome has brought me to contact with the idea of limits, limits of natural resources. Mother Earth has so much for us, but there doesn't seem to be any limit to greed. And the interface between the limits of nature and the non-limits of greed, are going to become worse and worse, and each one of the encounters of that nexus is essentially a place for corruption. I would like basically to say that at the macro level what we've been talking about, is very important, needs to be done...as Peter Eigen said, it's the beginning part....the data, knowledge, laws. It's the micro level that actually counts in the lives of real people, and I believe that we've now got to do many other things in addition to the very valuable work on issues of transparency and accountability, human rights. Human rights is about being able to live with dignity and fulfillment with one's resources. What we have to do now is to see how to empower people, particularly those who've been marginalised, the women, the farmers, who basically have to live every day off natural resources, and are terrorized, are basically prevented from doing so by the local authorities or by the local companies. In my country, we have a massive scene going on right now. We have a wonderful Minister of Environment Mr. Jairam Ramesh, who is taking on not only the multi-nationals foreign companies, Indian companies, but even the rest of government, because he's drawn the line on where corrupt practices have led for distorted decisions about where mining occurs, where indigenous people, the tribals, get displaced, and how resources, some of them common property resources, some of them private resources, have been hijacked by the system.

I can see the moderator getting fidgety, so let me finish just by saying, that my own work, my day job, is in an organization in India called the Development Alternatives, which is a social enterprise and one of its wings is called People First, an advocacy organization and we have done three major things which we believe are necessary at the micro level, and these are, of course in addition to the things we've heard about just now. The first and most important one is to make everyone literate. We've developed a whole new range of products and methods, by which we can make a woman in a village be able to read and write, and add and subtract, within 30 days at a total cost of a US\$100. This is a crucial first step for being able to exercise one's rights. The second thing we've done is to start a consortium of NGOs, including Transparency International India and others, to basically start a massive public campaign, a war on corruption. The campaign is basically starting with the slogan, "Say no to bribes." And the third basic issue that I believe we've got to do now is to take account of the fact that real people have real problems because of corruption, and much of the work that we need to do is going to have to be also at the grassroots level. Thank you.

Michael Peel:

Thank you very much, Ashok.

So, I'd like now to move on to discussion among the panel, and then as soon as possible with you, the audience, and I just wanted to get you thinking about a few things which may be will trigger some questions.

I suppose there are three themes which I think are particularly interesting, which have emerged from the conversation so far. One is we live in an era where the traditional dominance of Western companies, as the great resource exploiters in the world, is diminishing, and companies from emerging economies are playing an increasing role and taking minerals, oil, and so forth from countries in Africa and elsewhere. How does that affect the efforts to tackle corruption globally, because it seems to me there is a big elephant in the room here, well several elephants in the room, which is that if you look at the OECD Anti-Bribery Convention, for example, it doesn't cover Russia, China and India. There was a very striking statistic I saw at a law firm a couple of years ago [had] surveyed the current U.S. foreign corruption investigations that were going nowhere, about 75 companies under investigation, I think of which about half were foreign, of which precisely none were from Russia, China or India. So, there is a clear lacooner, a clear huge gap in enforcement here, and I'd be interested on people's ideas on how to tackle that.

The second theme which I think is really interesting is, this idea of transparency is great, and laudable, but there needs to be more than that. And so you have something like the Dodd-Frank Act, which has been widely welcomed in terms of what it will mean that resource companies will have to publish in terms of payments they make in resource-rich countries. But what follows next, what is as Arvind has talked about, what is the enforceability that follows that, and when I was in Nigeria, a new finance minister came in who started to publish the oil revenues that were sent to all of the various states in the Nigerian federation. Some fascinating figures were thrown up and they showed the size of the receipts the state and local governments were getting. There was a real sense of what happens now...people sort of said well, that's terrible but nothing has really changed and there were all sorts of complicated reasons for that, but I'd be very interested in your own experiences in your countries, your international work, as to how does one translate the laudable fact of transparency into actually tackling corruption.

And then the third theme, which I want to start the panel discussion with, is in a sense we all know the problem, we all know the diagnosis, the kind of corruption, in which the natural resource industry has been involved around the world...but..so...really, rather than the session deploring that, what I want to focus on is what works...what are the emerging methods that have a practical effect in stopping corruption.

And there were three points which Arvind picked up on and which I think are all really hot topics, and again, I'd be very interested in your own views, your own experiences, maybe as people who have tried to promote these methods, seen them work, or not work....and these are the use of public courts

to bring lawsuits, like the one fought in France by Sherpa to focus attention on assets brought by some African leaders in France. Visa bans: this is done very piecemeal at the moment. The U.S. obviously has a quite a longstanding policy of visa bans on officials that it suspects are involved in corruption. In Britain, efforts have very quietly begun which haven't really been publicised...they have started to issue travel bans on officials or sometimes not officials, but business people, a Nigerian businessman, for example, who's involved in a court case where he's trying to fight an exclusion order that's been issued on him in Britain, and for precisely the reason that Arvind says: he has interests there, he has personal interests, he likes to visit there, he likes to go shopping there, and all the rest of it.

And the other question again which I'd really like to throw out to the audience to get your views on, are one of the practical methods one can use to tackle corruption is to focus on intermediaries, and it's one thing to look at the officials themselves, who are stealing money. It's another thing to look at the banks, which has happened to a certain degree, but what about the real estate agents? What about, for example, the car dealer in London's Mayfair, who sold a 350,000-euro Mercedes Maybach to a former Nigerian governor, who is now being extradited from Dubai to the U.K. accused of involvement in corruption, which he denied, I put on the record. So perhaps, Arvind, could I start with you to say, you've raised all these very interesting themes. Obviously countries, NGOs, and so forth are putting in...are doing things piecemeal on this, but what's the next step? Should there be some kind of international action on this, to promote all of these anti-corruption methods? How do you see all of this evolving? How do you think it should evolve?

Arvind:

Well, I mean I think certainly there needs to be coordinated action. And maybe if you follow the theme that governments who are interested in combating corruption should ensure that there is no safe haven for corrupt activity, then maybe the first step is the G-20 agreeing on basic steps. One is being more aggressive about preventing corrupt officials from using their jurisdictions as a place to shop, or agreeing on better disclosure of beneficial owners of companies, and shell companies, so that corrupt transactions or corrupt activities can be prevented. But then I would also globalize enforcement, like we've seen with the Foreign Corrupt Practices Act or the OECD Convention on Bribery, having a common position around the world to prevent this from happening. I think we've seen a lot of evidence that going after people when they spend money is working. I mean, take for example, some seemingly unrelated activities that we've seen in the last year. Equatorial Guinea, which has become notorious for government officials and their family members spending money abroad, primarily in the U.S. but also in Europe, has literally faced an enormous amount of stigmatization just for that purpose. It was one of the only two countries kicked out of the EITI this year. UNESCO had to give back a three-million-dollar award, primarily because of the human rights record and corruption record of the government. I mean it's been enormously embarrassing for them and it has shown that they cannot launder their image just by putting more money into awards or activities. So I think the

globalization of enforcement or the global agreement that major jurisdiction shouldn't be safe havens for corruption is the next step where there is actually precedent to look to, to develop.

Michael:

Thank you Arvind.

Perhaps I could then pass this across the Peter and first of all Karen. What....do you agree with Arvind? Is this how your efforts on transparency should be taken on? Is this the next step or are there other things we should be thinking about?

Karen:

There's a very clear need for global standards. I put the emphasis on global. It's not enough for the OECD countries or the U.S. and the U.K. and a few other countries to agree on standards or pass laws. The Securities and Exchange Commission in the United States is in the process of drafting the rules for enforcing the new disclosure law on extractive payments to governments, and the companies are filing recommendations with the SEC saying they should be exempt from disclosing payments to any government that objects that disclosure, which would seem to defeat the fundamental intent of the law and the Congress that passed it. But their argument is that if not....if they don't get this exemption, they will be put at a competitive disadvantage vis-à-vis Chinese companies, Indian companies, Korean companies, that might not be covered by the U.S. listing requirement. Having this law adopted in other capital markets like the U.K. would greatly expand the coverage. But it's very clear that we need to have the major emerging market countries in the game, and part of the defining of standards of best practice, and participating in the standards, and helping to enforce the standards is in everybody's interest. Chinese companies are suffering as much from the corruption and shakedowns in Africa, as other companies, Western companies, European companies, who have come to the conclusion that it's bad for business to have rampant corruption and are moving towards a more transparent regime. The same experience is going to drive companies from other countries, but they need to be in the game otherwise we won't succeed in setting the bar higher, in setting higher standards.

Michael Peel:

Thank you, Karen.

Peter, as Chairman of the EITI, do you feel that, in your experience, that what you've done on transparency has had teeth? This has been one of the criticisms, hasn't it, of the EITI's initiatives: where's the beef? Does it really have the teeth to actually embarrass companies.... countries...on

corruption enough that they really care about being kicked out? Are there other people who should be making other people take the work that you're doing, the ways the EITI itself needs to be reformed to actually make a practical difference, rather than just be an abstract body promoting transparency?

Peter Eigen:

I think it's important to recognize that EITI is still very young. I mean, it has been founded five years ago. It is work in progress. The board meets from time to time. We will have our, next global conference in March, in Paris. We have to take in issues like, for instance, what Arvind mentioned, that it should include other areas of extractive industries, forestries, fisheries, and so on. In that sense, yes, we are trying to learn, but we should keep in mind that the strength of EITI comes from the consensus between these three rather different actors. We have on our board, we have hard-nosed oil-man from Yusen. We have very courageous and passionate civil society activists, who risk their lives very often going into countries and dealing with the grassroots. We have various governments in the middle. So, we have to be very, very careful in moving too rapidly. For instance, this whole advent of the legislation in the United States was accompanied by a lot of criticism of the American companies who didn't want me, for instance, to take positions one way or the other, because they felt this would make it difficult for them to continue to work with us.

So the important thing is, in my opinion, to maintain a consensus between these three actors, you know, the magical triangle as I call it, government, civil society and private sector, at every level, and this is also the answer in my opinion to this suggestion to move through very different activities, and in fact this is what Transparency International is doing. I mean you should, perhaps, tell the audience that two days ago, the Supreme Court in France, has decided that the lawsuit of Sherpa and Transparency International can go ahead, which was very dubious in France. So every level of activity should be explored.

Yesterday, in the meeting here, a professor from Nigeria made the proposal to exactly use leverage which other countries have over what she called "compromised states", like visas, the car dealers, the real estate agents and so on. Yes, this is an expedient. But in my opinion, the more systematic issue that is facing is that we have in the face of the globalization of the economy a real asymmetry between those actors who are in charge of governance, which is basically sovereign states and their governments...they have hopefully a democratic mandate to set the rules. But they don't have the geographic reach; they don't have the time horizon; they don't have the constituencies to really deal with the issues which address the globalization of the economy. So this is one of the great problems that we have and in my opinion, that what we are seeing in this room is the convergence of the magical triangle at the global level, at the regional level, at the national level, at the grassroots level, to find common solutions and find common answers, and help us to the introduce them. So this would be my answer.

May I make one small comment? I would like to remind you that this conference was basically started after a conference of the...international anti-corruption conference in Beijing in 1995. It was at that time that we were invited as a civil society organization to play the role of Secretariat. At each of the subsequent meetings, very strong Chinese delegations have been here. And each time they came closer to this common consensus that they should work together to fight corruption. They have taken domestic corruption very seriously. Two days ago, the Vice Minister of Supervision, here on this podium, he reconfirmed again that Chinese companies, Chinese state-owned companies, multi-national corporations, they are not allowed to bribe internationally. They are under the same instructions where the companies from the West are because they don't want to repeat the mistakes of the past, which Karen just mentioned. Therefore, we hope that they will become stronger, and also allowing the national Chapter, for example, in China to play a real advocacy role. This is where I attach my great hope that they will become really part of this community, which will make, create a better, sustainable world.

Michael Peel:

Thank you, Peter.

So, just before I turn it over to the audience. Ashok, I wonder if I could just ask you for some very quick thoughts on this whole question of making these efforts global. And again, the problem...one of the problems, it seems to me, with anti-corruption efforts, particularly, on bribery although not exclusively, has been that they have been promulgated through the OECD, which has the image problem of being the rich man's club and so forth. And particularly drawing on your Indian experience, what is the way that we're going to get more global enforcement on the kind of questions that we are discussing? What do we need to do, in other words, that isn't being done already?

Ashok:

Not more global. I think you mean, more universal, more widely spread. I believe that ultimately the point of saying, 'You should be good', and expecting people to be good is missing the point, it doesn't work. There has to be strong enforcement. There has to be strong legislation, strong enforcement, strong penalties and that has to be done obviously largely at the national and local levels. In order for that to happen, you need what is called political will, and in order for political will to happen, you need strong public opinion, and pressure. I think, personally, that the future of getting the world to be straighter than it is, lies in the hands of citizens and civil society. Ultimately, that pressure is going to come from people basically drawing the line and saying enough is enough. So I would imagine that the first thing to do, having had fourteen conferences, hopefully having more in the future, one of the major issues of addressing this is how to mobilize a very wide spread public opinion. How to mobilize advertising companies. How to mobilize media. How to mobilize basically the civil society to really make a big issue out of this.

Michael Peel:

Ok, thank you very much.

Finally, I'd like to throw this over to you in the audience. I will take questions, three at a time, to try to get as many as possible. I ask two things. First of all, if you could give your name and affiliation when you ask your question; and secondly, that questions are questions. I'm not looking for statements here. I've been asked to be, and I'm very happy to be, to play the dictator here, and be very ruthless with anyone who doesn't follow those instruction. So, with that rather stern warning, can I ask for some questions please? Sir, over there.... and who else? Over there....And the second gentleman in that line. So sir, please.

1st Questioner:

[Man speaks in foreign language; problems with translation; woman translates for man in audience.]

Mr. Ashok has emphasized the fact that you have to empower poor people, people at the grassroots, as a first step to fighting corruption. The point here, we're all aiming at having indictments and judicial convictions of the people who misuse or corrupt the procedures. This provides a very strong civil society that has the knowledge and awareness about the dimensions of this problem. An independent judiciary system....and active agencies for anti-corruption. So you need the countries that suffer from that to have legislations and laws that incriminates all these actions.

Michael Peel:

Yes so could I ask you to get to a question please?

1st Questioner:

The question is: can the international community enforce that or oblige such countries to enforce these laws and respect these legislations if they are their own created ones that would guarantee the rights of the people? Does the UNK? (inaudible) and the present status have such an ability or not? He doesn't approve that it has such an ability.

Michael Peel:

So you're talking about global pressures on countries to prosecute corruption.

1st Questioner:

He wants that such officials who are corrupt not to be only held responsible and accountable outside of their countries but how to do that inside their countries.

Bill Batt

My name is Bill Batt and I'm with the Robert Schalkenbach Foundation in New York. My question is addressed to any or all the panelists who wish to answer. I'm interested in the technology applications that could be brought to bear to increase transparency. Things like satellite imagery; GIS technologies; chemical tracing; any number of other technologies which have either have been used, could be used better or whatever comes to mind.

Michael:

Ok, thank you very much. Sir.

2nd Questioner:

My name is Aijit Joy and I'm from the UN Office on Drugs and Crime. I'd like to address this question [Moderator intervenes re low sound quality], My question relates to the debate that took place just now here, and also to some of the arguments that we heard yesterday. Well, I've been hearing two major voices, perhaps I can say they are different. One is the voice that says we should go ahead and fight for transparency and accountability, which three of the panelists here were talking about and also Mr. Ashok Khosla was talking about our need to go to the grassroots. Yesterday, Sri Mulyani said that the common man is not really concerned about transparency, but the common man is concerned about how many prosecutions take place, and what is the money recovered. So my question is: what is the message that we take back from here? Is the message best that we tackle corruption through talking about accountability and transparency? Or do we talk about working for the people, going down to the grassroots, trying to empower them? When you talk about transparency and accountability, you're really talking about abuse of power. That is, people cannot be corrupt because the system does not allow them to be. That is you are making a system of transparency and accountability. The other one is people cannot....

Michael Peel:

I'm sorry to cut across but we have other questions to get to. Are you saying that basically, should this be a top down process or a bottom up process? Is that the gist of your question?I think we will answer that question if you don't mind; we have other questions to get through Thanks very much....

So, first of all, this question which the first speaker raised of international enforcement and international pressure, I suppose to ensure that officials are not just held accountable if they have worked out of the U.S. or wherever else it is, but are also held accountable in their home countries.

Arvind, do you want to kick off on that? What more could we be doing to create that kind of pressure, that more universal pressure?

Arvind Khosla:

Well, I mean, I tend to look at the problem a little bit differently and I would say enforce the standards wherever you can to hold people accountable. But one of the fundamental problems that you see is that often times, the people you want to hold accountable are the people in power. So the only way that you can actually ensure they're accountable is either you do that outside the country, or have international institutions or bilateral diplomatic partners or trading partners, enforce standards in their own ways, such as signing on the EITI, having disclosure when you get a loan from the World Bank or support from the IMF; having a range of tools available to you that promote, and in a way, enforce accountability in a normal course of relations. But wherever there is a government or some institution or some official that does not want to be held accountable, then you have to look for extra-territorial measures to address it.

Peter Eigen:

I think a very good example is the way most of the rich countries, the OECD countries, who were dealing with foreign bribery in the past, for a very long time, the foreign bribery was allowed in Germany, was allowed in the U.K., was allowed in France, and so on. And therefore, companies which were bribing outside the borders of these countries were not only not prosecuted at home, they were even supported by the government through tax right-offs, through other benefits, like export insurance and so on. So in order to change this, civil society got into action, got into a coalition with the governments and with the private sector, which was interested to create a corruption-free international market. We drove this for a couple of years into the OECD Convention, which was finally signed by the government. And what is now being seen in Germany--110 cases of prosecution of companies which have bribed outside of Germany, and you see similar developments in other countries—is the result of this coalition, I should say, a sort of antagonistic coalition, between civil society, private sector, and government. The German government wouldn't have done it by itself, because it would have said, we cannot stop our exporters from bribing abroad, because everybody is doing it, and so I create a tremendous disadvantage to my exporters. The companies themselves are also captives of this prisoners' dilemma. So it was basically this interaction which I am arguing for...this magic triangle which created a solution and that we have to do at every level. So right now in

Germany, 110 cases of prosecution. In the U.K., they are still very slow, most of you followed, probably, the BAE case, where the investigation and prosecution was stopped. There are other countries like Japan, where foreign bribery is not yet prosecuted. So we have to work together in order to create in every field accountability, but then finally to come to a global jurisdiction, over what we call crime against humanity. This is what Mary Robinson and so on have claimed...and then get them into the International Court of Criminal Justice. It's such a long way. We have to do a lot at every level in order to get corruption stopped. I think the way the OECD Convention has worked, in Germany, for instance, is amazing. I mean we have here a whole group of Siemens representatives. This was a company which basically was turned from Saulus to Paulus in the last ten years. It was a very important system, which was created through the OECD Convention, which nobody wouldn't have even criticized in Germany, if there hadn't been this tremendous sea change in 1999, when the OECD Convention came into play.

Michael Peel:

Thank you Peter. Thank you very much.

Ashok I wonder if I could turn to you with this question of are we talking about a top down or bottom up process here? Whatever the answer to that rather abstract question is, what does that mean in practical terms of what governments and others should be doing?

Ashok:

Michael, there were three questions. May I just address all of them very quickly?

On this last issue, there is no substitute for a global legally binding treaty. Until that is in place, perhaps along the lines that the OECD adopted, perhaps more stringent, it is not possible to think of real action on the ground in countries which haven't subscribed to it.

The question of technology – yes, I think there are lots of interesting technologies for tracing corrupt practices. But I think the most powerful of all new technologies is WikiLeaks...it's whistleblower.com. It's the ability of the internet, really, to highlight the issues of transparency and accountability, right in front of everyone. The question is at the moment, is the net isn't designed for responsible use, in that territory. But it isn't hard to imagine, that we could have a clearer approach to this. In my own country, we have a very stringent Right to Information Law, probably more stringent than in any other country in the world. It's not being enforced very well yet, but it's there on the books, and it basically has opened up a whole new arena for investigating government-based and corporate-based corruption. You know I was really very careful to say that it's not an either or. Corruption is like a cancer; you don't have a silver bullet. There's no such thing as one thing that's going to solve corruption. I was trying very hard to say that we need all the steps in this value chain, from having the right metrics, from collecting data, from analyzing it, from putting pressure on countries through things like interces.

But ultimately, it's going to be the citizen who faces the inequities of corruption, the bad decisions from corruption that is going to have to take charge, and we have to empower them too. So it's both: top down and bottom up.

Michael:

Thank you very much, Ashok. So if we now could take three more questions please. So sir over there...madam there...sir there and in the next round I'll come to you, sir

3rd Questioner:

Thank you very much My name is the Honourable Godfrey Wenev from Zambia, Member of Parliament, African Parliamentarian Network against Corruption. Let me start from these premises. Worldwide, if international aid is a problem for a country, or a political problem, the world immediately raises to deal with that matter with either applying sanctions on corruption. Particularly from Africa, not all countries, but certain countries, huge resources are being mined by concessions in a manner is not reaching the poor..... The question is, what may I learn from the panelists, the major practical challenges we face as NGOs, to bring these countries, which have really risen to power through preaching of combating corruption, to make sure that given sanctions or governments are dealt with in the way you may deal with a country which may attack another country. I thank you.

4th Questioner:

Penny Bright, Independent Public Watchdog from New Zealand. Given that it is elected representatives that play a pivotal role in corruption, particularly at ministerial level, would the panel agree that it is really important to reinforce the public service model that elected representatives who want to get into power to feather their own nests, their family's nests, their rich mates' nests, are not fit for duty and shouldn't be there in the first place? Do the panel agree with legislation enforcing registers of entries where elected representatives have to declare their interests, because you cannot check for conflict of interest unless the interests are declared in the first place, for a register of lobbyists who are meeting the ministers....[Cut off]

5th Questioner:

Adam Grater, from the Australian National University. We've heard there's no silver bullet, and in looking to prevent corruption, we can increase the effort to do it, increase the risks and reduce the rewards. My question is about reducing the rewards. We've heard that the real estate salesman, car salesman, who sell the stuff.... they've got no incentive to not do it. And I wonder if the panel can give some examples of not only a) reducing rewards but b) how we can develop an ownership system to

reduce the rewards. Governments can do certain things, but sometimes this is beyond the government. So can we have some examples of reducing rewards?

Michael Peel:

OK..thank you very much...So on this question, perhaps if I could roll a couple of things, indeed all three things, into one. Karen, more sanctions in countries where there are big problems with corruption: are there particular things that can be done, that aren't being done already? Can we generalize at all there? What about reducing the rewards of corruption? That was the third question....Can you give particular examples of where that's worked? And finally what about registers of interests and so forth. Again, what's the evidence from what you've seen of how well things like that work in combating corruption?

Karen:

Well, on the last bit, yes, I think that disclosure of conflict of interest of personal financial assets by government officials have proven to be a fairly effective tool in countries that have those rules for public servants. And one would like to see those principles established and laws and rules established in countries that don't have them. I think there's another important part of transparency and conflict of interest and that is disclosure of the beneficial ownership of companies, particularly resource companies. One sees now proliferation of new companies that have no apparent technical capacity to produce oil or minerals, no capital, but they have suddenly won a chunk of concession. And it's very clear that some of those companies are fronts for senior government officials. So having strict rules about the disclosure of the ownership structure of corporations, which doesn't exist in most industrial countries, would be an important advance.

In terms of sanctions against major players that don't play by the rules, we would like to see applied, I think, as we've discussed earlier, certainly, international criticism, exposure, anti-bribery enforcements, the exclusion of known corrupt officials from access to mark, not getting visas, not being allowed to enter certain countries, is certainly effective. But as I say, I think it's really important to also engage at the political level, at the international level, to have, for example, the G20 begin to discuss common standards and principles of best practice, which would very clearly benefit investors, consumers and producers. I think one needs engagement across all these – it's not only sanctions that are needed.

Michael:

Thank you, Karen. Arvind?

Arvind:

I think to the third question, there are some good examples. If you look at real estate agents or broker or anything, the starting point would be to develop 'know your customer' standards that already apply to banks, to these other institutions that are at risk for facilitating corruption. Just in the last few months, the American Bar Association has issued professional guidance to lawyers to encourage them not to be involved in activities that could facilitate these activities. So it's not just what government can do., it's professional organizations and others, that can basically say, "Look, these are the areas that are at risk for abuse of corruption and therefore there need to be better standards, starting with know your customer. Make sure the person you're dealing with is doing something in an above board manner".

And I just want to speak to the first question. I don't think we're talking about sanctions on countries. What we're talking about is targeting individuals who are engaged in wrong doing. Obviously, there would have to be adequate procedural safeguards. But the idea is to identify those individuals or those institutions that are not only engaging in corrupt activity, but causing harm to the state and the people in those countries as well, in order to hopefully get those funds to get invested in a way that is beneficial to everyone.

Michael:

Thank you....Peter, I think you had a quick point to make.

Peter:

I just want to make a brief *caveat*. Transparency International has worked in the past exactly on developing these kinds of tools, like registers, conflict of interest avoidance, and so on. We have been quite successful in helping our national Chapters to introduce those in their societies. But we have also seen very often they are not implemented because there's no effective pressure. This is why I'm so happy about the things that Ashok said, because we need the demand for good governance from the people. It's not enough to give the power elite in a country the tools to fight corruption. There are many, many tools for our integrity systems and so on. Kenya has implemented everything which you can imagine in terms of tools, but they still fell back into corruption because there was no effective demand for honesty and good governance in the country. This is why I agree with you very much. It's the people who have to see these tools, that have to push their governments to implement them.

Michael:

Thank you very much Peter. So just before we go on, I have some bad news and some good news. The bad news is those who aren't in the queue now, won't be able to ask a question because we're running out of time. The good news is we're going to try to roll up all of the questions of those who are in the queue in the moment. So if I could start off by going to you, sir.

6th Questioner:

[sound of translator takes over after a few seconds] despite the fact that these enterprises are totally opaque. What can civil society do? We have two cases, two instances....Dakifongo (inaudible) Mining is an American company. I have a question...the question is: What can civil society in African countries actually do when European states, for example, defend their companies? We have an American company, a British company, Tula oil, who got an oil market. It was very opaque. We asked that the contracts be cancelled. And the U.K. Embassy in Kinshasa is doing its utmost to ensure that the contract is upheld. The American Secretary of State came to see Gabilla last year and said, well, don't cancel the contract because it will foster development, whereas, in fact, the impact of the contract so far has been totally minimal.

7th Questioner:

My name is Rosana Tositakul..I'm a Thai Senator. I would like to address my question to Karen. But before my question [Section lost as cuts to French interpretation] in the fiscal year 2011 will be 2 million million [20 trillion?] baht, and the government revenue in terms of royalty from the oil, gas, and all kind of mineral, it will be 1.8% compared to the expense, and will be 2.3% out of the revenue from the other – like tax and every kind of tax. I would like to ask a question to Karen, whether your Revenue Watch Institute, do you have a standard or a tool to assess the fair share from the revenue? Our revenue is, I think, very low, just only 1.8% or 2%. Is it fair enough about the share? I would like to listen from your comment.

Michael:

Thank you very much. I'm afraid that's all the time we have for.

8th Questioner:

I'm Edith Congla from Liberia...I work with the government of Liberia. It is an open secret that past and present African government officials have huge amounts of money, stuck up in foreign banks. My question to the panel is, as a way forward, and a very strong message to discourage the continuation

of such actions, what can be done to make sure that where there are clear records of huge money flows from these countries, how can this money be taken from those banks, or compel those banks to return the money to the countries from which these officials come?

9th Questioner:

Anthony Hesorce (?), Transparency International. Tax havens have been a matter of information and knowledge, all over, I don't have to go into that they are the most important places to hide proceeds of corruption and much more. And now issues of international negotiations, civil society has not a sufficient role of pressure. So my question to the panel is would you recommend to the authors of the Bangkok Declaration that hiding places for proceeds of corruption and for non-paid taxes, tax havens, or better called "opacity havens", should be part of our pressure that we put to the outside via this Declaration.

10th Questioner:

Abdul Eki, Bahrain. My question is to Mr. Eigan: is there a feasibility to introduce articles into an UNCAC that is amended, such that it will stipulate all mandatory revelation of sovereign contracts between ratifying or party members of UNCAC on major deals and revenues and conditions, between...especially with oil and gas companies? Is there a feasibility for that? And mechanism to monitor that maybe civil society could be part of that monitoring?

11th Questioner:

My name is Enisa Hasuna, I come from Egypt. I was just wanted to ask the panel, what do you do that, in some parts of the world, many parts of the world, bribes locally and internationally are accepted norms? You follow them when they go out. You follow....Do you ban the companies from dealing with such countries with a record? Or what do you do in that case?

12th Questioner

I'm Gubak Biramo, I'm from Azerbaijan...a representative of the xxx for Increasing Transparency in Extractive Industries. As you mentioned, Azerbaijan was one of the first countries to join the EITI in 2003. At the same time Azerbaijan was one of the first fully compliant countries in the EITIon the 5 compliant countries for the implementation of the EITI. The Revenue Watch Index also shows that Azerbaijan is top ten in the Revenue Transparent Index. I would like to ask you during that time there is not any effect on the Transparency [International's] Corruption Perception Index. At the same time

human rights was the center of democracy election came back. My question is that, why are....are there a direct line between implementation between Revenue Watch Index, Human Rights Watch, Transparency Index, I mean, Corruption Perception Index, how there are a link within this... how can we develop altogether?

13th Questioner:

Krana Dolshik, UNDP Kosovo. I have a question for Peter. In a new established countries like Kosovo, East Timor, which are rich in natural resources, what would be your key message to international organizations and donors who may be present in this room or present in these countries, on what types of activities should they support in establishing sustainable monitoring mechanisms and oversight mechanisms before it is too late and these resources systems turn into a resource curse.

14th Questioner

I want to raise a question which is slightly at odds with the paradigm underlying this session, and that is the issue of the conduction of illegally produced products into the formal systems. I want to refer to Coultan and Eastern DRC, which account for a key electronic conductor in about half the mobile phones in the world, which are mined in extremely corrupt conditions, but then are sold into the formal manufacturing system. The question is how does the panel believe that this kind of example can be factored into the international process?

Michael Peel:

I'm sorry this has all been a bit rushed and we are already over-running. What I'm going to do, then, is to ask, very quickly, everyone on the panel to speak briefly on one or two of the topics which interested them the most, and obviously where they have been asked specific questions they should try to answer those. I think one or two minutes maximum please. Ashok, would you like to kick off?

Ashok:

I would like to address the two questions about money laundering and tax havens, foreign deposits. The Foreign Minister of Switzerland, who is Karl Miré, told me the other day that are 2.5 trillion dollars of institutional funds deposited in Swiss banks, representing a massive inflow of basically legal tax avoiding money. Lichtenstein, Switzerland, have suddenly discovered that this is no longer a good way to develop their reputation and their banking systems. Only last week, Germany and Switzerland, U.K. and Switzerland, signed agreements about how to deal with tax avoidance and tax evasion. I

think this is an infection that's going to catch. It may be that small tax havens out in the islands, in the oceans, may continue for awhile. But unless governments stop being corrupt, these things will continue because it is the people in power who actually benefit from it. So we will have to have, again, a two-way process. One is to clean up governments, which can only be done if citizens demand it, and to clean up the act of the receiving countries, particularly Switzerland and Lichtenstein, which have shown that they actually now see a better future by going straight. Thanks

Arvind:

Let me just address several of the points quickly.

First, to the individual who spoke on Liberia, my view would be, if there is a government that wants to crackdown on past corruption, then move it from being an open secret to being open and make that data available and reach out to other entities that can put pressure on banks. The World Bank has a Stolen Assets Recovery Unit...the U.S. has an Anti-Kleptocracy Unit, which to the extent those assets are housed abroad, work with those governments to get it.

Secondly, to the issue that was raised in Azerbaijan, I think it perfectly illustrates the point that where there was pressure on the government to comply with the EITI, they did, but there wasn't the same amount of pressure to curb corruption or deal with human rights. And just as an example, a few weeks before, a few weeks around the time that Azerbaijan was declared EITI compliant, there was a constitutional change that would effectively allow the president to serve for life. So if you don't address human rights directly, and aren't as aggressive with curbing corruption, you aren't going to see the same results. That would be a call to the international community, governments and others, to be more aggressive in those areas, because clearly pressure worked in the case of the EITI.

Karen:

First on the question of the U.S. and other governments aggressively supporting the interest of their own companies: absolutely...there has long been a double standard on that front. The attitude is changing but the strongest argument that we used when the advocates, the Publish What You Pay Coalition, successfully advocated for the adoption of the U.S. Disclosure Law was that it was a way to protect U.S. energy security: the original amendment was called the Energy Security through Transparency Act. You have to address the self-interest of politicians, of governments, of citizens, and only by making the case that transparency is actually, as we would say, good for everybody, good for the bottom line of companies, good for the security supplies for countries that depend on mineral resources for imports and so on, as well as for the good of the citizens in the producing countries, can you really make the sale. Fortunately, I think we are beginning to make the sale. But there is still this doctrine that countries should....that developing countries should not re-open contracts they've entered into, no matter how bad, because that makes them look like a bad

investment partner but that is a completely false concept. We help countries re-negotiate contracts. The World Bank and some of the donors are beginning to accept that maybe they shouldn't be so rigid like that. We did a study of changes in tax laws on mineral industries, and we found that in the last ten years more than 30 countries, including the U.S. and the U.K., changed their tax regimes for minerals. That is, in effect, a change in the contract terms. So if they can do it, then why shouldn't Kenya or Zambia be able to re-negotiate their contracts? Of course, they should be. If they got a raw deal, they should have the right to change it to get better terms. In terms of what is a fair deal, that is a very complex issue. I don't think you can just say there is a general standard contract, but you can look at the international norms and compare what your country is getting with what some...another country with a similar resource or deposit is getting, and begin to get some idea. I mean, we provide some advice and guidance on that, the World Bank and other institutions are beginning to take a look at that.

Michael:

Thank you Karen. And Peter...and I've been passed a note asking me to conclude...perhaps, if you don't mind...I know you were asked a couple of quite detailed questions..perhaps the people who asked the questions could follow up with you afterwards...but if you could now in one minute very briefly conclude.

Peter Eigen:

I'm very happy that the Bangalore...the Bangkok Declaration has been mentioned by Hansjörg Elshorst. In the annual membership meeting Transparency International decided to pass a unanimous resolution three days ago, in which they addressed exactly this question of stolen assets and I suggest that Transparency International makes copies of this available at the stand of Transparency International and people can look at it in order to see, perhaps, whether in the winding up Plenary Sessions here, we want, by consensus, to endorse that particular declaration because it addresses all these issues of recovering assets, cooperation at the start, how to deal with tax havens.

Michael Peel:

Thank you very much, Peter. Thank you very much everybody. I'm sorry those of you who were not able to ask questions. I'm sorry it's been a bit rushed at the end but I'd like to thank you the audience and the panelists. And if you could all give them a big hand, that'd be great, thank you.

MCs introduces guest speaker to give a brief update on the establishment of the international anti-corruption academy. Martin Kreutner is from the International Anti-Corruption Academy. He is the Chair of the International Steering Committee of the academy and is a member of the Advisory Board of TI Austria.

Martin Kreutner:

Thank you very much, Emma. Excellencies, ladies and gentlemen, dear colleagues and friends. I know that we are bit overtime. I will be very brief and concise, and I promise you. I will do my presentation in ten minutes time so that we can go out for lunch. The idea actually of the International Anti-Corruption Academy goes back to the Group of Experts on Corruption with Michael Hershman, who I also understand is a member of the council here. It was further developed with a variety of international stakeholders. We had our inaugural conference on 2 and 3 September of this year. I would like to share with you very briefly and concisely as I promised a small video clip which will inform you about this academy. The video, please.

Video begins.

Man:

Ladies and gentlemen, the launch of the International Anti-Corruption Academy is a milestone in the efforts of the international community to fight corruption. It has great potential to advance the goals of the landmark United Nations Convention against Corruption. Too often in the past, corruption was perceived as a fact of life. Too often many people simply resigned themselves to it, wherein the corruption cases came to triumph. Today, attitudes are changing. Across the world, intolerance of corruption is growing. The establishment of this academy responds not only to this increasing sense of outrage and injustice but also to an urgent need to train the experts we need to conquer this global menace.

Woman:

I'm overwhelmed to see that so many high-level representatives from the various stakeholders involved in the fight against corruption have accepted our invitation....

Man:

We've come a long way, and still we are at the start. Your presence here today and the interest that have flowed in from around the globe, however, makes me know that this is a very promising start indeed. This conference is history in the making, where this vision of an international anti-corruption academy will turn into a reality.

Woman:

As we meet here today on the eve of the Millennium Development Goals Summit called by the Secretary-General to be held in New York in a few weeks from now, our message must be clear, that tackling corruption is a key prerequisite to not just tackle poverty, but also to ensure that the MDGs are met. And that the academy is an essential component of this battle.

Man:

Grand beginning.....An historic occasion..... But the past and the present are gone, and it is the future that matters. The vision, the aspiration of the academy, is for excellence. The hallmark of the academy, the thing that will ensure its place in the fight against corruption, must be excellence. The reality and the vision must match. To achieve that excellence, the academy must have the best of people on the board of the directors. People of vision.... People above politics. ...People whose motivation is to better the academy.... People who bring to bear an independence of mind and spirit.

Man:

I was privileged to be in the panel led by His Excellency Kofi Anan in negotiating the peace and agenda four. We have now already passed a Mutual Legal Assistance Law for Kenya, which enables all your countries to be able to help us in combating corruption, particularly asset recovery.

Man:

Unclear start... in combating corruption, I think the battle against corruption requires two major elements: Firstly, we need to use all the means we have and put them together. ...

Man:

Let me state my views with this theme. I think most of us have heard about it. "Power corrupts, and power, absolute power, corrupts absolutely". That is the issue. Corruption, of course, entails from that concept of power being given to a person and I would also argue that as the fight against corruption originally was based on law enforcement only, and then later on became a three-pillar approach which was besides law enforcement also including preventional aspects, and educational aspects in the sense of awareness raising, I would argue now that we also need a fourth pillar in our fight against corruption: cooperation. Cooperation not only between the relevant agencies in a country, but also cooperation between the different sectors in a society, and cooperation also internationally.

Woman:

We have a duty to our shareholders....and our shareholders are the public around the world...a duty to operate in a non-corrupt way, because we have found in Motorola that you can compete in

countries where other companies claim that you can only succeed through corruption. We have found that having best in class products is the avenue for full fair competition and success.

Man:

I've been asking myself where do you start when you want to fight corruption? I'm sure that's a question that is boggling you too. When you want to fight corruption, you start with you. You are the first stakeholder in the fight against corruption. Yes, it is. You are the first stakeholder.

Man:

At the conference, 35 United Nations Member States and one international organization signed the agreement for the establishment of IACA as an international organization. With their signatures they highlighted a strong commitment to join forces in the international fight against corruption. Many more states and institutions will follow in due course. The inauguration of IACA conference, "From vision to reality", and a new and holistic approach to fighting corruption, on 2nd and 3rd September, 2010, at the Hofburg in Vienna, is proof that such a vision can become reality. More than 1,000 delegates and participants, including the United Nations Secretary-General, His Excellency Mr. Ban Ki-Moon, and 45 ministers from around the globe attended. They came to Vienna from over 120 United Nations Member States and over 25 organizations and institutions from the private and business sectors, civil society, academia and the media contributed to bestowing the conference such a resounding success.

Martin Kreutner:

Thank you very much. May we have the powerpoint please? So what is the academy about? Very shortly, I will touch on the problems and activities. The academy is, by the middle of next year, to enroll activities as such. First of all, it shall offer standardized training and research programmes. It shall also offer tailor-made training and research activities. It should act as an academic institution, providing academic, inter-disciplinary training for those who are already out in the arena, not basically aiming at the classical student, aged 18 to 25, but rather on prosecutors, compliance officers, police officers, prevention people, policy makers, as I said those who are really fighting corruption and preventing corruption. Fourthly, be a platform for dialogue...dialogue and networking activities. And finally, acting as an anti-corruption think-tank and provide benchmarking activities.

It was already mentioned in the video clip, the International Anti-Corruption Academy is being set up as an international organization. That means its stakeholders will be state bodies and other international organizations. At the conference already 37 of them....to be correct 36 of them signed the

treaty and by the end we are positive that we'll have 40 or more, which is quite a success, and of course state bodies can even accede after the 31st December to this joint endeavour. We are looking very much forward and take into the consideration not only the time constraint, but also that we are out for lunch, I would like to invite everybody of you, but also your organizations to join in this endeavour. It will be an endeavour that is out there to empower people, to empower corruption fighters, peers for peers, professionals for professionals and like-minded for like-minded, Thanks very much.

MCs conclude session.

Disclaimer:

These documents are verbatim taken from live audio recordings during the 14th IACC. We have tried to be as accurate as possible, and apologise should there be any errors in the transcription.