

Presentation to the Oireachtas Sub-Committee on Development Cooperation

12 October 2005

Introduction by John Devitt, Acting Chief Executive of Transparency International Ireland

Chairman, Members of the Oireachtas Sub Committee on Development Cooperation, thank you for affording us this opportunity to present Transparency International Ireland's (TI Ireland) recommendations on the future of Ireland's international development policy.

TI Ireland congratulates Minister of State Conor Lenihan on facilitating the public consultation process on the future of Irish government policy on international development.

As part of this process, TI Ireland has submitted its recommendations based upon emerging trends in the fight against corruption worldwide, a review of Ireland's current policy and technical capacity to support this struggle, and analysis of tools and strategies already employed worldwide. We will be happy to answer any questions you may have on this submission and accompanying documents.

TI's campaign against corruption in public life and international business is based upon first hand experience and observation of the impact that systemic abuse of entrusted power has on the world's poorest people.

Corruption is now clearly linked to the destabilisation of democratic government, weak trade and investment, environmental damage and the abuse of human rights. While it is certainly not confined to the world's poorest countries, corruption does hurt the poor the most.

It acts as a regressive tax, with small business and those on low incomes most prone to demands for bribes from corrupt police and other public servants.

The harm done by such "petty" corruption is compounded by the "grand" corruption engaged in by world leaders and senior government officials and supported by big business and facilitated by lawyers, accountants and bankers in developed economies.

The figures are shocking. The World Bank for instance calculates that some US\$1 trillion is paid in bribes and a similar amount laundered around the world every year. The African Union estimates that \$150 billion is currently lost to Africans annually; much of this sum embezzled through the financial centres of North America and Europe. It is estimated that up to \$40 billion is laundered every year through the City of London alone.

In a world where 3.7 billion people live on less than US\$2 a day, the injustice is clear.

There is now irrefutable evidence that such a misallocation of resources poses a major barrier to the achievement of the Millennium Development Goals (MDGs).

The link between poverty and corruption has also been recognised by the Commission for Africa's 2005 report which states "Good governance is the key... Unless there are improvements in capacity, accountability, and reducing corruption... other reforms will have only limited impact."

Up until fairly recently, corruption was regarded as taboo within international development circles: the word often deleted from official documents. Over the past fifteen years however, the movement against corruption has gathered pace. The work of civil society organisations

such as TI and international organisations such as the UN and World Bank Institute has propelled the topic into polite discussion in government and corporate circles.

The public pressure arising from public awareness has led to concerted action from governments, business and civil society:

- International conventions have been drafted and implemented to prevent the bribery of foreign public officials;
- international standards have been adopted to prevent the laundering of corrupt assets;
- a growing number of businesses are implementing relevant codes and compliance programmes;
- British Prime Minister Tony Blair has led the campaign to open oil and mineral revenues to public scrutiny through the Extractive Industries Transparency Initiative;
- the African Union has also launched an important initiative to monitor progress on good governance through the African Peer Review Mechanism.

Meanwhile TI is leading civil society action across 112 countries to prevent corruption; and international organisations such as the OECD, UN and World Bank are lending support and technical assistance to grassroots and top-down programmes to enhance governance worldwide.

Poor countries increasingly recognise the link between corruption and poverty. Ninety percent of the 34 countries that had produced a full Poverty Reduction Strategy Paper (PRSP) addressed the issue of corruption in their strategies as of 2004. In total only 6 out of the total of 54 countries made no mention of it in their PRSP.

The Irish public also sees corruption as a leading cause of poverty in the developing world. According to the 2001 Ireland Aid report *Attitudes Towards Development Cooperation in Ireland*, 92% of respondents cite corruption as either a very important or fairly important reason why developing countries are poor.

Public support for the global fight against corruption is not in doubt. The international and national systems to deal with the problem are now taking shape. Ireland must now assume its responsibilities to help maintain the momentum for change.

Ireland needs to take a leading role in the global campaign against corruption. In order for it to do this however, the Irish government must develop official policy on corruption in development and dedicate the resources needed to see this through.

The Irish government is already spending too much on enhancing governance in its partner countries not to match this spending with coherent policy. With almost ten per cent of Ireland's development spend allocated to good governance programmes, greater attention will be needed to develop policy coherence and technical capacity to properly coordinate and monitor the effectiveness of this spending in preventing corruption.

Corruption must be explicitly mentioned as a development issue, as was done in the recent Norwegian White Paper on development. Future policy should highlight the role that donors must play in actively preventing corruption through appropriate rules and regulation at aid agency level and at project and programme level. Support for anti-corruption programmes and tools, through multilateral frameworks, civil society and national governments, is equally important.

A coherent policy cannot be created in isolation. Development Cooperation Ireland (DCI) must work with other donors, relevant Irish government departments and civil society at home in formulating policy on governance and corruption. It should also take a proactive role in promoting international conventions and Irish law on bribery and money laundering within government, business and civil society.

In order to implement this policy, Ireland must develop the technical and analytical expertise in anti-corruption and governance across government and state agencies. Ireland should join the Utstein Partnership in an effort to further its capacity to contribute to multilateral development assistance policies and programmes, particularly on corruption.

TI Ireland will offer support to DCI and other state agencies at home and overseas through a programme of capacity building, research, public awareness and education.

Ireland's membership of the Utstein partnership will be complemented by executive training geared to assisting development, diplomatic, trade and investment promotion staff (both in the public and private sector) to design and implement strategies to prevent and deal with corruption overseas. Work has already begun on the design of this programme in collaboration with a leading Irish third level institution.

TI Ireland is also advising on the design of a global online information system and expert helpdesk for businesses operating in weak governance zones. A pilot programme should be launched by a European development agency early in 2006.

A National Integrity System (NIS) Country Study will be published in 2006 providing an assessment of how well Ireland's public institutions, laws and regulations are geared to prevent corruption in Ireland. As with all NIS Country Studies, the Irish assessment will help to paint a global picture of best practise in government and law making.

A great deal of work is already underway, both at home through bodies such as TI Ireland, and abroad with the Utstein Partnership, to complement and support policy and expertise development within DCI. We are hopeful that this work will be complemented with the necessary political will and resources.

TI Ireland looks forward to offering any further support or advice that it is called upon to provide by this Sub-Committee and Development Cooperation Ireland.

Thank you again for your time and interest.

TI Ireland Visiting Group

David Murray – Deputy Chairman of Transparency International (UK)

David Murray has been Deputy Chairman of Transparency International (UK) since 1998, and has taken a leading role in several major anti-corruption projects, including the armaments industry and the extractive industries. In this latter connection he was one of the founders of "Publish What You Pay" and has been active from its beginning in the Extractive Industries Transparency Initiative (EITI). David has been a management consultant since 1979, and in that capacity since 1991 his work in many parts of the world has included professional and corporate ethics and anti-corruption, especially in Africa and Central/Eastern Europe. He is currently contracted on a part-time basis to the UK Department for International Development as Senior Adviser to the chairman of EITI's International Advisory Group.

John Devitt – Acting Chief Executive of Transparency International (Ireland)

John established TI Ireland in 2004. He is currently an 'expert stakeholder' in OECD consultations on conducting business in weak governance zones and a member of TI's international Steering Committee on Development. John served as trade consultant to Enterprise Ireland and Secretary of the Ireland Fund of New Zealand from 2001 to 2003. Prior to his departure to New Zealand, John served as a press officer with the British Embassy Dublin and with the embassy's Public Diplomacy Committee. He is a graduate of the University of Limerick and the Public Relations Institute of Ireland.

About Transparency International

Transparency International (TI) is the leading international non-governmental-organisation dedicated to fighting corruption throughout the world. TI's drive against global corruption manifests itself through a range of advocacy, capacity-building, awareness raising and research programmes in both the developed and developing world. It takes a proactive and cooperative approach to its interaction with business, civil society, international organisations, government and other stakeholders.

It carries its work out through its International Secretariat based in Berlin and London, and its network of 112 chapters and affiliates worldwide. TI's website www.transparency.org provides a wealth of material on the history, organisation and activities of the movement. TI does not investigate or expose individual cases of alleged corruption.

In 2003, Development Cooperation Ireland committed some €390,000 over three years to the TI Secretariat for programmes to promote the African Union Anti-Corruption Convention in Africa. The DCI funding is supporting a combination of research, training and campaigns, all geared towards ensuring that the Convention is ratified (it requires 15 ratifications to come into force) and incorporated into national laws. DCI is also supporting individual TI chapters in programme countries.

TI Ireland (TII) was formally launched in December 2004 with the dual aim of supporting TI's work internationally and to engage in the ongoing process of institutional and legislative reform at home. Seed funding for TII is provided by the Joseph Rowntree Charitable Trust.

Further information on TII is available at www.transparency.ie or by contacting John Devitt at info@transparency.ie.

References

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Norwegian Agency for Development Cooperation 'Governance reform, democracy and efficient administration' in Fighting Poverty Together - A Comprehensive Policy for Development 2003–2004

Fighting Corruption and Poverty Integrating the Fight against Corruption into the PRS Process – Analysis and Recommendations for Development Cooperation, GTZ 2004

Final Report of the OECD Development Assistance Committee Development Partnership Forum on Improving Donor Effectiveness in Combating Corruption, 9-10 December 2004

TI Ireland Submission to the White Paper on Overseas Development Assistance, April 2005

Briefing Paper - Seven Initiatives to Combat Corruption in Development, TI Ireland, July 2005 (Revised October 2005)

Questions for a Multi-Stakeholder Dialogue on Responsible Investment in Weak Governance Zones - Response from John Devitt - TI Ireland, May 2005