

## Submission to the White Paper on Overseas Development Assistance

### Introduction

This submission outlines trends in the movement against corruption and makes recommendations based upon these trends.

The key recommendations are that:

- The White Paper address corruption explicitly as a development issue, as was done in the recent Norwegian White Paper for example.
- DCI works with other donors in partner countries to provide the long term assistance required to improve government systems, institutions and monitoring mechanisms and the implementation of international conventions including UNCAC, while also strengthening the demand for accountability through support for parliaments, civil society, and media.
- Ireland joins the Utstein Group Partnership in an effort to further its capacity to contribute to multilateral development assistance policies and programmes, particularly on corruption.
- Development Cooperation Ireland commits itself to actively promote a strategic partnership between civil society, business and state agencies to combat corruption in the developing world.

These recommendations stem from TII's belief that corruption is a major obstacle to the realisation of the Millennium Development Goals, whose achievement will require political will at local level to tackle corruption, and international assistance to strengthen global governance standards.

Corruption destabilises democratic government, harms trade and investment, threatens the environment and encourages the abuse of human rights. There is an urgent need to raise awareness of the complex roots and costs of corruption to the world's poorest people and to develop coherent policy to deal with corruption in development.

### Trends

The Irish public see corruption as the third most compelling reason for high levels 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.

Greater attention is also being paid to the issue at policy level. This has been manifested in the implementation of international conventions, the adoption of private sector codes aimed at preventing money laundering and bribery, and the backing of donor agencies for a range of civil society and state programmes in the developing world.

- In Ireland the OECD Convention on Bribery has been enacted under The Prevention of Corruption (Amendment) Act, 2001. The bribery of a foreign public official by an Irish

legal personality is now an offence punishable by an unlimited fine and up to 10 years imprisonment. The UN Convention on Corruption, which would strengthen mutual legal assistance mechanisms, has yet to be ratified by Ireland.

- International Organisations such as the World Bank and UN are devoting substantial resources to combat corruption in development. The prevention of corruption was placed as the 10<sup>th</sup> Principle of the UN Global Compact last year. The UN Global Compact which commits some 2000 corporations to principles of good corporate citizenship now calls on signatories to eschew bribery in international and domestic business transactions. Since 2001, the World Bank has been black-listing (debarring) those companies that are found to have made corrupt payments to win World Bank funded projects. Over sixty companies have also signed a public anti-corruption commitment at or before this year's World Economic Forum (WEF) in Davos.
- The UK government has recently launched the Extractive Industries Transparency Initiative, a programme based on the Publish What You Pay principle. The EITI has recently been adopted by the governments of mineral-rich countries including Nigeria, The Cameroon, and Ghana. The Department for International Development has also backed the roll out of TI's *Integrity Pacts* and *Business Principles for Countering Bribery* in some thirty countries worldwide.
- An African Peer-Review Mechanism is in place to monitor the implementation of good governance strategies under the New Partnership for African Development (NEPAD).
- A set of principles for donor action in anti-corruption (currently under development by the DAC Network on Governance) could provide a broad platform for donors to work together more efficiently, harmonise their activities, align their programmes with developing country strategies and address corruption more systematically.

## Recommendations

The prevalence of corruption in many parts of the developing world should not be used as an excuse to roll back on increased funding for official development assistance. Instead, greater efforts and targeted resources should be applied to strengthening the demand for accountability and building institutional capacity in donor and partner countries to meet that demand. Financial support and technical assistance is needed to secure ratification and targeted implementation of the African Union and UN Conventions against Corruption and the African Peer Review Mechanism.

Despite the efforts of various agencies and stakeholders in pursuing anti-corruption strategies, there is little evidence of any overarching policy coherence on the subject either at local or global levels. This can be addressed by:

- Encouraging and actively supporting a partnership against corruption within the Irish development community and with other relevant stakeholders.

DCI should help establish and fund an ongoing forum on corruption with NGOs, business, professional associations and other state agencies. There is an urgent need to create understanding of the impact of corruption and current approaches to tackling corruption. Such information should be shared through periodic meetings with representatives of the private sector, civil society and government. Use can be made of ICT to create an online information resource centre and discussion forum as part of the wider stakeholder discussion.

DCI should also work with Irish diplomatic missions and partner agencies such as Enterprise Ireland to educate Irish businesses of their responsibilities under Irish law when trading and

investing in the developing world. A comprehensive anti-corruption policy must acknowledge the role that TNCs have in fuelling corruption in the developing world.

Coherent national policy and strategy to address corruption can be developed and implemented on foot of this process. This policy should be systematically evaluated in turn, and the findings fed back into policy enhancement and subject to ongoing national stakeholder review.

- Contributing to bilateral and multilateral policy coherence

The international networks and resources already exist to build agency capacity in the areas of governance and anti-corruption. The Utstein Group Partnership, consisting of Canada, Denmark, Germany, Netherlands, Norway, Sweden and UK, is another such network.

A key component of the Utstein Group is a virtual resource centre, based at the Chr. Michelsen Institute in Bergen, Norway, and operating in association with Transparency International Secretariat. The group and centre also serve as a focal point for inter-agency collaboration on policy design, research, training, in-country anti-corruption programmes. Further information on the Utstein Group is available at [www.u4.no](http://www.u4.no).

Membership of the Utstein Group would contribute greatly to Ireland's capacity to develop and implement coherent multilateral anti-corruption policy in development.

- Making explicit reference to corruption and its prevention as a development issue in the upcoming White Paper.

The Norwegian Ministry of Foreign Affairs has set an example by clearly outlining its policy on corruption control in its recent white paper 'Fighting Poverty Together'. Further information is available at [http://odin.dep.no/ud/english/doc/white\\_paper/032181-040002/dok-bn.html](http://odin.dep.no/ud/english/doc/white_paper/032181-040002/dok-bn.html).

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 at national and international level including civil society is equally important.

### **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](http://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](http://www.transparency.ie) or by contacting John Devitt at [info@transparency.ie](mailto:info@transparency.ie). Transparency International and TII look forward to collaborating with Development Cooperation Ireland on future policies and strategies to combat corruption in development.