
Press release

The corrupt are running out of places to hide from courageous whistleblowers and journalists,

With a special focus on Access to Information, the Global Corruption Report makes the case for corporate governance reforms after the Enron scandal

London, 22 January 2003

"The corrupt are running out of places to hide. That is the message that runs through the *Global Corruption Report 2003*," writes Peter Eigen, Chairman of Transparency International (TI), in his introduction. The report, published on 23 January by Profile Books, was prepared by TI, the world's leading non-governmental organisation fighting corruption. "Freedom of information is not enough," writes Eigen. "However professionally and accurately information is processed, corruption will continue to thrive without the vigilance of the media and civil society, and the bravery of investigative journalists and whistleblowers."

A TI Integrity Award was given posthumously to Carlos Alberto Cardoso, a journalist in Mozambique, who was assassinated in November 2000 while investigating the largest banking fraud in the country's history. The trial of his murderers, who have said his killing was ordered by the president's son, commenced in November 2002. Dubbed the "trial of the century", it has been hampered by death-threats against prosecutors amid allegations of bribery and money-laundering.

The year 2002 saw fewer journalists killed in conflict zones, but the powerful continue to threaten journalists investigating corruption. Journalists in Bangladesh, Colombia, the Philippines and Russia were killed while writing about corruption. Meanwhile, whistleblowers finally achieved widespread recognition in 2002 with the honouring of Cynthia Cooper, Coleen Rowley and Sherron Watkins, of WorldCom, the FBI and Enron respectively, as *Time* magazine Persons of the Year.

Cases of corruption join accounts of positive reforms and negative developments around the globe in 16 regional reports in the *GCR 2003*. The book, the second in a series of annual reports on the state of corruption around the world, features a series of articles on access to information, and a data and research section. The report also includes special contributions from Ron Noble, the Secretary General of Interpol, and Eva Joly, who earned a TI Integrity Award in 2001 in recognition of her bravery as an investigating magistrate in the Elf-Aquitaine corruption case in France.

Access to information is a vital protection against the corrupt

"Ordinary citizens need access to government-held information in order to exercise their rights in just about every phase of their lives," writes Jeremy Pope, Executive Director of TI's Centre for Innovation and Research, in the *GCR 2003*. "Without it, they are ready prey to the corrupt."

The pressure for greater access to information is a worldwide phenomenon. As Toby Mendel, head of the law programme at the NGO Article 19, writes in the *GCR 2003*: "Experience shows that constitutional provisions are not enough to ensure the right to freedom of information in practice; implementing legislation is required. Countries around the world are adopting such legislation, with Bosnia and Herzegovina, Britain, Kyrgyzstan, Poland and South Africa among those to have done so since 2000. Draft laws are under consideration in Guatemala, India, Indonesia and Nigeria."

"The first attempt by any organisation to map the global fight against corruption. A kind of travel-guide to the jungle of various standards and practices in different world regions."

The Guardian (UK), 16 October 2001, on the first Global Corruption Report

Campaigning for transparent budgets

In 2002, national chapters of TI campaigned for freedom of information in Germany, Lebanon, Mexico, Panama and other countries. TI has joined the "Publish What You Pay" campaign, pressuring regulators such as the US Securities and Exchange Commission to require companies in the oil and mining sectors to declare taxes and royalties paid to the governments where they operate, such as Angola, as a condition for stock exchange listing.

Both donor agencies and civil society groups in the developing world are increasingly demanding fuller disclosure of budgets and a commitment to clamp down on corruption. "Donor agencies have become more demanding in the last year, insisting on a commitment to anti-corruption policies and procedures," writes Peter Eigen in the *GCR 2003*. "They should also insist that civil society organisations have full access to monitor spending and verify that support reaches intended recipients and projects, such as schools and hospitals."

According to Jeremy Pope, "donors have too often appeared to shore up secretive regimes with loans and assistance, the details of which are kept from the citizens they are ostensibly intended to help. In some countries, these citizens are now expected to make good the loans plundered by their former leaders with the apparent acquiescence of the lenders."

TI's national chapters in Africa are spearheading a campaign for the repatriation of assets plundered by former dictators and deposited in bank accounts in London, Zurich, New York and Liechtenstein. Last year Nigerians almost saw the return of US\$1.2 billion in funds stolen by the late dictator Sani Abacha until Abacha's son stopped short of signing an agreement that would have included dropping theft and money-laundering charges against him and one of his business associates.

Cleaning up after Enron

Eigen cites encouraging evidence that leading companies are beginning to clean up their business. "The TI Bribe Payers Index 2002 reveals that companies from leading industrial countries are seen as slightly less likely to bribe than they were in the first BPI, carried out in 1999. Companies from Britain and the United States, however, were notable exceptions to the trend. But many businesses understand that stopping bribery makes sound economic sense."

Wholesale reform is needed to improve corporate governance, according to TI Executive Director and CFO, Jermyn Brooks. "Truly independent directors should hold a majority on the board and should chair audit and remuneration committees," he argues in the *GCR 2003*. "All elements of directors' remuneration should be fully disclosed in the financial statements and be subject to separate voting at each annual general meeting." The audit committee, he continues, "should approve any non-audit work awarded to auditors".

"If auditors wish to avoid regular rotation of firms performing audits," concludes Brooks, "as a minimum they should develop standards for independent reviews of assignments following internal rotation and should document the results. So far, no country has specified such requirements." Auditors should be in a position "to demonstrate that they have reviewed their clients' anti-fraud and anti-bribery systems and recommended improvements", he writes.

TI recommends the adoption of codes of conduct and related compliance programmes, and that details of implementation and monitoring results be published in each annual report. Codes of conduct should include rules designed to combat bribery at home or by subsidiaries abroad. To this end, TI has developed, with companies including BP, General Electric, Shell and Tata, a set of Business Principles for Countering Bribery. These include training programmes with guidance for all employees to ensure that bribery - direct or indirect - is eliminated.