



13th International
Anti-Corruption Conference
IACC

**Global Transparency:
fighting corruption for a sustainable future.**
Athens, Greece | 30 October - 2 November 2008

Final Plenary Report

Title of Plenary:

The Road Ahead: Global Transparency for a Sustainable Future

Moderator

Melinda Crane, journalist and anchor, Deutsche Welle

Rapporteur

Krina Despota, Transparency International Secretariat

Panellists

H.R.H. Prince El Hassan Bin Talal, *Prince of the Hashemite Kingdom of Jordan*
Richard Samans, *Managing Director, Centre for Public-private Partnerships, WEF*
Ingrid Srinath, *Secretary General, CIVICUS*
Cobus de Swardt, *Managing Director, Transparency International*
Gabriel Negatu, *Governance, Finance, African Development Bank (AfDB)*

Summary

The final plenary of the 13th IACC discussed the global financial crisis, the shortcomings of the current economic system and the impact of that system on issues ranging from global poverty, to climate change, natural resources and security. Moderator Melinda Crane invited the panellists to make specific suggestions as to how the economic order could be rebuilt in ways that avoid reinforcement of past problems, while offering new steps towards global equity.

Panellists agreed that there are fundamental problems with current economic and governance structures that are contributing to widespread poverty, inequity and a lack of human rights. They therefore presented ideas to create greater social and economic cohesion, transparency and accountability in national, regional and international contexts. Ideas for reform were targeted at the private sector, civil society, multilateral institutions and national governments.

Broadly, suggestions for a more sustainable global system included creating greater equity in global policy decisions, strengthening civil society, empowering the poor, measuring economic progress beyond market growth, improving public-private partnerships and transforming political will.



Summary of presentations

El Hassan bin Talal examined how even the best efforts for global reform of economic systems will fail unless they take into account the influence of oil. Bin Talal identified four simultaneous macroeconomic shocks:

- 1) The International Energy Agency estimates that the energy sector needs \$22,000 billion for the next 20 years.
- 2) The Stern Review claims \$14,000 billion is needed over the next two decades to cut carbon emissions.
- 3) Analysts call for immediate capitalisation on the global banking system to the tune of \$1000 billion, and more in the future.
- 4) The UN estimates that the MDGs require \$1100 in promised foreign aid and another \$1100 billion in new funds over the next 7 years, with more in the future.

Tapping into new revenue streams to meet these funding demands will be impossible without global macroeconomic adjustments that extend beyond Washington DC and include *intra-regional* conversations.

While the economic crisis provides the opportunity to redefine the relationships between energy, the environment, monetary policy and poverty, bin Talal emphasised that because the US dollar is linked to crude oil, attempts by companies and individuals to adopt green policies and practices will fall short. Bin Talal posited that any major initiatives by governments to price carbon emissions in market terms will lead to a dramatic increase in oil prices with negative global economic repercussions.

Fighting global poverty, climate change and geopolitical insecurity must be tackled through global market prices and alternative sources of finance (such as global commons transactions taxes and expansion of the special drawing rights of the IMF) and through adjustments of world currency reserve systems. Global currency values should be determined by the priority and sustainability of global energy resources as monetary reserves. New solutions, bin Talal said, must adopt an ethical approach, which give the poor the tools and resources necessary for self-empowerment, and which recognise voices from all global regions.

Gabriel Negatu examined the steps Africa is taking towards a sustainable future. He suggested that the continent has increasingly demonstrated the political will required to promote transparency and accountability. For instance, of the 23 countries endorsing the Extractive Industry Transparency Initiative, over 80 per cent are from Africa. Twenty-nine African countries have signed onto the African Purity Mechanism, which promotes good governance on the continent.

While these steps are encouraging, much work remains. Institutions in Africa are often fragile, characterised by weak capacity and negative incentives. A recent study identified that of the 53 African countries, 37 have weak financial institutions. These findings suggest that despite gains, African institutions are susceptible to backsliding. Negatu also pointed to a well-established link between post-conflict, resource-rich countries and fragile, corrupt, institutions.

Negatu said the fight against corruption and towards a sustainable future must be built on trust and mutual accountability between Africa and its partners. This must be underpinned by a mutual commitment to three key priorities;

- 1) **Improved leadership:** Africans must take ownership and responsibility for the challenges they face, by working through initiatives like NEPAD APRM and the African Partnership Forum.
- 2) **Strengthened institutions:** It is crucial that African institutions are transparent,



credible and sustainable.

3) **Enhanced capacity:** African nations must have the capacity to ensure sustainability in the fight against corruption.

Africa cannot act alone, however. Negatu emphasised that OECD countries must also show leadership and translate their commitments into practice. At present, 65 per cent of all African countries have ratified the UN Convention against Corruption, while only 45 per cent of OECD have done so. The fight against corruption will not be successful if it is only fought by countries in the south.

Richard Samans discussed the roots of the current economic crisis and the role that the private and public sectors can play in developing sustainable institutions. He suggested that it is too simplistic to attribute recent financial failures to greed and ethical compromises. Rather, he posited that the problem stems from complacency on the part of policy-makers, misaligned incentives at both the public and private level, and formal and informal systems that created negligence with respect to the supervision of financial markets.

Samans examined the implications of globalised markets and economic integration across boundaries. The real measure of economic prowess, he said, must look beyond top-line growth (economic growth statistics), and also examine bottom-line growth: the rate of progress in median living standards. To improve bottom-line growth, one must consider 'institutional deepening', which takes into account a wide range of regulations and customer practices that determine how capital is allocated to the real economy as opposed to speculative or financial assets. 'Deeper' institutions would consider environmental and labour issues, investor and consumer protections and anti-corruption and ethical frameworks. Without institutional consideration of these issues, Samans asserted, resources will continue to be misallocated.

Building integrity and transparency into a new economic architecture requires a public-private approach. While governments need to focus on the demand side of corruption, the supply side of the equation must also be addressed. The WEF is therefore helping companies to implement their anti-corruption frameworks and to develop protocol. They have implemented benchmarking techniques, third party verification tools and experience-sharing meetings. These private sector initiatives must be supported and expanded upon by the public sector.

Ingrid Srinath placed great importance on the role civil society must play to develop sustainable institutions. She suggested that it is necessary to take a definition of corruption that extends beyond a strict understanding of criminality, fraud or the abuse of power. All too often, one witnesses corruption of the notions of justice, of democracy and of citizenship. The recent financial crisis, she said, revealed what business and political leaders have often denied: that systems are fundamentally broken and that there are no quick fixes.

Srinath asserted that the solution to corruption lies with an empowered civil society, including trade unions, faith-based organisations, independent media and NGOs. It is widely accepted that these groups raise awareness and carry the voices of people who may otherwise not be heard. Yet civil society suffers from a lack of investment, both internally and externally. Critically, civil society is under threat: In the last year CIVICUS identified 87 countries that passed legislation that actively constrained the freedoms of civil society. Srinath cited concerns that the economic crisis will be used to further marginalise the weakest voices.

Despite threats and challenges, Srinath saw in the current climate a promising opportunity to achieve fundamental structural changes and to address the systemic failure of democratic governance. She suggested that rather than constructing new institutions, current multilateral bodies, such as the UN, World Bank or the IMF, must be reformed in ways that work for, and give voice to the people they are meant to serve. Without a substantial investment in civil



society, however, these efforts will fall short.

Cobus de Swardt looked closely at how much progress has been made in the fight against corruption. He said that as the world works rebuilds a global financial system, transparency, integrity and public accountability must become the backbone of financial reform. The failure of unilateralism to promote even national interests he said, suggests the urgent need for strengthened international cooperation and instruments of global governance. This knowledge led Transparency International to call on the G20 leaders to increase foreign aid in the face of the financial crisis.

De Swardt drew a link between human rights and social issues, demonstrating how those with the least influence and in the most dire situations (seeking health care or education) are those most often asked to pay bribes. De Swardt also suggested that for too long corrupt actions that have devastated multitudes of people have been referred to as “white collar crime” rather than crimes against humanity. This suggests that people do not yet grasp the full consequences of corruption.

In contrast to other global issues—climate change, for example—de Swardt believes that the anti-corruption movement is not yet beyond the tipping point; gains remain fragile and can be reversed. De Swardt called on the movement to solidify corruption as a global social issue. De Swardt emphasised that the success of the anti-corruption movement depends on the strength of the movement. This means escalating the fight against corruption and targeting all levels of government, the private sector and civil society. To do so requires introducing solutions that are technically state-of-the art, politically feasible, advantageous to business and linked to broad populations. Enacting these solutions requires working simultaneously at local, national and international levels.



Main Outcomes

Panellists identified a few broad areas that could lead to improved global sustainability.

Speakers identified the need for **creating greater equity in governance institutions**. Policy discussions need to be held at the global, intraregional and national levels and the decision-making structures of multilateral institutions need to be reformed to create greater equity for less powerful nations. Gabriel Negatu emphasised that all signatory nations must **implement and enforce the anti-corruption conventions**.

Ingrid Srinath called for the **strengthening of civil society**, citing a lack of investment in the sector. This is needed to mobilise communities and exert pressure on businesses and politicians and to represent those who otherwise go unheard. This dovetailed with El Hassan bin Talal focus on **empowering the poor**. He supported efforts that funnel profits back into the regions from which resources were derived, specifically to initiatives that improve the lives of the poor.

Richard Samans proposed **developing a comprehensive measure of economic progress**, matched by institution policies that consider a range of social, ecological, labour and consumer needs. He also suggested **enhancing public-private partnerships**. Private sector initiatives that work to improve transparency and integrity in business should be supported and expanded upon by the government.

De Swardt and others spoke about **transforming political will**. He suggested this be done by strengthening the anti-corruption movement, while Srinath stated that political choices will change when citizens use their vote to hold politicians to account, offering incentives for sustainable choices.

Recommendations, Follow-up Actions

While there was no concrete consensus on the next steps forward, panellists offered various recommendations.

El Hassan bin Talal called for a Global Social Charter for the distribution of resources and human security. He also called for the creation of three new agencies:

- 1) A Global Water, Energy and Clean Air Authority to ensure affordable water and energy and to curb carbon emissions.
- 2) A Global Monetary Council to oversee capital markets through public consent, focused on economic growth and development.
- 3) A Global Transparency Agenda that generates fees from the sale of rights to common resources and ensures spending for the common good.

Richard Samans recommended that private sector efforts to improve integrity and fight corruption be supported by the public sector. The business community would also want the opportunity to apply global best practices on a national level using a critical mass of business leaders.

Gabriel Negatu suggested that Africa's efforts for enhancing institutional transparency be met with honest efforts on the part of OECD countries to enforce and support anti-corruption initiatives.

Ingrid Srinath recommended that civil society focus on improving pre-existing institutions rather than developing new ones, and Cobus de Swardt suggested that stopping corruption



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must become a global imperative.

Highlights

El Hassan bin Talal: ...Greening all of the world's businesses through the economic signals of the marketplace will not change the energy base of civilization from fossil fuel to solar or other renewable energies as long as the reserve standards of the dominant global currency remains tied to fossil fuels.

Ingrid Srinath: We have tolerated, for various reasons, institutions which, whether they are economic, political, social or cultural, are not based on principles of equality, not based on principles of justice. Whether you are talking about the poor, or women, or marginalised communities...as you climb up the pyramid, there are poor countries, including the whole continent of Africa, who are simply not at the table when decisions are made that affect their futures—in fact for them these are decisions of life and death. And because they are not at the table, effectively, they are on the menu.

Cobus de Swardt: At the beginning of the 21st century the silence of political and business leaders on a devastating economic and humanitarian impact of the crisis of the poorer and most marginalised around the world is a shocking reminder of the acute vulnerability of the poor, as well as for the urgent need for a strong civil society voice at every table that matters.

Signed

Krina Despota