JOURNAL USA

PARTNERSHIPS *against* CORRUPTION

"CURBING CORRUPTION IS A SERIOUS GLOBAL CHALLENGE... IT WILL TAKE GLOBAL PARTNERSHIPS TO MEET IT."

— HILLARY RODHAM CLINTON
SECRETARY OF STATE

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Editor, *eJournal USA*
IIP/CD/WC
U.S. Department of State
2200 C Street, NW
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USA
E-mail: eJournalUSA@state.gov

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About This Issue

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God looks at the clean hands, not the full ones.

— Publilius Syrus, First Century, B.C.

Corruption is a problem that has beset public and private institutions — and hindered economic and social advancement — since ancient times.

It is now a well-established principle that governments cannot fight corruption alone. The private sector and civil society must be actively engaged in shining a light on graft and stopping corrupt practices. National and local governments have been working with business and civil society to ensure that public procurements are conducted in a transparent and honest manner. Many governments are also partnering with business and nongovernmental groups to enhance transparency in industries prone to corruption. These initiatives have led to more efficient and effective use of public funds.

Private citizens and organizations can serve not only as watchdogs for government action, but they can also play a vital role in promoting integrity within their own spheres of influence. This principle has been enshrined in the U.N. Convention Against Corruption (UNCAC), the nearly universal — ratified by 158 countries and the European Union — and most comprehensive international anti-corruption treaty. Broad coverage of preventive and punitive measures, provisions on international cooperation and the return of the proceeds of corruption, and a mechanism to monitor the implementation of the treaty make it a potent weapon against national and transnational corruption.

This issue of *eJournal USA* — "Partnerships Against Corruption" — provides a range of perspectives on the benefits and challenges of public-private partnerships and international cooperation in combating corruption. It also offers concrete examples of how such partnerships are being used effectively. We hope this publication will generate discussions, ideas and action aimed at broadening the range of opportunities for collaboration in tackling corruption.

— *The Editors*

PARTNERSHIPS AGAINST CORRUPTION

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THE BIG THINK

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PARTNERS FOR CLEAN BUSINESS
John D. Sullivan, executive director,
Center for International Private Enterprise

The private sector—as both a perpetrator and victim of corruption—must be part of any effective anti-corruption strategy.

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Cartoonists Tackle Corruption

Sometimes a picture is worth a thousand words. Cartoonists from every part of the world are valuable allies in the fight for clean, honest societies. Enjoy these samples of their work. 18 |

PARTNERS FOR CLEAN BUSINESS

By John D. Sullivan

Corruption is an issue too big for any one group, organization or country to tackle alone. The global prevalence of corruption is indicated by the World Bank's conservative estimates of the annual total of bribes paid worldwide ($1 trillion) and economic losses to developing and transition countries due to corruption (between $20 billion and $40 billion a year). The explosive growth of transnational organized crime facilitated by corruption makes cooperative efforts among different stakeholders at all levels even more urgent.

Thus partnerships that draw on the expertise and resources of all partners are essential in the global fight against corruption. Anti-corruption goals pursued by international partnerships, as well as by coalitions among in-country stakeholders — such as governments, the private sector and civil society — are more likely to succeed than efforts undertaken by individual stakeholders acting on their own.

GOVERNMENTS NEED PARTNERS

International agreements, such as the United Nations Convention Against Corruption and the Organisation for Economic Co-operation and Development (OECD) Anti-Bribery Convention, help create conditions for partnerships among governments of signatory countries and multinational institutions. Anti-corruption conventions can help foster consensus against corruption and allow those countries to share best practices while putting pressure on governments to act on their anti-corruption commitments.

For international cooperation to be effective, ultimately each country must translate broad anti-corruption

Let's not go in circles: A 2010 CIPE anti-corruption conference in Moscow. Courtesy of CIPE

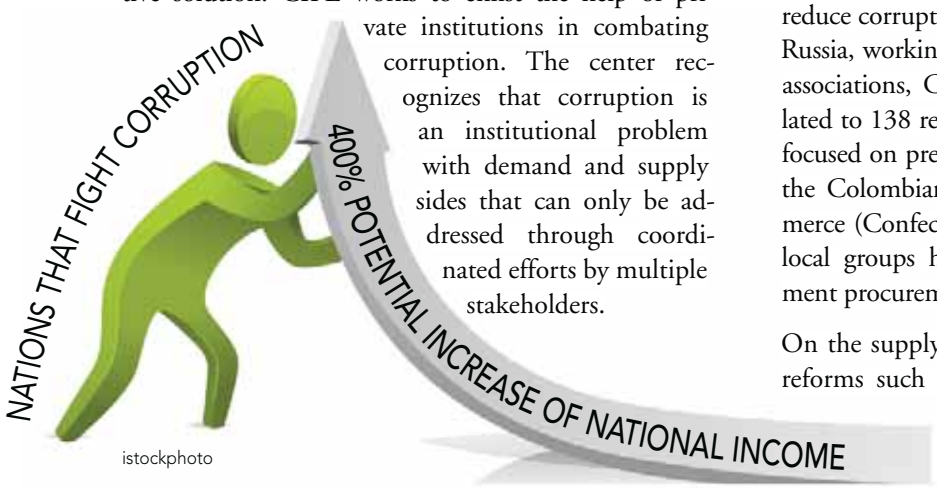
goals into concrete policies and enforcement. Many governments are trying to overcome bureaucratic walls separating different agencies involved in anti-crime and anti-corruption efforts. Some countries have engaged in international cooperation and coordinated their anti-corruption efforts with others. More intra- and inter-governmental cooperation on all levels is needed.

But anti-corruption reforms cannot be left to governments only — grass-roots involvement is crucial. Broad coalitions can be created ad hoc to further specific reforms and then dissolved to allow partners to pursue their individual goals. But sustained relationships among partners make their anti-corruption efforts more consistent and help forge a common front against corruption, a force to be reckoned with. Electronic social media can help partners stay connected and well-informed and reach out to the general public.

International nongovernmental organizations (NGOs) such as Transparency International (TI) and Global Integrity are in the position to take the lead. But despite their global reach, they often lack resources. Multilateral institutions can help. For example, the World Bank Institute (WBI) partnered in 2007 with TI, the Center for International Private Enterprise (CIPE), Siemens, and other civil society and business groups to develop www.fightingcorruption.org, a comprehensive resource for collective action. This website promotes action taken by businesses together with other stakeholders to improve transparency, integrity and accountability of business projects and provides related information materials, including guidelines and best practices.

REDUCE CORRUPTION TO DO BUSINESS

The private sector — as both part of the corruption problem and its victim — must be part of any effective solution. CIPE works to enlist the help of private institutions in combating corruption. The center recognizes that corruption is an institutional problem with demand and supply sides that can only be addressed through coordinated efforts by multiple stakeholders.



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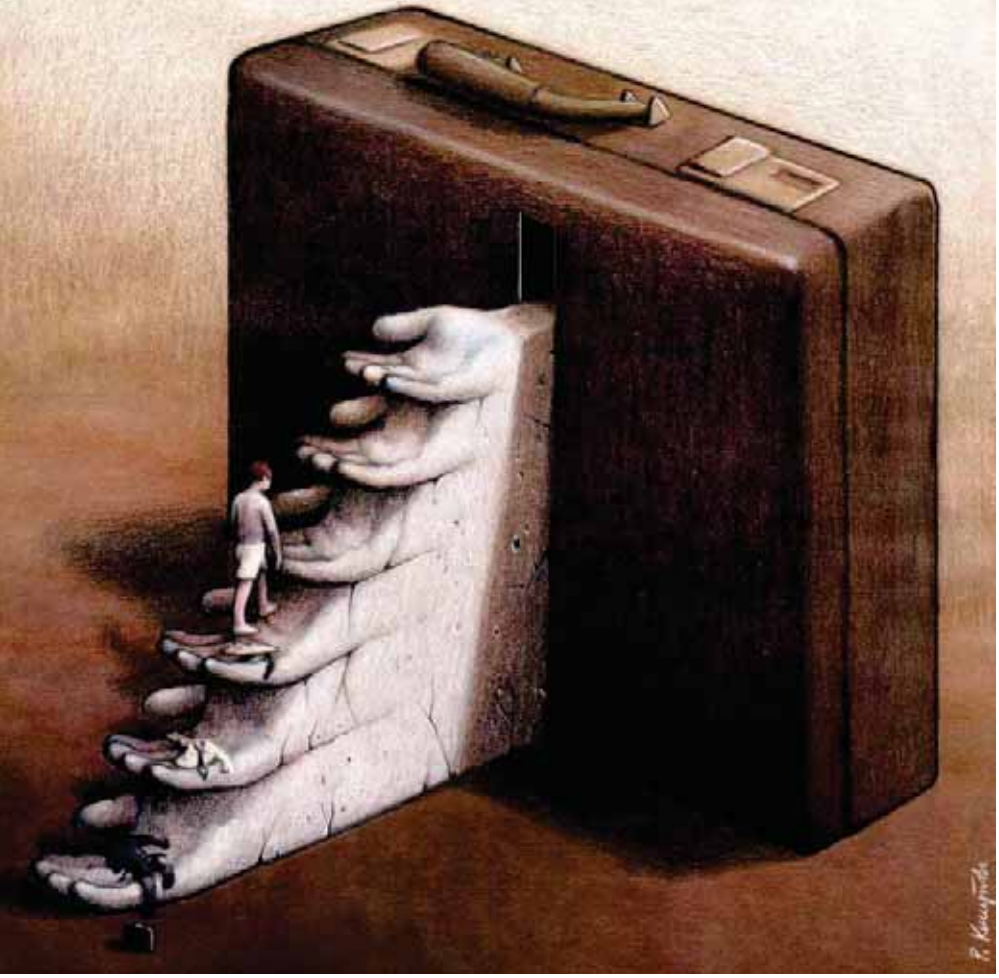
Demand-side reforms address systemic conditions that create opportunities for corruption, such as unclear laws and regulations or complex tax codes. In Armenia, CIPE and a local nongovernmental group established a coalition of business associations, chambers of commerce, and NGOs to be the engine of anti-corruption advocacy. The coalition developed tax policy recommendations and engaged legislators and tax officials in a dialogue on reforms. The implementation of these reforms reduced tax-related costs for businesses, such as demands by authorities for facilitation payments, helping Armenia reduce corruption and improve the business climate. In Russia, working with 17 regional coalitions of business associations, CIPE has conducted advocacy efforts related to 138 regional legislative changes, many of them focused on preventing corruption. Similarly, CIPE and the Colombian Confederation of Chambers of Commerce (Confecámaras) through joint efforts with other local groups helped improve transparency in government procurement of goods and services.

On the supply side, private enterprises can introduce reforms such as strengthening corporate governance or introducing codes of ethics that encourage greater transparency.



Pawel Kuczynski, Poland

Basca Gergely, Hungary

FOSTERING TRUST

One of the biggest challenges for all partnership-based anti-corruption efforts is to create mutual trust among the participants and platforms for constructive dialogue. International forums are important to fostering trust, but they must be complemented by domestic action.

The key to successful anti-corruption alliances is creating institutional mechanisms for information sharing and policy consultations between government officials and private sector and civil society players. The goal is to encourage mutual dialogue that gives all stakeholders a voice in developing reforms and finding solutions. Only then can governments, private enterprise and civil society stakeholders join forces to combat corruption effectively.

Cooperation among private sector stakeholders is essential to encouraging businesses to share best practices and introduce them into company operations. One example with a significant global reach is Business Principles for Countering Bribery, which were created in 2002 through a multistakeholder initiative led by TI. These principles have since been adopted by many leading companies to benchmark their anti-bribery policies and procedures, and influenced the development of other initiatives such as the World Economic Forum Partnering Against Corruption Initiative.

John D. Sullivan, Ph.D., is the executive director of the Center for International Private Enterprise, one of the four core institutes of the National Endowment for Democracy and an affiliate of the U.S. Chamber of Commerce. ■

The opinions expressed in this article do not necessarily reflect the views or policies of the U.S. government.

Yes, we are against corruption too: A September 2011 anti-corruption rally in Bangkok organized by business groups. ©AP Images

TRANSNATIONAL CRIME

A Challenge For All

By Louise Shelley

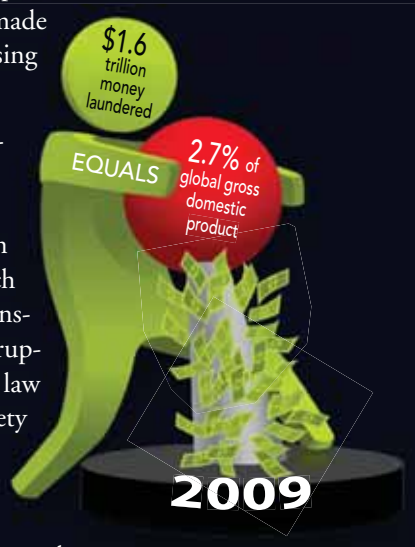
Organized crime cannot function without corruption of officials. Transnational crime syndicates need to "buy" customs officials, border officials and sometimes consular officials to facilitate drug or human trafficking, firearms smuggling or other illicit activities.

Dealing with transnational crime is inherently difficult because criminal organizations are increasingly globalized and legal systems are national in scope. Cross-border crime groups capitalize on their ability to segment their operations across countries, where different laws and regulations apply. Variations among national laws make it difficult to foster international cooperation to investigate criminal groups and apprehend and prosecute their leaders.

Criminal networks have become extremely mobile and market- and technology-savvy, challenging governments to keep pace with them. After the September 11 terrorist attacks, the U.S. government shifted enormous resources from addressing transnational crime to fighting terrorism. These two threats are often linked through financing, logistics and communications, but the links between the two were not initially recognized, thereby allowing such diverse forms of transnational crime as drug, arms and human trafficking; trading in counterfeit goods; money laundering and cross-border environmental crime to expand rapidly. In 2011, the White House announced for the first time the national Strategy to Combat Transnational Organized Crime. This strategy institutionalizes many practices that already have existed, makes them public and tries to increase coordination among relevant government agencies. It is an attempt to deal with diverse forms of transnational crime in a more orderly, serious fashion.

Many other countries are also well aware of the seriousness of the threat; some suffer the consequences of transnational crime more acutely than the United States. Some fail to respond because they lack resources; others are immobilized by corruption. But for many transnational crime is a high priority. Illustrative of this is Europol, the European Union's criminal intelligence agency, which has made a strong commitment to addressing the problem.

Yet despite significant international efforts to implement the U.N. Convention on Transnational Crime enacted more than a decade ago, there is still much that must be done. Tackling transnational crime and related corruption is a challenge not just for law enforcement, but for all of society and the business community. It requires a vigilant media, an engaged civil society, a responsible business community and good governance at all levels. ■



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Louise Shelley, Ph.D., is a university professor and director of the Terrorism, Transnational Crime and Corruption Center in the School of Public Policy at George Mason University.

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Top: And what do you have in your back pocket? A June 2002 joint Thai-U.S. operation in the Gulf of Thailand against drug trafficking. Left: Did they say they carry live chickens? A May 2007 six-country European operation against human trafficking. ©AP Images

NETWORKS *against*

NARCOTERRORISM

PROBLEM:

In 2010, 29 of the 63 top **DRUG-TRAFFICKING** groups identified by the U.S. Justice Department had links to terrorist organizations, according to a White House fact sheet.

RESPONSE: Following the Money

In 2010, after a two-year investigation, Colombian and U.S. authorities dismantled a drug trafficking organization that stretched from Colombia to Panama, Mexico, the United States, Europe and the Middle East. Most of the drugs originated with the FARC, a U.S.-designated terrorist group in Colombia, and some proceeds were traced, through a Lebanese expatriate network, to the funding of another U.S.-designated terrorist group, Hezbollah. The key money launderer in the scheme, Chekry Harb, also known as "Taliban," acted as the central go-between among Latin American drug trafficking organizations and Middle Eastern radical groups.

We know them by their poppies: Colombian police on an anti-narcotic mission near El Silencio. ©AP Images

HUMAN TRAFFICKING

PROBLEM:

HUMAN TRAFFICKING is the second-fastest-growing criminal activity in the world after the drug trade, according to the U.S. Justice Department. It is a global, $32 billion criminal industry, says the National Human Trafficking Resource Center.

RESPONSE: Joint Investigations

In February 2011, U.S. federal agents broke up a sex-slave ring in Houston, Texas. Ten people, including Mexican and Honduran nationals, were arrested and indicted, and nine women were rescued. The arrests concluded a three-year investigation by Human Trafficking Rescue Alliance composed of federal, state and local authorities, including the U.S. State Department.

COUNTERFEITING

PROBLEM:

The global trade in **COUNTERFEIT GOODS** is worth between $250 billion and $600 billion per year. Terrorist and paramilitary groups often turn to such trade for funding.

RESPONSE: Customs Collaboration

In fall 2009, containers shipped from Asia to Europe came under extra scrutiny as customs officials from 13 Asian and 27 European countries collaboratively targeted suspicious shipments. Officials impounded 30 containers and seized more than 65 million counterfeit cigarettes and other pirated items. The joint investigation identified 89 individuals or companies involved in counterfeiting.

NETWORKS

ILLICIT WILDLIFE TRADE

PROBLEM:

The value of the **ILLEGAL WILDLIFE TRADE** — originating mostly from Southeast Asia and Africa — is estimated at $10 billion to $20 billion per year by Interpol.

RESPONSE: Regional Intelligence

In May 2010, police forces and agents from Botswana, Namibia, South Africa, Swaziland, Zambia and Zimbabwe swooped on markets and shops across southern Africa in an Interpol-coordinated move against illegal trade in wildlife. Law enforcement officers located and closed an illegal ivory factory, seized nearly 400 kilos of ivory and rhino horn and arrested 41 people. Information gathered during the operation helped to identify smuggling routes inside and outside Africa.

The Association of Southeast Asian Nations (ASEAN) runs the world's largest wildlife law enforcement network, which relies on regional intelligence sharing.

The victims are not shown: A 2009 operation by six African nations against wildlife trafficking netted 1,700 kilograms of elephant tusks. ©AP Images

Jaime Mercado, Mexico

FIREARMS SMUGGLING

PROBLEM:

The global market for **ILLICIT FIREARMS** is estimated at $170 million to $320 million per year by the U.N. Office on Drugs and Crime. Some terrorist groups resort to firearms smuggling to arm themselves and fund their activities.

RESPONSE: International Cooperation

In March 2012, Australian and German authorities broke up a gun-smuggling ring. In the preceding months, the crime group imported illegally from Germany to Australia 220 Glock pistols and an even greater cache of ammunition. Three men in Australia were charged with a series of related offences.

The traffickers' misfire: In 2011, U.S. authorities seized firearms that were going to be smuggled into Mexico. ©AP Images

NO PLACE FOR STASH

When Crime Fighters Cooperate

By Christopher Connell

Corruption has no borders, and corruption-related problems concern rich and poor countries alike.

"You cannot deal with it just by pointing fingers at the developing world," said Adrian Fozzard, director of the Stolen Asset Recovery Initiative, a United Nations/World Bank project. Businesspeople paying bribes for concessions and contracts in developing nations often come from wealthier countries, and proceeds from corruption often go back to their financial centers, he said.

THE LONG ARM OF THE LAW REACHES FARTHER

Law enforcement authorities increasingly recognize they cannot fight bribery or embezzlement without the cooperation of their counterparts overseas: The long arm of the law must reach across oceans, borders and jurisdictions these days. Two major international laws — the 1997 Organisation for Economic Co-operation and Development's Convention on Combating Bribery of Foreign Public Officials and the 2003 U.N. Convention Against Corruption (UNCAC) — have given law enforcement agencies the legal ground to pursue their anti-corruption efforts beyond their national borders.

> The United States goes aggressively after corporate bribery, but many other countries do not.

National authorities such as the U.S. Federal Bureau of Investigation (FBI), Britain's Scotland Yard and Hong Kong's Independent Commission Against Corruption are not the only ones on the trail of corrupt corporate officers and leaders who loot national treasuries. Private lawyers such as Swiss attorney Enrico Monfrini are in the fray too. They bring civil cases to recover proceeds from corruption. James Maton, a commercial litigator in London, helped Nigeria recover $120 million of the billions that Sani Abacha stole during his five years as dictator and hid in bank accounts in the United Kingdom.

Maton, a partner with the law firm of Edwards Angell Palmer & Dodge LLP, said civil lawsuits to recover assets sometimes move forward when criminal investigations stall. In the Abacha case, "we've had enormous assistance from the law enforcement agencies that carried out the investigation," he added.

In the United States, government agencies collaborate to fight bribery and kleptocracy. The FBI has an entire squad dedicated to investigating violations of the Foreign Corrupt Practices Act, a 1977 law that makes it illegal to bribe a foreign official to secure a business deal.

"It's a huge, collective effort," said FBI Special Agent Debra LaPrevotte.

When Siemens AG, the German engineering giant, admitted its routine payment of bribes to win contracts globally, LaPrevotte got hold of bank records that showed $1.2 million went to the son of the former prime minister of Bangladesh, who stashed it in a Singapore account listed under his children's initials. Thanks to cooperation by U.S., German and Singapore authorities, the account was frozen.

WHEN ENFORCEMENT LAGS

The U.S. Justice Department goes aggressively after corporate bribery, but many other countries do not. In 2011, Transparency International, an anti-corruption watchdog, saw "little or no enforcement" in more than

UNITED STATES
in 2008–2011

58 COMPANIES Paid a total of **$3.74 BILLION**

to settle charges of corruption and bribery.
(*New York Times* based on DOJ sources)

half of the countries that signed the OECD anti-bribery convention.

However, the UNCAC has ratcheted up pressure on all signatory nations. The overwhelming majority now agree on standards to which public officials and businesses must be held. Robert Leventhal, who directs anti-corruption and governance initiatives within the State Department, said: "The challenge now is to work with countries to put these standards into practice."

With the UNCAC monitoring mechanism in place, and the first batch of countries undergoing the review, chances for improvements are increasing, U.S. officials said. ■

Christopher Connell is a freelance writer.

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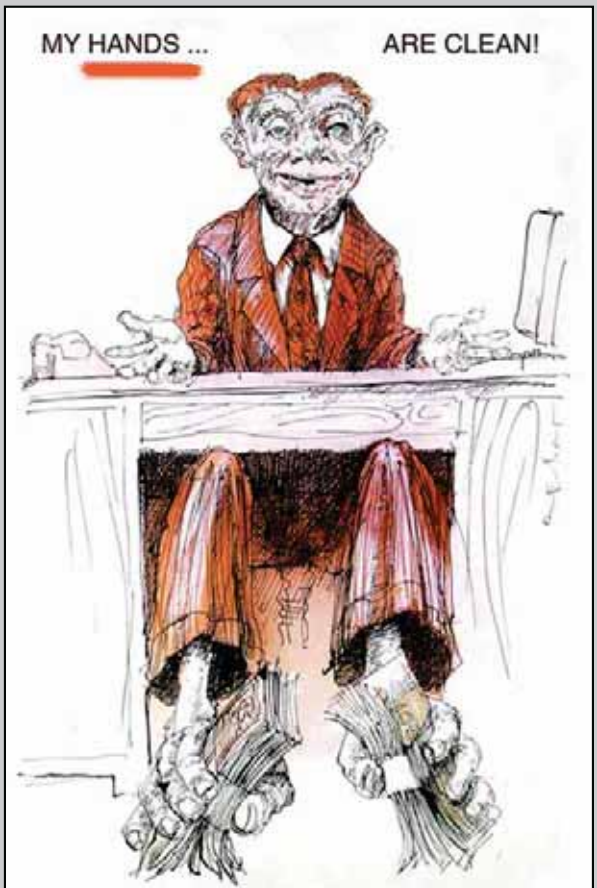


Rainer Ehrt, Germany

FACE TO FACE WITH JUSTICE

Top: Not a happy return: Former dictator "Baby Doc" Duvalier was charged with corruption and theft on his return to Haiti in 2011. **Middle:** From boardroom to courtroom: Zamri Iderus, general manager of the Malaysian company Sime Darby, was charged with corruption in 2010. **Botttom:** Where are now the friends on the take? Former Siemens executive Reinhard Siekaczek before the verdict in a bribery case in Munich in 2008. ©AP Images

Corruption-free water tastes better. ©AP Images

Anti-corruption Partners Get Things

DONE

In an Indonesian artist's variation on Gulliver's adventure on the island of Lilliput, small people curb the monster of corruption by working together. As citizens of Lilliput in this cartoon, activists and civil society groups often view banding together as the best strategy in the fight against corruption.

CITIZENS OF LILLIPUT

In the past decade, governments have negotiated regional and international conventions against corruption and established official anti-corruption bodies.

But without the active involvement of civil society, rigorous enforcement of these pacts and related reforms are unlikely in many countries, said Huguette Labelle, chairwoman of Transparency International (TI), at a 2010 anti-corruption conference in Bangkok. And these reforms are more likely to come as a result of joint efforts of nongovernmental organizations (NGOs), academics, businesses and other stakeholders rather than individual pursuits by lone activists or organizations. By joining forces, stakeholders gain extra leverage, particularly if they are pushing for a controversial reform in a politically challenging environment, according to Nathaniel Heller, executive director of Global Integrity, an international anti-corruption watchdog organization.

Civil society partnerships range from a few groups joining forces to achieve a local goal to international coalitions involving hundreds of organizations that seek a broader solution. Collaboration among partners can take the form of informal consultations on tactics, joint petitions and letters; formal agreements; seats on each other's governing bodies; or joint fundraising and budgets.

NGO coalitions are better positioned to protect their leaders and associated lone activists, who are sometimes threatened with reprisals from

corrupt officials, businesspeople or criminals. Collaboration among activist groups is also needed to avoid duplication of effort, civil society leaders say.

"NGOs operate on a basis of 'collaborative advantage'" to succeed, said Casey Kelso, TI advocacy director.

An example of how this advantage is used is a coalition of seven NGOs formed in 2010 in Poland to keep tabs on whether political parties keep their anti-corruption campaign promises. Results of the NGOs' monitoring are published at the end of the parliament's term.

Grazyna Czubek of the Stefan Batory Foundation, a member of the coalition, said the partnership has achieved two goals.

"Politicians started including anti-corruption measures in their election programs, and their anti-corruption promises are more realistic and concrete now," she said.

WHERE NGO'S, GOVERNMENT AND BUSINESS MEET

In some instances, though, coalitions of citizens may not be powerful enough to overcome resistance from vested interests. That is why many anti-corruption NGOs view government agencies and corporations as potential partners critical to the effectiveness of their efforts, Kelso said.

Cooperation matters not only to civil society, but also to its potential partners — anti-corruption agencies, ombudsman's offices, parliamentary oversight committees and multilateral institutions — as well as the business community, according to Kelso. For instance, in 2009, the harassment of the Indonesian anti-corruption commission by some powerful officials and businesspeople eased only when demonstrations in several cities and a public campaign on Facebook came to the commission's defense.

Taufan Hidayatullah, Indonesia

Heller said that, by working closely with reformers inside government, NGOs can indeed achieve "powerful results." However, attempts to work with the private sector have brought mixed results, he added.

Many large companies are unwilling to take public positions on controversial issues and prefer to stick to "softer" issues — environmental protection, for example — that can contribute to their corporate stewardship reputation, according to Heller.

However, Kelso believes that businesses can be reliable partners. As an example he cited an innovative pact between a private water company and a coastal community in Kenya brokered by TI Kenya that produced a lower price for clean water by eliminating corruption. ■

— Andrzej Zwaniecki

Count on us: The coalition of about 300 civil society groups vows to keep tabs on how countries implement the UNCAC. Courtesy of UNODC

THE POWER OF BUSINESSES

A Collective Action

By Lisa Armstrong

While Alan L. Boeckmann was working in South Africa early in his career at Fluor, a Texas-based engineering company, he found that corruption was simply a part of doing business. "I promised myself that were I ever in a position to do something about this problem, I would," said Boeckmann in a 2008 speech.

He made good on his word in 2003, when, as then-chief executive of Fluor, he helped to found the Partnering Against Corruption Initiative (PACI) as part of the World Economic Forum in Davos.

This global initiative was designed for companies, by companies, to help them collectively fight against corruption.

ZERO TOLERANCE OF CORRUPTION

Companies that vie for government contracts are particularly vulnerable to corruption, as they are often asked to pay bribes by government officials in order to win bids. Some try to gain an unfair advantage through graft and, as a result, quite a few have been engulfed by scandals in recent years. But businesses are also victims of corruption. According to the United Nations, corruption increases the cost of doing business by up to 10 percent, on average.

Microsoft shows off its Windows 8 system, but not its strict internal anti-corruption controls. ©AP Images

This is one of the reasons that chief executives from Fluor and other companies in the global engineering and construction sector, which handle a number of government contracts, were inspired to start PACI. Chief executives of 19 companies signed up in 2003; today PACI has 168 member companies worldwide, including Microsoft Corporation, The Coca-Cola Company and Ernst & Young.

When businesses join PACI, they have to develop a program and institute a company-wide zero tolerance policy against corruption. For example, at Microsoft all employees, vendors and directors must comply with the anti-corruption laws of the countries in which the company does business. PACI members also assist each other with implementing and enforcing anti-corruption programs.

"It's easy to write a program and stick it on a website or notice board, but much more difficult to embed in a company," said Arthur Wasunna, head of PACI. "We don't just help companies write up the program, we also bring in companies that have gone further down the road to help the ones that have recently joined."

IT TAKES A PARTNERSHIP

Companies also take the initiative to lead anti-corruption efforts that involve government, nongovernmental organizations (NGOs), donor agencies and the media. This approach known as "collective action" is promoted by the World

Pay up or I'll bite: Companies that trade internationally are sometimes asked for bribes at the customs. ©Shutterstock Images

A good name is worth more than gold: The world's richest man, Mexican Carlos Slim, signs a good governance declaration. ©AP Images

It's easy to write a program and stick it on a website or notice board, but much more difficult to embed in a company.

Bank Institute, the United Nations and other organizations. For example, Transparency Mexico, an NGO, Mexico's Secretary of Public Safety and bidding companies set up an integrity pact — a voluntary agreement to restrict opportunities for corruption — and designated an external monitor that ensured that the bidding process for property insurance services was transparent and fair. And in Nigeria, a partnership among major businesses, NGOs and a government agency certifies compliance of its business members with integrity and transparency principles.

PACI is currently working on a pilot program with the host government in an Asian country where businesses were being asked for bribes to get goods through customs.

"We came up with some ideas — [government] paying customs officers a living wage, which would decrease the propensity of them asking for bribes, and computerizing the [customs] system," Wasunna said.

PACI members believe that businesses, governments and organizations working together can dramatically reduce corruption around the world.

"We find there are certainly ways to shine a light on corruption where it exists [and] to begin to put pressure on the right places," Lee Tashjian, Fluor vice president of corporate affairs, said. PACI companies and their partners have done a good job of getting rid of corruption, though there is obviously still work to be done, he added. ■

Lisa Armstrong is a freelance writer.

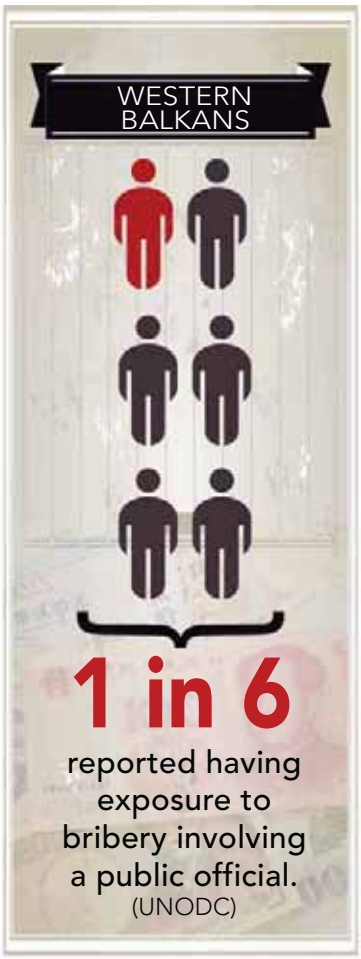
The opinions expressed in this article do not necessarily reflect the views or policies of the U.S. government.

Karim Rathor, Pakistan

REPORTERS BAND TOGETHER (or not) TO UNCOVER CORRUPTION

In 2010, seven reporters based in Eastern Europe, the Balkans and the United States set out to report on offshore tax havens. The investigative effort was put together by the Organized Crime and Corruption Reporting Project (OCCRP), a network of investigative journalists and media outlets in Eastern Europe and Central Asia. Posing as businessmen looking to evade taxes, the journalists discovered an entire industry catering to criminals, corrupt businesspeople and politicians willing to use offshore havens as fronts for money laundering, tax evasion, and drug and weapons smuggling.

The seven reporters are among hundreds of journalists around the world who look into matters that others cannot or do not want to examine. Relying on undercover work and sources who prefer to remain anonymous, they expose political cover-ups, shady business practices and corruption of different sorts.



David Kaplan believes that investigative journalism works particularly well as a deterrent to bribery and misuse of public funds. Kaplan is an investigative reporter and editor-at-large for the OCCRP.

"So much corruption can be stopped just by knowing someone is looking over your shoulder," Kaplan said at a presentation of a study on media coverage of corruption.

But in some countries, exposing corruption through the media can be dangerous. Anti-corruption reporters are often hunted, harassed, beaten, detained or killed. One-fifth of the 812 journalists murdered between 1992 and 2010 had been working on stories "strictly about corruption," according to a study by Rosemary Armao, a former reporter and a professor of journalism at the State University of New York at Albany.

They won't be silenced: In 2007, Sri Lankan journalists protested against their government's harassment of reporters exposing corruption. ©AP Images

Yet, despite intimidation, investigative journalists are on the forefront of the fight against corruption. From 2007 to 2011, among eight winners of the Integrity Award bestowed by Transparency International on distinguished anti-corruption activists were three journalists.

LONE WOLVES

Traditionally investigative reporters are "'lone wolf' type of operators," said Gerard Ryle, director of the International Consortium of Investigative Journalists (ICIJ). The fewer the number of people who know about the story a journalist is working on, the less chance that someone could reveal information prematurely — and more chance for the story to get published, he said. Many individual reporters have uncovered corruption and other criminal activities on their own, including Attotage Prema Jayantha in Sri Lanka and David Leigh in the United Kingdom.

Popa Matumula, Tanzania

Such journalists can find allies among governmental reformers, citizen activists, businessmen seeking fair competition and nongovernmental groups such as Transparency International or the Open Society Foundation. But scribes are most effective "when they work independently," according to Armao.

"They need to be free to pursue investigations wherever they may lead without worrying about entanglements or alliances between their 'partners' and the targets of their work," she said.

Partners can help journalists by supplying information, suggesting sources, supporting their work and, in many cases, defending their findings against government or business denials — if their offers come with no conditions or strings attached, Armao said.

Another scheme? In 2007, Nigerian papers reported on a U.K. investigation into money laundering by former Nigerian state governors. ©AP Images

ALL TOGETHER NOW?

Banding together, though, Ryle said, has advantages for investigative reporters. It "gives you the protection of a group and allows you to get advice from more experienced people," he said. That is why his organization encourages collaboration among journalists from different countries.

"But you should look at it on a case-by-case basis," Ryle said.

ICIJ teams of three to 20 reporters have exposed smuggling by multinational tobacco companies and investigated private military cartels, asbestos companies and climate-change lobbyists. For a project on tobacco smuggling, the consortium partnered with the OCCRP fresh from the success of its offshore crime story. Just weeks after its publication in 2011, a high-profile tax evasion consultant exposed in the report was arrested and charged, and his associate was forced to halt operations. ■

— Andrzej Zwaniecki

when CORRUPTION meets JUSTICE

THE "MOTHER" OF ALL CORPORATE SCANDALS

Siemens AG, a multinational engineering company based in Germany, acknowledged it used up to 1.3 billion euros illegally in an elaborate bribe-and-kickback system to win foreign contracts around the world. From 2002 to 2006, slush funds, off-book accounting and suitcases full of cash were used to bribe officials in Argentina, Bangladesh, China, Iraq, Israel, Libya, Mexico, Nigeria, Russia, Venezuela and Vietnam.

In December 2008, Siemens agreed to pay to U.S. and European authorities $1.6 billion in fines, an amount as unprecedented as the number and scope of international investigations into Siemens' wrongdoings. U.S. agencies had cooperated closely with the Munich Public Prosecutor's Office to bring several cases, and German prosecutors benefited from cooperation with their counterparts in Greece, Italy and Switzerland. Now Siemens AG is on the forefront of good governance efforts.

LOSING IN A THIEVES' CASINO

Two former managers of the state-run Bank of China Ltd., initially got lucky in the gambling Mecca of Las Vegas. They used casinos to launder some of the $485 million they had siphoned off from a bank branch in southern Guangdong province in the mid-2000s. They had funneled the money through shell corporations in Hong Kong and Canadian and U.S. banks, and then fled to the United States.

Ultimately, the law caught up with Xu Chaofan and Xu Guojun in Las Vegas. In May 2009, a U.S. federal court sentenced them to more than 20 years in prison for financial fraud and other crimes. China and Hong Kong assisted U.S. authorities in producing evidence and made witnesses available for testimony.

WHO GETS CROOK'S MONEY?

With up to $5 billion in stolen funds, General Sani Abacha made Transparency International's top five — that is, he is considered one of the world's most corrupt leaders in recent history. Abacha ruled Nigeria from 1993 until he died in 1998. In 2002, $1 billion was returned to Nigeria as part of an out-of-court settlement with the Abacha family. In 2005, with other funds in Switzerland in legal limbo, a Swiss lawyer used an innovative tactic to break the logjam, allowing the Swiss government to return $505 million to Nigeria. The United Kingdom, Liechtenstein, Luxembourg and other entities returned an additional $700 million as a result of separate proceedings. Swiss and Nigerian nongovernmental groups worked with their respective governments to ensure that recovered funds are used for development.

STEALING FROM THE POOR

Judging by Arnoldo Alemán's expenses — a $46,609 party in Coral Gables, Florida, for example — one might think he was the leader of a rich nation. In reality, from 1997 to 2002, he was the president of Nicaragua, one of the world's poorest countries. He looted the country of $100 million, according to Transparency International. When Alemán was charged in Nicaragua with corruption-related offenses, governments in several countries froze his bank accounts.

A U.S. investigation traced stolen money to U.S. bank accounts and real estate. In 2004, U.S. authorities forfeited and transferred approximately $2.7 million of the former president's assets to the government of Nicaragua. The funds were to be used for education projects.

LIES, BRIBES AND VIDEOTAPE

In the 1990s, Vladimiro Montesinos, the head of Peru's intelligence service, managed a web of corruption, which involved drug trafficking, arms trade and other transgressions. A large part of the proceeds from his illegal schemes was laundered through shell companies and transferred to banks outside Peru. Montesinos' fate was sealed when he was caught bribing an opposition legislator on videotape, which aired on a local TV station. He fled Peru in 2000.

When Montesinos was captured in 2001 by Venezuelan authorities working with U.S. and Peruvian law

Ilya Katz, Israel

enforcement agencies and later convicted by a Peruvian court, several countries — including the United States, Switzerland, the Cayman Islands, Luxembourg and Mexico — cooperated to track and recover stolen assets. Thanks to these efforts, Peru's new elected government recovered more than $185 million.

HAWALA INTERNATIONAL

A *hawala* network, an informal money transfer system, was at the center of a money laundering operation based in Maryland and Washington. Saifullah Ranjha, Abdul Rehman and others used *hawala* to launder money from drug trafficking and smuggling of counterfeit cigarettes.

After four years of an undercover investigation into four different criminal schemes that span the globe, Ranjha, Rehman and 37 of their associates were arrested by U.S. authorities. In 2007, they were indicated on charges related to money laundering, bribery of public officials and, in one case, terrorist financing. Authorities in Australia, Belgium, Canada, Spain, the Netherlands and the United Kingdom assisted U.S. law enforcement agencies in the investigation.

In 2008, Ranjha pleaded guilty to conspiring to launder money and to concealing terrorist financing and was sentenced to 110 months in prison. By February 2009, 23 other defendants had pleaded guilty to their participation in one or more of the schemes. ■

— Andrzej Zwaniecki

Top: The family man: Nigerian President Sani Abacha invited his extended family and associates to help themselves to public funds. **Middle:** The check wasn't in the mail: In 2004, Nicaragua's president Bolanos received funds stolen by a former official and seized by U.S. authorities. **Bottom:** Before the show: In 2003, Peru's former intelligence chief Montesinos faced trial on corruption charges in Lima.

RECOVERED PROCEEDS FROM CORRUPTION

RANKS IN TOP FIVE CORRUPT LEADERS IN RECENT HISTORY.

$2.2 BILLION RECOVERED.

STOLEN FUNDS RECOVERED

$2.7 MILLION GOING TO EDUCATION PROJECTS.

CAPTURED AND CONVICTED.

MORE THAN $185 MILLION RETURNED TO PUBLIC

CARTOONISTS TACKLE CORRUPTION

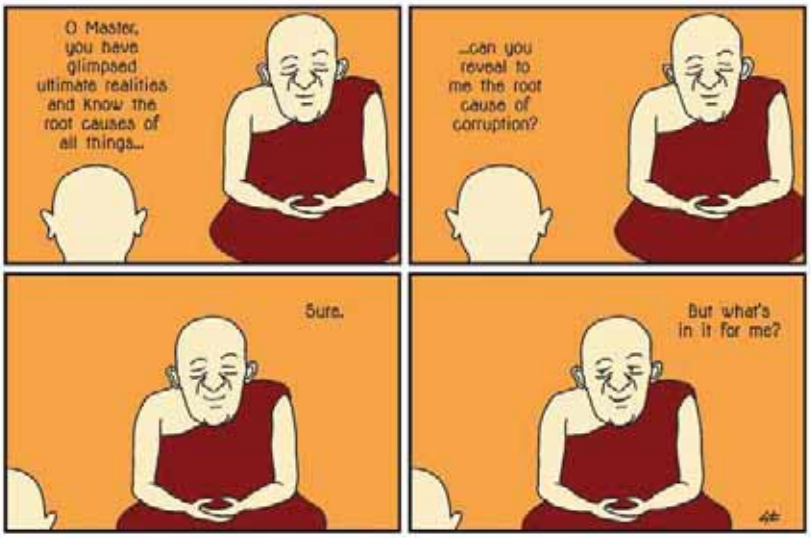
Cartoonists from around the world have taken on the topic of corruption — with thought-provoking results. The cartoons featured in this issue of *eJournal USA* were selected from among the semi-finalists in the 2011 Global Editorial Cartoon Competition organized by the Center for International Private Enterprise (CIPE) and appear in this publication courtesy of CIPE. ©Center for International Private Enterprise

Oleg Loktyev, Russia

Cristian Herrero, Spain/Switzerland

Patrick Rabehoavy, Madagascar

Jamie Mercado James, Mexico



Gautama Polanki, India

Alexander Kaminsky, Moldova

Usama Ela Abull, Egypt

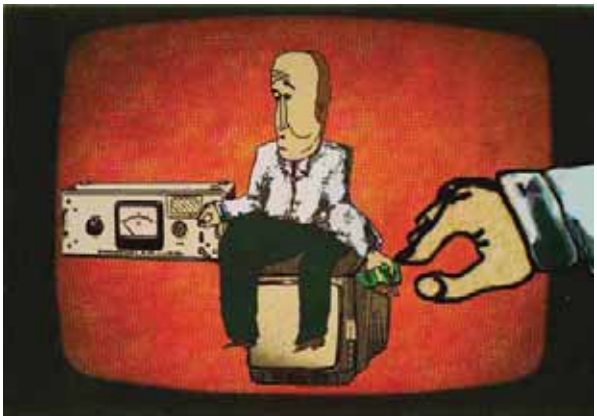
Ruslan Valitov, Kyrgyzstan

Sergey Birkle, Kazakhstan

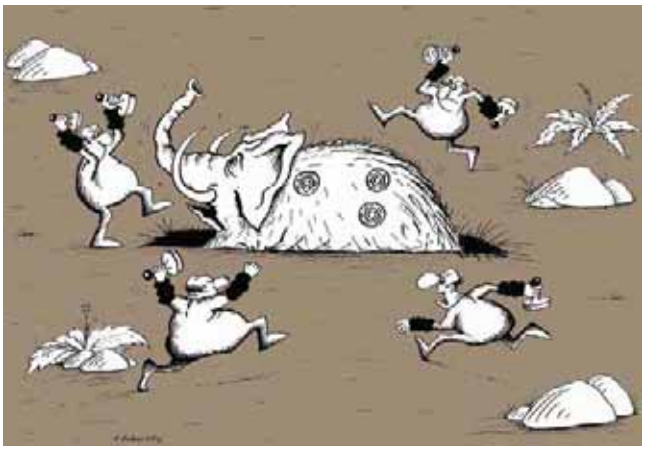
Basca Gergely, Hungary

Vahe Nersesian, Armenia

Boldizsar Kovacs, Hungary



Alexandr Dubovsky, Ukraine



ADDITIONAL RESOURCES

Groups, centers and programs dedicated to anti-corruption and good governance:

Anti-Corruption and Transparency Working Group of Asia-Pacific Economic Cooperation (APEC), an intergovernmental body created to coordinate the implementation of anti-corruption conventions and measures and to promote related collaboration across the APEC region.

http://www.apec.org/Groups/SOM-Steering-Committee-on-Economic-and-Technical-Cooperation/Working-Groups/Anti-Corruption-and-Transparency.aspx

Center for International Private Enterprise, a policy research institute that works to foster market-based democratic institutions and improve governance through transparency and accountability.

http://www.cipe.org/about

Deauville Partnership, a G8 initiative that promotes economic development, job creation, anti-corruption and open government in the Middle East and North Africa.

http://www.imf.org/external/np/dm/2011/091011.htm

Financial Action Task Force (FATF), an intergovernmental body devoted to the development and promotion of policies against money laundering and the financing of terrorism.

http://www.fatf-gafi.org/pages/0,2987,en_32250379_32235720_1_1_1_1_1,00.html

G20 Anti-Corruption Working Group, an intergovernmental body established to implement the G20 Anti-corruption Action Plan adopted at the 2010 G20 summit.

http://www.g20.org/en/sherpas-track/corruption

Global Integrity, an international nongovernmental group that champions transparent and accountable governments with the help of research and technologies.

http://www.globalintegrity.org/

Global Witness, an international nongovernmental group that campaigns against conflict, corruption and environmental and human rights abuses related to natural resource industries.

http://www.globalwitness.org/

International Consortium of Investigative Journalists, a global network of reporters who collaborate on in-depth investigative stories on transnational crime, corruption and other sensitive topics.

http://www.publicintegrity.org/investigations/icij/

OECD – Anti-Bribery Convention, all things related to the Convention on Combating Bribery of Foreign Public Officials.

http://www.oecd.org/department/0,3355,en_2649_34859_1_1_1_1_1,00.html

Open Government Partnership, an intergovernmental effort to make governments more transparent, effective and accountable.

http://www.opengovpartnership.org/about

Transparency International, a global anti-corruption nongovernmental group that publishes countries' corruption rankings and organizes a biannual international anti-corruption conference.

http://www.transparency.org/

United Nations Office on Drugs and Crime, seeks to foster multilateral partnerships against transnational organized crime and corruption.

http://www.unodc.org/

World Bank — Governance and Anti-Corruption, a Bank-related policy, research and information resource on anti-corruption and good governance.

http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTGOVANTICORR/0,,menuPK:3036107~pagePK:149018~piPK:149093~theSitePK:3035864,00.html

World Economic Forum's Partnering Against Corruption Initiative, a program designed to consolidate private-sector efforts to fight corruption, shape related regulations and facilitate exchange of best practices among companies.

http://www.weforum.org/issues/partnering-against-corruption-initiative

Have Something to Say?

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next month!
in eJournal USA

Sports Strengthen Communities

Check out the upcoming issue of *eJournal USA* devoted entirely to sports!

Many young athletes dream of becoming superstars in their sport, but making big bucks in the big leagues is not what sports are all about. In the United States, sports play a major role in community life and teach valuable lessons such as discipline, teamwork and tolerance that help players succeed on and off the field.