The role of civil society in the fight against corruption

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Ladies and gentlemen

It is a great pleasure for me to be here at this important meeting organised by Participation Ciudadana, particularly because the subject we are addressing at this conference has shown itself to be of the utmost importance in the last few months, and that is also very relevant to this country: the role of civil society in fighting corruption.

1. The current global situation

The events of 2011 have provided yet another reminder of the destructive effects of corruption, both politically and economically.

- In India, massive demonstrations convinced the government to put forward strong anti-corruption legislation, several months later it is still in front of Parliament awaiting final debates.

- Last spring the popular pressure in the Arab Spring did not ease until leaders who have been in power for a combined 150 years stepped down. However, we still do not know the final outcome of the Arab Spring. As the anniversary of the fall of Hosni Mubarak drew near in Egypt, for example, it was worrying to see the offices of dozens of NGOs raided.

- Before the Arab Spring, the denial of space to civil society was one of the big reasons that nepotism and patronage were allowed to grow to such outrageous proportions. Those institutional problems will not fade away on their own.
• The financial crisis also had devastating effects over the last two years. It was a glaring lack of regulations for new financial products that created the crisis and now an estimated 80 million new jobs must be created over the next two years to just return to pre-financial crisis employment rates.

What we saw in Tunis and Cairo were extremes. But this demonstrated the very real threat faced by governments who do not stop corruption. When people are denied their basic rights, where petty bribery is allowed to flourish and where those in power act with impunity, citizens will protest.

The challenge for governments is to meet this demand and regain trust in their management of the public good. And transparency is essential to maintaining public trust in the government and public service.

2. **Strategic challenges in fighting corruption**

The real challenges in the struggle against corruption reach into all sectors of society and include efforts to restrict illegal money flows, state capture, the ever-larger funding sources feeding corruption and the need to dampen ingrained fears of corrupt officials.

2.a. **Illicit flows**

The World Economic Forum’s global risk report from January 2010 said illicit trade represents between seven and 10 percent of the
global economy. It cited corruption as one of the major risks to stability and economic recovery.

- Much is being done to hide illegal profits. Some tax havens, for example, have more registered companies and trusts per capita than industrial states: 40 companies are registered in the Virgin Islands for every citizen that lives there.
- The Cayman Islands has a population of 50,000, yet 70 per cent of the world’s hedge funds are registered there. Banks resident there held more than $1.7 trillion in assets at the end of 2008.

2.b. State capture
Another top challenge is state capture. We can no longer ignore the connection between financial opacity and the world’s most dangerous and destructive criminals.

- In the past years press reports revealed how drug gangs launder billions of dollars and kill anyone in their way from judges to attorneys. When criminal gangs take on so much power and wealth, and hold so much sway over state institutions, we can start to talk about state capture.
- In capitals around the world many lobbyists actively work to prevent the passage of new laws and regulations, and their enforcement. As an example, the revolving door spins furiously in places like Washington and Brussels as former politicians and regulators join banks and then lobby their old colleagues to ease the rules governing the financial industry.
- It is clear that more often than not, contributions to candidates and to political parties are used to purchase future support for the contributors’ company and interests.
• In some Latin American and other cities and states around the world, drug cartels have a growing influence over local governments and rule by fear, and by buying the support of the judiciary, and government, at all levels.

• With this in mind it is unsettling to note that the Inter-American Development Bank estimates the cost of violence generated by organised crime at US$168 billion in Latin America as a whole.

2.c. Resources for corruption
Unfortunately, the extent of resources available to sustain corruption are endless as illicit profits feed further graft.

• This makes corrupt networks more resilient and sophisticated, challenging corruption fighters to redouble the hunt for resources, to be equally sophisticated and to make greater use of technology and other tools to battle graft.

• The globalization of crime, the enormity of transnational illicit flows – estimated at $1.3 trillion by the organisation Global Financial Integrity – makes it impossible for governments to tackle the problem on their own.

2.d. The “fear” factor
And then there is the ‘fear factor’. When those in power such as the police and judges, or those who hold the keys to accessing essential services such as health, education, licenses, water and electricity expect a bribe in return for providing services or for looking the other way, those who can afford it pay, others go without the service.
3. TI strategies in preventing and dealing with corruption

3.a. Transparency International, TI has numerous strategies to keep corruption on the local, national and international agendas.

- You probably know TI for our **Corruption Perceptions Index**. This has been an important tool for raising awareness about the widespread and damaging nature of corruption.

- The 2011 Corruption Perceptions Index ranks 183 countries, 32 of which are in the Americas. More than two-thirds of them don’t even make it to the middle of the global ranking – indicating that corruption is a serious problem in those countries.

- The 2011 scores refute arguments that blame corruption in certain regions on culture. Among the countries in the Americas that score above five we find countries not only from North America, but also from Latin America and the Caribbean.

- The Corruption Perceptions Index is complimented by TI’s Global Corruption Barometer, a tool that in 2010 captured the experiences and views of more than 91,500 people in 86 countries and territories, making it the only world-wide public opinion survey on corruption.

- It showed that six out of ten people around the world thought corruption had increased over the previous three years. It
also revealed that one in four people report paying bribes in the last year.

- A number of TI Chapters have also created scorecards, scoring essential anticorruption performance indicators on a national level and local level. National Integrity System studies further analyse both the extent and causes of corruption in a given country as well as the effectiveness of national anti-corruption efforts. These tools serve citizens who demand probity in government services and help identify those sectors most vulnerable to corruption.

### 3.b. Empowering citizens

Tools are also needed to combat corruption on the local level. Beyond being outlets to report corruption, our chapters assist people in gaining access to services and inform government entities of problems in the delivery of services.

- For example, TI has Advocacy and Legal Advice Centres in more than 45 countries, including Participacion Ciudadana, that typically operate toll-free hotlines, encouraging citizens to report corruption.
  - They have received more than 100,000 complaints since 2003.
  - From this effort we have learned that we need to travel out to rural isolated communities to encourage people to come forward.

- Similarly, in Peru, Guatemala and Bolivia, TI chapters have already worked with remote communities helping the poor to monitor Conditional Cash Transfer programmes. I believe
More than reporting corruption, citizens and NGOs are increasingly undertaking activities that can prevent it. They are taking part in decision-making and monitoring projects. The work of Participacion Ciudadana in training people to monitor climate change programmes is another good step in this positive trend.

TI also advocates voluntary agreements that allow our chapters to work with committed public officials who are keen to demonstrate their integrity and deliver on promises. The pacts are based on local priorities, be it service delivery, infrastructure or greater participation in local planning, and have been successful in defeating corruption from Bangladesh to Ghana.

3.c. Promoting transparency, integrity and accountability in government

Civil society can mobilise the greatest pressure for change by calling on governments to meet their international commitments under various treaties.

Bad governance distorts markets and destabilises societies, perpetuating poverty and social injustice. Governments, businesses and citizens across the globe have to join efforts to fight this common scourge by promoting more open governments.

To this end TI encourages the enforcement of international Conventions and rule-making on the home front to reign in opaque
budget-making, establish greater transparency on government procurement and construction projects, and the creation of government anti-corruption watchdogs.

- The most far-reaching tool for fighting global corruption is the United Nations Convention against Corruption.
  - The adoption of the UN Convention, eight years ago, was widely hailed as a major breakthrough, establishing a comprehensive global framework for combating corruption. It provides a model for anti-corruption legislation and a framework for a level playing field.
  - It obliges signatories to ensure there are anti-corruption bodies and justice system capable of preventing and prosecuting corruption in both public and private sectors.

- Of course, many of you will be quick to point out that almost a decade before the UN Convention entered into force, countries across the Americas joined forces to establish the Inter-American Convention against Corruption.

- Our goal is to learn from the successes and challenges remaining of the Inter-American Convention at an international level. TI’s National Chapters in the Americas have undertaken a valuable sustained effort to produce independent evaluation reports.

- TI also reports on implementation of the OECD convention against bribery of public officials and has sought to encourage member states to do more to incentivise good corporate behaviour. At the same time, we have sought to
Outside of international conventions, governments have plenty of options for cleaning up corrupt practices in everything from budgeting to public procurement.

- In Venezuela our chapter found a 125 per cent difference between oil revenues from the OPEC member as given in the 2012 budget bill and figures it calculated based on information presented by the President, begging the question of where the extra money will go and showing why budget transparency is so important.

- TI also sees public procurement as one of the areas of government most prone to corruption. It is a worldwide market worth US$ 2 trillion annually, according to the OECD.
  - One solution to get all players involved in a public contract to sign up to a legally binding no-bribe agreement called an Integrity Pact.

- Strong overseers can further strengthen the hand of government. Institutional ombudsmen, supreme audits and anti-corruption commissions that are independent, professional and properly resourced make up the basic elements of a strong system to defeat graft.

- With elections occurring nearly daily around the globe one cannot forget the importance of government rule-making that separates the influence of money from political campaigns, the importance of strong and independent Electoral Commissions and full transparency in contributions paid to candidates and to political parties.
Eight out of 10 people surveyed for Transparency International’s 2010 Global Corruption Barometer judged political parties as corrupt or extremely corrupt.

3.d. Promoting clean business
Clean government goes hand-in-hand with clean business. We encourage companies to adopt and report on anti-corruption programmes in their company, their subsidiaries and throughout supply chains, but we also want to see more transparency about the operations of those supply chains.

- TI rates companies for their disclosure of anti-corruption plans and their operations in third countries.
- For the review of oil and gas company transparency we released in 2011, we recommended that companies publish what they pay to each government where they operate. We also recommended that they publish where their subsidiaries are registered and who their equity holders are.

Only by putting resources behind investigators and giving political backing to the prosecutors will we create a genuine disincentive to bad corporate behaviour, and truly ensure that no one is above the law.

3.e. Youth and education
While companies may be important to fighting bribery today, it’s our youth that will stanch the flow of graft tomorrow. Nearly half of the world's population (almost 3 billion people) is under the age of 25, according to the World Population Foundation. The importance of engaging youth in anti-corruption cannot be overestimated. It
can help change attitudes and mores and build zero-tolerance for corruption where the problem is seen as an acceptable fact of life.

- With this in mind, education and bringing youth into the anticorruption movement is a top priority.
- In recent years we have organized a summer school on integrity, organized Transparency and Accountability Weeks in high schools and continue to use social media to reach a younger audience.

**Conclusion**

In many countries, people no longer trust their leaders’ management of the public good. One potential positive result is that people will take a greater role in monitoring the management of that public good from now on.

With this growing sense of public responsibility, there is a massive constituency for organisations like yours who help people make their voice heard. Together, civil society and those people have great potential to sweep out corruption and say “no” to impunity.

Thank you.