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Office on Drugs and Crime



Asian Development Bank

**Report on the Seventh Meeting
of the
International Group for Anti-Corruption Coordination (IGAC)**

Bangkok, 21 to 22 April 2005
<http://www.igac.net>

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I. BACKGROUND

1. The Seventh Meeting of the International Group for Anti-Corruption Coordination (IGAC) was held at the Queen Sirikit Convention Center in Bangkok, Thailand on 21-22 April 2005, in conjunction with the Eleventh UN Congress for Crime and Prevention and Criminal Justice. The meeting was jointly organized by the United Nations Office on Drugs and Crime, the United Nations Office for Internal Oversight Services and the Asian Development Bank. Originally the interagency coordination initiative on anti-corruption was launched by Ms Louise Fréchette, United Nations Deputy Secretary-General, who convened two meetings in New York in late 2001 calling for enhanced collaboration and coordination of anti-corruption efforts within the United Nations. Following this call, the group convened its first meeting under the auspices of UNODC in February 2002, and has been meeting regularly every six months ever since. The reports of prior meetings can be found on IGAC's webpage at <http://www.igac.net>

II. OBJECTIVES

2. The objective of the seventh meeting was to discuss ways and means to prevent and detect fraud and corruption in disaster and emergency relief operations. With the tsunami hitting 12 nations, killing more than 300.000 people, destroying the homes and livelihoods of millions, the international community witnesses an unprecedented wave of solidarity in support of the relief effort. Dozens of international organizations and bi-lateral donors, as well as hundreds of NGO's are active in providing help to the affected countries. It was therefore timely for IGAC to focus at its 7th meeting on corruption prevention and control in disaster emergency relief. Based on the experiences gained from past relief efforts, the meeting explored recurrent patterns of alleged corruption, as well as mechanisms for its prevention and control. Moreover, the meeting discussed modalities of implementation of the UN Convention against Corruption and reviewed the findings of the Working Group on information exchange among international organizations. The agenda of the meeting is contained in Annex 1.

III. PARTICIPATION

3. Several organizations participated in the meeting. The list of participants is contained in Annex 2. For the first time, the meeting was attended by the Food and Agricultural Organization of the United Nations (FAO), the United Nations Interregional Crime and Justice Research Institute (UNICRI), the United Nations Office for the Coordination of Humanitarian Affairs (UNOCHA), the United Nations Human Settlement Programme UN-HABITAT, the International Fund for Agricultural Development (IFAD), and the Interpol Group of Experts on Corruption (IGEC).

IV. DISCUSSION

4. The meeting was opened by Mr. Maarten de Jong, Chair of IGAC and Director, Department of Institutional Integrity of the World Bank. Mr. De Jong briefed participants about the outcomes and follow-up to the 6th meeting of the International Group for Anti-Corruption Coordination, which had elaborated a set of recommendations on the prevention and control of corruption in international organizations. The report of the meeting had been submitted to Mr. Costa, the Executive Director of UNODC and subsequently brought to the attention of the United Nations Chief Executive Board and its High Level Committee on Programmes held on 23-25 February 2005 in Rome, Italy. Since then several steps have been taken within the UN system geared towards enhancing integrity safeguards. In a recent information circular, the United Nations Secretary General, Mr. Kofi Annan, reminded all UN staff on their obligations concerning the reporting of suspected misconduct as well as the avenues provided by the system in order to pursue complaints and raise grievances. Moreover, two resolutions were adopted by the General Assembly in early 2005 which reconfirmed and further strengthened the role of the UN Office for Internal Oversight Services as the independent investigative body and stressed the crucial importance of establishing an effective and efficient system of accountability throughout the Secretariat in order to prevent misconduct and to make programme managers more accountable.

5. Mr. De Jong further briefed participants that UNODC, in the meanwhile, had hired a staff to manage the IGAC database of anti-corruption projects and initiatives, who will be contacting IGAC members shortly to provide them with remote electronic access to the database through the IGAC webpage in order to update/provide the required information on their past, ongoing and future anti-corruption projects and activities. Once the process of data entry will have been completed, all IGAC members will be able to access and share anti-corruption related information through the database.

6. Thereafter, the chair introduced the main topic of the first day. He noted that, with the unprecedented manifestation of international solidarity in terms of financial support, millions of victims in need of immediate assistance, and dozens of international organizations and bi-lateral donors, as well as hundreds of NGO's active in providing help, the risks for abuse had multiplied; also in view of wide-spread corruption in some of the affected countries. Thus it was timely for IGAC to explore in detail the arising challenges and to identify solutions.

7. Mr. Vetere, the Executive Secretary of the 11th UN Congress on Crime Prevention and Criminal Justice and Director of the Division of Treaty Affairs of UNODC, in his introductory remarks noted that there was an ever growing need for improved coordination and cooperation in the anti-corruption area, particularly in view of the imminent entry into force of the UN Convention against Corruption, a need which had first led to the creation of the group in early 2002. Within the UN alone corruption related mandates were shared among four distinct organizations. There were

UNDP's activities to strengthen good governance, UN DESA's programme in support of public sector reform, OIOS's initiatives to prevent and control corruption and other misconduct among UN staff, and UNODC's normative and technical assistance work, which in the field of corruption, had started as early as 1990, including the development and adoption of the International Code of Conduct for Public Officials and the United Nations Declaration against Corruption and Bribery in International Commercial Transactions in 1996, the launch of the Global Programme against Corruption in 1999, and the adoption of the United Nations Convention against Transnational Organized Crime. All these efforts had been instrumental to the successful negotiations of the United Nations Convention against Corruption in less than two years. The Convention was adopted by the GA in October 2003 and has been signed by 118 countries and ratified by 19 (status April 2005). However, there were many more initiatives and efforts against corruption underway conducted by other international and regional organizations, bi-lateral donors, as well as international NGO's active in anti-corruption policy development and technical assistance, advocacy and the safeguarding of internal integrity.

8. Mr. Vetere highlighted the pivotal importance and beneficial role of IGAC in its pursuit of closer coordination of anti-corruption efforts with the imminent entry into force of the UN Convention against Corruption. In particular, developing countries and countries with economies in transition would require extensive assistance in ratifying and implementing the Convention. He expressed his hope that the Group would play a central role in coordinating and streamlining technical cooperation activities with a view to providing high quality advisory and technical services, while avoiding duplication and ensuring the effective use of limited resources. In this respect he recommended that IGAC should dedicate its next meeting to this issue.

A. Corruption Prevention and Control in Disaster Emergency Relief Preventive Measures

Financial Tracking System and Forensic Analysis of Contracts

9. Ms Susanne Frueh (UNOCHA) noted that after the Tsunami, there had been immense pressure for increased transparency and accountability. There was a prevailing awareness among all UN agencies about the risks involved, in particular in view of the recent events evolving around the "Oil for food" programme. The UN is particularly challenged not only to ensure the proper use of funds entrusted to it, but also to be seen doing so. There is a need to demystify the entire operation by providing a completely transparent and regularly updated overview of pledges received, amounts disbursed and the allocation and expenditure of funds. This was particularly difficult in view of the chaotic situation on the ground and the pace with which monies and assistance needed to be made available. Emergency relief assistance is susceptible to corruption simply because of sudden onslaught of assistance, pressure to spend quickly, and the amounts involved. Ms Frueh also noted that the bigger challenge lay yet ahead, since the reconstruction phase, which accounts for 80-90% of the overall assistance, was only about to start, and would be the main target for fraudsters.

10. Particular mentioning was made of OCHA's existing Financial Tracking System (FTS) – available on the UN OCHA website. This system has some limitations, as it only tracks pledges and commitments. Therefore, it was now planned to enhance it to include information on funds received, programmed and disbursed. Also, the system only accounts for about 15% of the resources pledged under the flash appeal. Thus similar systems should be developed for the recovery and reconstruction phase. Participants concurred, that in addition to the financial tracking systems provided by international organizations and the donor community, concerned countries should create their own, publicly available tracking systems with a view to empowering the public, including the affected population, to monitor the receipt, allocation, disbursement and accounting of relief assistance. Regular information sharing as well as strong collaboration among international relief agencies on the ground is also key. UN OCHA was currently working closely with other relevant organizations to promote country-specific accountability mechanisms, and by doing so, to improve the performance and image of the UN agencies.

11. An important role within the tsunami relief effort is played by the private sector. Within the specific context of corruption prevention and control, Pricewaterhouse Cooper (PwC) - an international corporation providing industry-focused assurance, tax and advisory services for public and private clients, including risk management, internal oversight, accounting and investigations - offered pro bono services to the United Nations to assist in the prevention and control of corruption within the context of the tsunami relief effort. OCHA had accepted this offer on behalf of a number of UN entities. This would not replace existing auditing and investigations responsibilities and mechanisms. The pro-bono work would be determined by each agency in accordance with its specific needs and requirements. In addition, some of the pro-bono services would be utilized for the development of an improved reporting and feedback mechanism to the public, in order to enhance the overall transparency and accountability of the system.

12. Mr. Tony Parton and Mr. Russell Wallace (PwC) presented PwC's services which could become relevant within the context of preventing and controlling bribery, misappropriation and other corrupt practice in the tsunami relief effort. They emphasized the weakness of existing fraud prevention systems, and the difficulties to detect corruption and bribery with the means available in the concerned countries. PwC could make available its forensic technology to the United Nations Organizations, including forensic computing, e-mail and electronic document analysis, document management systems, visual charting and analysis software, data analysis and financial data management, and the recovery of deleted data. Through a series of case studies, PwC representatives elaborated on the nature and scope of these services, including on how the evidence gathered can be used in civil and criminal proceedings, as well as in disciplinary ones.

13. In the following discussion, it was clarified that the PwC pro-bono services were intended to complement, but not to replace, existing internal oversight mechanism

by providing highly specialized skills and technology to the United Nations Organizations. In this context, PwC would act under the direct supervision of UNOCHA and in close cooperation with the concerned UN agencies requesting the provision of pro-bono services.

Corruption Prevention in the Tsunami Relief, Report on the Outcomes of a Joint Workshop of ADB, OECD and Transparency International

14. Mr. Peter Rooke of Transparency International (TI) and Mr. Patrick Moulette (OECD) informed participants about the outcomes of the Expert Meeting on Corruption Prevention in Tsunami Relief, held on 7-8 April 2005 in Jakarta, Indonesia (Annex 3). The workshop, which had been organized jointly by the ADB/OECD Anticorruption Initiative and TI, was designed to bring together affected Governments, non-governmental organizations, the private sector, donors and international governmental organizations with a view to designing general principles for action to ensure that aid delivery and reconstruction efforts are not tainted by corruption.

15. More specifically, the expert meeting recommended that affected countries should exercise effective leadership over the humanitarian relief and reconstruction, and should promote active participation of affected communities in the respective decision making processes with a view to minimizing the risk of corruption in the delivery of aid. The meeting also highlighted the need for the establishment of mechanisms to enhance transparency and traceability of aid flows, and ensure effective and independent monitoring and evaluation of projects and programmes. Moreover, experts stressed the importance of mutual accountability and coordination among stakeholders through information sharing, continuous dialogue, and cooperation. Finally, the meeting called for capacity development of stakeholders, in particular local governments, and individuals in affected countries in the areas of governance and corruption deterrence

16. Mr. Rooke and Mr. Moulette informed participants about the next steps which had been agreed by the meeting in Jakarta, including the promotion of the principles through bilateral and multilateral contacts, the OECD DAC network, and the TI national chapters. ADB, OECD and TI were considering the development a set of operational guidelines which can be used for planning, tracking, monitoring and evaluating aid flows with a view to preventing corruption in humanitarian relief and reconstruction. Furthermore, the speakers emphasized that the meeting only constituted the start of a longer-term process beyond the Tsunami relief efforts, stressing that action was particularly needed at the national and local levels where funds were most vulnerable to corrupt practices.

17. Participants commended ADB, OECD and TI for the laudable initiative and pledged their support for the implementation of the principles. There was general agreement that considerable work was still needed for the elaboration of operational guidelines and concrete tools and mechanisms enabling all stakeholders to contribute to ensure the effective implementation of the principles. In particular, it was

recommended that oversight agencies would need to dispatch immediately agents to the affected countries, so as to ensure the setting-up of preventive mechanisms, tracking systems and other measures to protect funds from being diverted. Participants concurred that it was essential to mobilize local stakeholders and provide them with the necessary skills, tools, and mechanisms with a view to monitoring the disbursement of funds and implementation of projects, as well as to creating effective avenues through which specific complaints about abuses could be channeled. In this context, Mr. Rooke drew the participants attention to the relevance of lessons already learned from post-conflict reconstruction, which had been captured in TI's Global Corruption Report for 2006.

A Regional Perspective

18. Mr. A. Michael Stevens (ADB), presented the Asian corruption control in disaster and emergency relief. Mr. Stevens noted that ADB is a multilateral bank not a humanitarian relief agency. He outlined ADB's response after the tsunami, policy of emergency assistance which had been in place since 1987 and had evolved to a more comprehensive emergency assistance policy in May 2004. He also provided an example of how Indonesia was dealing with the Aceh situation; explained potential problems which may arise; and outlined available controls that ADB has in place in terms of governance and anticorruption policies.

19. Drawing from their experiences in providing emergency disaster relief during the first four months after the tsunami, participants shared some of the difficulties their respective organizations had encountered. Most of the agencies were operating through local proxies. However, in some countries Governments insist on controlling the selection process of local partners, thus reducing the possibility of agencies to choose their partners in accordance with their own selection criteria. Moreover some organization, such as the OECD, the World Bank and the regional development banks use the so-called anti-corruption clause, enabling them to terminate a contract when they establish that the contractor in the negotiation or execution of the contract has adopted corrupt practices. UN organizations do not apply such clauses mainly because of resistance of those departments responsible for procurement and contracting. So far, UN organizations use only performance related clauses enabling the organizations to terminate contracts because of a lack of performance. However, these clauses are rarely applied in practice. Moreover, several participants stressed the need to strengthen existing contractual auditing clauses. Participants also raised the recurrent problem of staff being fired for misconduct by one international organization finding employment with another one. In this context, participants discussed the feasibility of introducing an anti-corruption clause into staff contracts enabling international organizations to publish the names of staff members whose contracts have been terminated because of serious misconduct, or alternatively inform the human resource management sections of other international organizations.

B. The Interagency Corruption Risks Assessment for the Tsunami Relief Effort

20. Mr. Mark Gough (OIOS) reported on the findings of a recent assessment mission which his Office had conducted to explore the risks for fraud and violations of the UN Staff Regulations and Rules in the United Nations tsunami disaster relief programme in Indonesia and Sri Lanka. The purpose of the appraisal mission was to determine the potential opportunities for fraud and other abuses, to explore existing complaints mechanisms and channels, to identify the stakeholders in the tsunami disaster relief (TDR), and to seek local advice for preventive and control action. The assessment identifies risks and suggests concrete solutions in the areas of procurement, finance, personnel, assets and inventories, management and programming. As such, the assessment can provide program managers in the concerned countries with an guidance on how to prevent fraud from occurring or to minimize the respective risk.

22. In the area of procurement, the assessment identified the risk of illicit “incentive payments” to contractors, which may amount to up to an 10% add-on. There is a lack of commercial diversity, caused by a territorial supplier system that prevents suppliers to bid for contracts which are to be executed in the territory of another supplier. It was also noted that virtually in all procurement action so far, there had been collusion between the winning company, members of the Government and other bidders. Moreover, UN agencies may easily fall victim to inflated pricing schemes, due to little knowledge of the local prices and production costs. Furthermore, there is the danger that government bodies and local NGO’s may submit requests for the same type of assistance and items to several international agencies, which in turn, unaware of pending requests, decide to double and triple-fund these items. Other risks relate to the little scrutiny that is currently applied in the hiring of local staff and the selection of NGO’s, staff security in general, the under-developed understanding or knowledge of UN regulations and rules by programme managers, and the unavailability of banking facilities forcing staff to transport large amounts of cash.

23. Mr. Gough also elaborated on some of the recommendations made by the report in order to mitigate the identified risks, including enhanced pre-award scrutiny, the hiring of specialists to evaluate realistic pricing, the elimination of middlemen, the involvement of local communities in the preparation of cost-estimates and the monitoring of delivery, the verification of bona fides of NGO’s by Pricewaterhouse Cooper, and the training of programme managers on relevant rules and regulations. Most significantly, the report recommends the establishment of a central and professional Fraud and Corruption Centre in the region, which would be operating as a central reporting facility for all complaints, and have a ready response investigation and audit capacity to deal swiftly with matters reported. OIOS recommended this to be a multi-agency centre so as to cover all aspects of tsunami related relief efforts, and to be staffed with personnel provided by all concerned agencies. As such, it was hoped that the centre would become a model for future emergency relief activities.

C. Implementing the UN Convention Against Corruption - Challenges

The Argentinean Perspective

24. Mr. Curia noted that Argentina during the past ten years has taken part in the elaboration and negotiation of several international instruments against corruption and related phenomena. In 1996, the Inter-American Convention against Corruption was adopted. Argentina ratified it in 1997. However, it took another five years until OAS Member States could agree on the design of an effective follow-up mechanism of that Convention (Acta de Buenos Aires, 2001). The first round of evaluation is under way (18 States have been analyzed) and will be completed in March 2006. Some ideas aiming at improving the mechanism were the main topic of discussion at a meeting of the OAS General Assembly, on corruption and democracy, held in Quito in June 2004. Member States were satisfied with the outcome of the monitoring process and generally embraced the recommendations as useful guidance for the further improvement of their respective legal and institutional frameworks. Moreover, for the monitoring process to work effectively, it was of pivotal importance, that the methodology applied was politically acceptable and reasonable in terms of required capacities, both by the evaluators and by those being evaluated. Individuals and groups outside the public sector, such as civil society, non-governmental organizations and community-based organizations needed to actively participate in the monitoring exercise. The main weakness of the monitoring system currently applied for the Inter American Convention against Corruption is that it is not legally binding. However, Mr. Curia expressed his hope that, taking into account the positive experiences during the first round of evaluation, OAS Member States might agree to a more binding monitoring mechanism.

25. Mr. Curia further elaborated on the need for enhanced international cooperation, including in technical assistance, in order to ensure the effective implementation of international instruments. In this context, he welcomed the emerging network of anti-corruption bodies within his region that had led to an increased exchange of information and assistance. However, he noted that while cooperation among law enforcement bodies had significantly improved, judicial cooperation with most countries in the region remained cumbersome and slow. He also criticized the lack of coordination among international organizations and bi-lateral providers of technical assistance in the field of good governance and anti-corruption. Consecutive assessment missions by various organizations as well as workshops and training seminars covering similar topics continued to be a reality. He, therefore, urged IGAC to step up its efforts to enhance coordination and cooperation among organizations active in assisting countries in improving governance and preventing and controlling corruption.

26. As far as the future implementation of the UN Convention against Corruption was concerned, Mr. Curia informed the group that Argentina had initiated the process of ratification and expected to participate fully in the first Conference of States Parties. He, however, expressed his concern about the fact that so far very few of the major global and regional players had ratified the Convention. In the long run this may

hamper the effective implementation of some key provisions of the Convention, such as international cooperation and asset recovery.

27. Participants concurred that an effective follow-up mechanism was essential to ensure the full implementation of the Convention. It was felt that the participation in such a mechanism could not be made voluntary. Moreover, the advantages of the availability of professional evaluators were highlighted. In other monitoring exercises it had turned out that countries were not always nominating experts as evaluators. This in some cases had proven detrimental to the quality and usefulness of the evaluation.

28. As far as the call for improved coordination was concerned, participants discussed ways and means to facilitate information sharing across organizations and to work towards a more collaborative approach in technical cooperation. While it was recognized that IGAC provides a useful platform for information exchange and the identification of areas for cooperation, international organizations need to become more proactive with a view to ensure the involvement of all relevant players. In this respect, participants discussed modalities of information sharing on “corrupt persons” between international investigating bodies and their national counterpart institutions. In the case of Argentina, as well in some other countries, Mr. Curia clarified that the sharing of information was complicated, as long as a suspects had not been convicted in a court of law.

The Thai Perspective

29. Police Colonel Seehanat Prayoonrat, (NCCC), presented the approach adopted by the Royal Thai Government in ratifying and implementing the UN Convention against Corruption. After signing the Convention in Merida, Mexico, in December 2003, the Thai Government had made great efforts in assessing its current legal and institutional framework with a view to bringing it into compliance with the requirements of the UN Convention against Corruption. The Ministry of Justice and the Attorney General had been mandated with the implementation of the Convention. A renown academic has been tasked with conducting the first needs assessment in terms of legal amendments, the creation of new institutions, and capacity building. This analytical review is being conducted in clusters, including the scope of application, jurisdiction and judicial process, preventive anti-corruption policies and practices, the prevention and control of money laundering, law enforcement, the protection of witnesses, victims and experts, specific anti-corruption measures for the private sector, the participation of civil society, mutual legal assistance and international cooperation, asset forfeiture and the recovery of the proceeds of corruption, information sharing and technical assistance. The assessment was expected to be completed by mid-June 2005, to provide a comprehensive overview of requirements as well as recommendations for action by the Government. The assessment would also take into account the 40 + 9 recommendations of the Financial Action Task Force, and the advice and recommendations provided by the International Monetary Fund and the World Bank for measures concerning the financial sector.

30. While these efforts towards the ratification and implementation of the Convention were well on their way, Police Colonel Sehana Prayoonrat emphasized the need for support, including technical assistance by the international community, in particular by UNODC. There was a lack of guidance on how best to ensure the effective implementation of the Convention. Moreover, effective implementation required resources, which are currently not available for that purpose. UNODC informed that a final draft of the legislative guide for the ratification and implementation of the UN Convention against Corruption was being distributed during the Congress for observations and comments. The legislative guide would to some extent would fill this gap, providing policy guidance and technical advice, including relevant good practice examples from various countries. Participants commended the Royal Thai Government for the endorsement of the ADB/OECD Anti Corruption Action Plan, which in many respects provides a solid basis for the implementation of many of the provisions of the UNCAC. Furthermore, it was suggested that the Government gave priority to the mandatory provisions of the Convention in order to ensure swift ratification and entry into force of the Convention.

The Nigerian Perspective

31. Mr. Nuhu Ribadu, Chairperson of the Economic and Financial Crime Commission (EFCC), Nigeria, informed the participants about the challenges his organization and his Government at large face in the fight against corruption. From his presentation it became evident that, countries like Nigeria, who can look back at years of sustained anti-corruption efforts, will require little to close some of the remaining loopholes in their legislation to address eventual shortcomings in terms of effectiveness and to reach full compliance with international standards, in particular the UN Convention against Corruption. Regulatory weaknesses include in particular antiquated judicial procedures and some shortcomings in the public procurement and accounting system, even though the later are now being addressed with renewed vigor by the EFCC in collaboration with the Minister of Finance. The effective implementation of the Convention is mainly a capacity issue. The various agencies established to enforce the anti-corruption legislation are not equipped with sufficient technical, financial and human resources to address effectively the challenges posed by transnational cases of corruption. He also made clear that the Convention will become fully effective only once it has been adopted universally. Many in particular high-level cases have international implications with the bribe-giver and bribe-taker located in different countries or the proceeds being hidden in foreign bank accounts. Finally, particular challenges are posed by the endemic nature of corruption. Public officials are seldom hired on merit but rather based on geopolitical considerations, and there is wide-spread political corruption undermining the democratic process and destroying the nascent public trust in the state.

32. In Nigeria, anti-corruption efforts have started in 1999 under the Government of President Obasanjo. They included a large set of legal, institutional and policy measures aiming at enhancing the prevention and control of corruption as part of its broader development agenda. Most significantly, the adoption of the Corruption and

Related Offences Act in 2000, which criminalized a series of corruption related offences, established an independent anti-corruption commission (ICPC) with far reaching powers and a comprehensive mandate covering investigation, prosecution, prevention, education and awareness raising. In 2003, ICPC had received 828 petitions, had investigated 355 cases and had prosecuted 39 persons, however without obtaining any conviction yet. This was mainly attributed to shortcomings in the act preventing the commission from adopting a pro-active approach to investigations, as well as the difficulties encountered in prosecuting high-profile cases and a slow and inefficient judicial process. In 2002 the Economic and Financial Crimes Act and in 2004 the Money Laundering Acts were adopted, establishing the EFCC and the Nigerian Financial Intelligence Unit, with the broad mandate to investigate and prosecute corrupt practices, fraudulent activities, money laundering, trafficking in persons and other economic crimes. Drawing from the lessons learned by ICPC, the EFCC has developed, a proactive approach to investigations. However, while the EFCC has proven rather successful in investigating and prosecuting cases of fraud and corruption, it has found it difficult so far to obtain convictions. The inefficient judicial system and antiquated procedural rules contribute to the wide-spread impunity of corrupt practices in the country.

Work of the Group of States Against Corruption (GRECO)

33. Mr. Rafael Benitez (Council of Europe) informed the meeting about the work of the Group of States against Corruption (GRECO), in particular on the monitoring of the various Conventions and standards adopted by its Member States. GRECO was first established by 17 Council of Europe Member States. Today it comprises 39 states. The mandate of GRECO includes the monitoring of the various Council of Europe anti-corruption instruments adopted over the years including the twenty guiding principles, as well as the Criminal Law and Civil Law Conventions on Corruption. The monitoring system is based on the principles of mutual evaluation and peer pressure and the principle of equality of rights and obligations among its members. So far, GRECO conducted two evaluation rounds dealing with specific provisions of the twenty guiding principles, including independent specialized anti-corruption bodies, immunities, confiscation of proceeds, the role of the public administration, efficiency and transparency, tax and financial legislation, the links between corruption, organized crime and money laundering, and the prevention of the use of legal persons as cover to facilitate corruption.

34. The GRECO monitoring process has been contributing to the translation of international standards into domestic law, in particular through clarification of problematic issues in direct communication with countries concerned. It helped to generate peer pressure as well as pressure by civil society, the business community reinforcing sustained commitment in Governments. Collection of first-hand information through on-site visits has proven key in this context as they allow for thorough discussions with domestic experts and to ask on-the-spot follow-up questions. Finally, Mr. Benitez called for a close coordination of any new monitoring process with existing ones, in order to avoid duplication and overlap and not to contribute further to the

growing monitoring fatigue which can be observed in Europe. It should, therefore, be noted that a number of issues which are covered by the UNCAC have already been monitored by GRECO. Concluding, he reiterated the commitment made by the Deputy Secretary General in Merida, Mexico that the Council of Europe was prepared to contribute in any way that may be deemed necessary by the Conference of States Parties to the monitoring of the UNCAC, including by using the forum it provides as a regional monitoring mechanism.

Work of the United Nations Development Programme

35. Paula Saddler (UNDP) provided a synopsis of her organization's anti-corruption activities. In particular, she drew participants' attention to the anti-corruption practice note which had been adopted by UNDP and which establishes key priority areas for improving accountability, transparency, and integrity to strengthen democratic governance.

D. Follow-up to the Sixth Meeting of IGAC

Prevention and Control of Corruption in International Organizations – The Integrity Action Plan of the World Customs Organization

36. Mr. Yoshiro Baba (World Customs Organization) gave a briefing on the integrity strategy and programme of his Organization. Customs services in many countries are perceived as one of the most corrupt public agencies. In order to address this situation, the WCO set up the integrity strategy and developed principles such as the revised Arusha Declaration and standards/tools consisting of the WCO integrity action plan, the Integrity Development Guide, and Model Code of Ethics and Conduct. Recalling the importance of information sharing and in response to the recommendation of the Global Forum III, the WCO produced a Compendium of Integrity Best Practices in collaboration with its Member administrations. In order to promote the application and implementation of the principles and standards, the WCO encourages its Members to use the integrity tools and conducts national and regional integrity workshops. The Action Plan for the implementation of the revised Arusha Declaration foresees for 2005/2006 the following priorities: enhancing information sharing, preparation of a customs related session at the Global Forum IV, development of a Compendium on Best Practices, conduct of integrity workshops, promotion of WCO integrity tools, improving cooperation with the private sector and other international organizations, and follow-up to the UN Convention against Corruption. More information on the WCO integrity programme can be found at <http://www.wcoomd.org>. Participants requested that the WCO integrity package should be made available to IGAC members.

The Working Group on Information Sharing – Findings and Recommendations

37. Mr. Paul Lachal Roberts (EU-OLAF) and Mr. Duncan Smith (World Bank) conducted an interactive session on information exchange, clarifying, based on a hypothetical case study, the rules applicable to each IGAC member concerning the

sharing of information relating to ongoing investigations. The central issue was whether participating agencies would be able to disclose information to a co-donor, whether the information was likely to be shared without a respective request, what procedures should eventually be followed to disclose information, and whether disclosure policies would change if in a country where a case occurred, corruption and fraud are punishable by death penalty. The matrix on conditions and possibilities of ad-hoc information exchange are contained in (Annex 4).

E. Other Business

38. The Interpol Group of Experts on Corruption (IGEC) explained its role and function. The Group was mandated by the Secretary-General of Interpol to advise on ways to improve police activities especially in the area of reducing corrupt practices. The Group had produced several initiatives for Interpol, most significantly the Global Standards for Police which have been adopted by the Interpol General Assembly and can be found on the Interpol's website. They are intended to be tailored to local requirements so as to best suit domestic needs.

39. The Secretariat informed the meeting about the parallel initiative organized by the International Scientific and Professional Advisory Council (ISPAC) and the Asia Crime Prevention Foundation (ACPF) on organized crime and humanitarian disaster.

V. RECOMMENDATIONS

40. Recommendations arising from the Seventh Meeting of IGAC:

Corruption Prevention and Control in Disaster Relief

Recommendation 1: UNOCHA will report at the 8th Meeting of the International Group on Anti-Corruption Coordination on the progress made with its online tracking system for the United Nations flash appeal for the Tsunami relief effort and the added value of the PricewaterhouseCoopers pro-bono services for the prevention, detection and investigation of fraud and corruption of projects financed under the United Nations flash appeal.

Recommendation 2: IGAC Secretariat to invite the Humanitarian Accountability Partnership International, and other relevant organizations, to attend the 8th Meeting of the International Group for Anti-Corruption Coordination to report on emerging lessons from mechanisms used to prevent and control fraud and corruption in past disaster relief efforts.

Recommendation 3: OIOS will update concerned IGAC members on the establishment of a central and professional Fraud and Corruption Prevention Centre in the region, including on the support needed by other agencies.

Recommendation 4: UNDP, UNOCHA and UNHCR to explore, and report to the next IGAC meeting, on rapid response measures for the prevention of fraud and corruption, applicable from the outset of significant humanitarian interventions, including the preparation of an anti-corruption check-list for operational personnel with managerial capacities in humanitarian relief organizations.

Recommendation 5: IGAC to explore jointly with the Interpol Group of Experts on Corruption, as to what role Interpol could play in the establishment of rapid response measures for the prevention of fraud and corruption.

Recommendation 6: All IGAC members to explore the feasibility and eventual format of a fixed percentage applicable to all donations made in the context of flash appeals, which should be dedicated to fund both preventive anti-corruption measures, as well as investigations into alleged fraud and corruption (“Governance Premium”, “Anti-Corruption Overhead”).

Recommendation 7: ADB/OECD and Transparency International to keep IGAC Members abreast, including through the IGAC Secretariat, on further work by OECD, ADB and TI with regard to the Jakarta Expert Meeting on Corruption Prevention in Tsunami relief, with a view to involving IGAC and its members in contributing suggestions and offer support for such follow-up.

Information sharing

Recommendation 8: IGAC acknowledged Interpol’s role and offer to facilitate information exchange in fraud and corruption related matters.

Recommendation 9: World Customs Organization to share its Compendium of Integrity Best Practices with all IGAC members through the IGAC Secretariat.

Recommendation 10: OIOS, UNHCR and IADB to collect all contractual “Anti-Corruption Clauses” currently applied by IGAC members, as well as other agencies, the experiences made with their application, as well as the original recommendations made by Transparency International, and prepare a draft “Anti-Corruption Clause” for review by the 8th Meeting of the International Group for Anti-Corruption Coordination.

Recommendation 11: UNODC to ensure participation of interested members of IGAC in the working meeting on measuring corruption and anti-corruption, to be held in collaboration with the Centre for the Study of Democracy on 17-18 June, in Sophia, Bulgaria, and report on the outcomes of the meeting at the 8th Meeting of IGAC.

United Nations Convention against Corruption

Recommendation 12: UNODC, UNDP, UNDESA, UNICRI and TI to explore and report to next IGAC meeting on ways to coordinate and enhance technical assistance in

relation to ratification and implementation of UNCAC, including effective review mechanisms.

VI. FOLLOW-UP

41. The Eighth Meeting of IGAC will focus on:
 - Providing Technical Assistance to Member States in the ratification and implementation of the United Nations Convention against Corruption.
 - Follow-up on the Prevention and Control of Corruption in the Tsunami Disaster Relief and Reconstruction, including progress reports on (1) follow-up to made with regard to the Conclusions and Principles of the Expert Meeting on Corruption Prevention in Tsunami relief (2), the UNOCHA online tracking system and Pricewaterhouse Cooper's pro-bono services for the prevention, detection and investigation of fraud and corruption of projects financed under the United Nations flash appeal, and (3) the emerging lessons from mechanisms used to prevent and control fraud and corruption in past disaster relief efforts, and rapid response measures to the prevention of fraud and corruption for large-size humanitarian interventions, including an anti-corruption check-list.
 - Adoption of draft contractual Anti-Corruption Clauses for UN agencies and multilateral development banks.

42. The meeting is planned to be held in November/December 2005 in New York to be hosted by UNDP/UNDESA.

ANNEX 1 – AGENDA

Thursday, 21 April 2005

- Chair:** Mr. Maarten L.J. de Jong, Chair of IGAC and Director, Department of Institutional Integrity, World Bank
- 9.30 - 10.00** **Welcoming Remarks:** Mr. Maarten L.J. de Jong, Chair of IGAC and Director, Department of Institutional Integrity, World Bank
Introductory Remarks: Mr. Eduardo Vetere, Executive Secretary of the 11th UN Congress for Crime prevention and Criminal Justice
Adoption of Agenda
- 10.00 – 11.00** **Theme: Corruption prevention and control in disaster emergency relief**
Preventive Measures – Financial Tracking System and forensic analysis of contracts, Ms Susanne Frueh, Chief, Evaluation and Studies Unit, UN Office for the Coordination of Humanitarian Affairs
Discussion
- 11.00 – 11.30** Coffee and Tea Break
- 11.30 – 13.00** **Theme: Corruption prevention and control in disaster emergency relief**
Corruption Prevention in the Tsunami Relief, Report on the Outcomes of a joint workshop of ADB, OECD and Transparency International, Mr. Patrick Moulette, Head, Anti-Corruption Division, OECD, and Mr. Peter Rooke, Director Asia Pacific, Transparency International
Corruption control in disaster emergency relief - A regional perspective, Mr. Michael Stevens, Director, Integrity Division, ADB.
Discussion
- 13.00 – 14.30** Lunch Break (at own expense)
- 14.30 – 15.30** **Theme: Corruption prevention and control in disaster emergency relief**
The interagency corruption risk assessment for the Tsunami Relief Effort – Mr. Mark Gough, Chief, Peacekeeping Investigations Unit, Investigations Division, OIOS
- 15.30 – 16.00** Coffee and Tea Break
- 16.00 – 17.30** **Conclusions and Recommendations**
- 17.30** Closure of the first day

18.30 Reception at the *Retro Café* hosted by the Asian Development Bank

Friday, 22 April 2005

- 9.30 – 11.30** **Theme: Implementing the UN Convention against Corruption – Challenges**
The Argentinean Perspective, Mr. Eugenio Curia, Chief Legal Advisor, Ministry of Foreign Affairs
The Thai Perspective, Col. Pol. Sehanat Prayoonrat, Acting Deputy Secretary General, Office of the National Counter Corruption Commission, Thailand
The Nigerian Perspective, Mr. Nuhu Ribadu, Chairperson of the Economic and Financial Crime Commission, Nigeria
Work of the Group of States against Corruption (GRECO), Mr. Guy de Vel, Director General for Legal Affairs, Council of Europe
Discussion
- 11.30 – 12.00** Coffee and Tea Break
- 12.00 – 13.00** **Follow-up to the 6th Meeting of IGAC - Prevention and Control of Corruption in International Organizations**
The Integrity Action Plan of the World Customs Organisation, Mr. Yoshiro Baba, Technical Officer, WCO
Discussions
- 13.00 – 14.30** Lunch Break (at own expense)
- 14.30 – 16.00** **The Working Group on Information Sharing – Findings and Recommendations**, Mr. Paul Lachal Roberts, Head, Multi-agency Investigations Unit, EU-OLAF and Mr. Duncan Smith, Senior Policy Officer, Department of Institutional Integrity, World Bank
Discussion
- 16.00 – 16.30** Coffee and Tea Break
- 16.30 – 17.00** **Discussion of Agenda for the 8th Meeting of IGAC**
- Themes
 - Dates
 - Venue
- 17.00 – 17.30** Closure of Meeting

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Expert Meeting on Corruption Prevention in Tsunami Relief

7-8 April 2005
Jakarta, Indonesia

Meeting Conclusions and Framework for Action



1. Humanitarian relief and reconstruction following natural disasters is particularly vulnerable to corruption. Sudden flows of large amounts of money, goods and services, pressure to deliver aid quickly, as well as the substantial economic opportunities that arise from large-scale reconstruction, all contribute to increasing the risk of corruption, waste and mismanagement. Given the scale and scope of the relief and reconstruction required following the Indian Ocean Tsunami of 26 December 2004, the Asian Development Bank (ADB), the Organisation for Economic Co-operation and Development (OECD), Transparency International (TI) and the Indonesian Government jointly hosted a two-day meeting on preventing corruption in tsunami relief. The meeting, held in Jakarta on 7-8 April 2005, was attended by representatives of six tsunami-affected countries (India, Indonesia, Malaysia, Maldives, Sri Lanka and Thailand), bilateral and international donor organisations and civil society, who discussed risks of misuse of the funds and identified concrete ways to mitigate these risks.

2. To ensure that aid funds are appropriately managed and benefit the people affected by natural disasters, participants agreed on the importance of concrete and specific actions to be taken by affected governments, civil society, donors and international governmental organisations. Participants reached a broad measure of agreement on a framework for action that provides applicable solutions to counter corruption in humanitarian relief and reconstruction efforts for use by policy makers, civil society, donor and international institutions.

3. This framework for action embraces some key measures that main stakeholders should take to assist affected countries in humanitarian relief and reconstruction efforts.

Framework for Action

4. Affected communities and their governments, as well as non-governmental organisations, the private sector, donors and international governmental organisations should work together to ensure that aid delivery and relief and reconstruction efforts are not tainted by corruption. This enhanced collective action should strengthen trust between stakeholders and lead to a more effective channelling of resources to affected communities.

Country Ownership

5. Affected countries should exercise effective leadership over their humanitarian relief and reconstruction and should be enabled to do so. To this aim, governments of affected countries, in dialogue with local communities, civil society, donors and the private sector, should commit to translate their national reconstruction strategies into prioritised, results-oriented operational programs and take the lead in coordinating the aid they receive in conjunction with other on-going development programs.

6. Donors should commit to respect affected countries' leadership in relief and reconstruction efforts and help strengthen their capacity to exercise it; they should further align with affected countries' strategies and base their overall support on these countries' national reconstruction efforts.

Community participation

7. The active participation of affected communities in relief and reconstruction decisions can minimise the risk of corruption in the delivery of aid. From the earliest stages of relief, through to the design, implementation and evaluation of long-term projects, such communities should be enabled to articulate their needs, assist in devising reconstruction plans, as well as evaluate end-results. The economic capacity and expertise of affected communities should be utilised wherever possible in delivering relief and reconstruction to reduce cost, to ensure appropriate solutions and assist with economic recovery.



Access to information

8. To ensure more effective participation in relief and reconstruction efforts and in the process of making decisions on issues which impact them, affected communities need accessible and understandable information about relief and reconstruction efforts as well as about relief and compensation benefits they are entitled to. Governments, public and private donors, international organisations and local civil society organisations, should implement comprehensive and harmonised information strategies that uphold internationally recognised access to information standards. Such strategies should make use of appropriate formats and of local languages to ensure ease of access by local communities. All stakeholders should additionally seek to support the role of the media in ensuring transparency in relief and reconstruction efforts.

Transparency of aid flows

9. A major concern of all stakeholders is the transparency and traceability of aid flows. Disaster responses require the rapid flow of funds that result in an increased risk of corruption. The establishment of appropriate mechanisms to track aid flows from source to end-user as well as the publication of this information becomes crucial.

10. Coordination of information from all stakeholders through national tracking systems designed to respond to the emergency is important. Such tracking systems can contribute to coordinating, monitoring and managing the overall rebuilding effort in a given country. They not only trace needs and commitments but become an effective tool to meet legitimate expectations for transparency, accountability and sound governance. It is important that such tools be developed, owned and maintained by affected governments and communities, and used to coordinate the support of all providers of relief and reconstruction including donors and local and international non governmental organisations.

11. National tracking systems need to show the funding mechanism, preferably on budget, and the contribution of multi-donor funds set up for such catastrophes. Tracking systems should contain information comprehensive enough to respond to government and donor exigencies yet simple enough to be accessible by affected communities. International organisations and donors should support the development and maintenance of such national tracking systems, as well as collate national information for cross-country comparison and implement compatible international tracking systems.

Monitoring and evaluation

12. Effective independent monitoring and evaluation is key to ensuring the transparent implementation of relief and reconstruction programmes. The development and application of mechanisms to facilitate such monitoring is of vital importance. Effective internal control and external auditing should be complemented by community-led approaches, such as people's audits, that reinforce accountability towards affected peoples. Such approaches should be promoted by governments and by donors and all stakeholders should implement necessary action to rectify problems identified.

13. All stakeholders should jointly commit to maintain adequate accounts and provide timely, transparent, comprehensive and accessible information on programming, aid flows and on expenditure.



Complaints and Reporting Mechanisms

14. Affected countries should provide accessible grievance procedures including corruption reporting channels and protection for whistleblowers in the context of humanitarian relief and reconstruction efforts, including for private and public sector employees, the media and the general public.

Mutual Accountability and Coordination

15. All stakeholders are accountable for their own actions in the relief and reconstruction processes. A major priority for affected countries, civil society and donors is to enhance mutual accountability and coordination in the use of aid relief and reconstruction resources. This also helps strengthen public support for country-led reconstruction strategies.

16. Donors should coordinate both with governments and among themselves and establish a regular dialogue to avoid duplication of programming. Similarly, non-governmental actors should also coordinate with governments and among themselves and seek, where appropriate, cooperation with other stakeholders.

Capacity development for improved governance and corruption deterrence

17. As a consequence of natural disaster, local institutions may lose capacity, local government may be diminished, and civil society institutions weakened. Consequently, the strengthening of capacity of institutions and individuals in affected countries is also critical for countering corruption in disaster relief and reconstruction efforts. Capacity development for improved corruption deterrence is the responsibility of affected countries with donors and international organisations playing a supporting function. Measures aimed at strengthening local institutions and civil society organisations should recognise existing in-country expertise and, where appropriate, provide technical assistance to promote the implementation of adequate policies aimed at preventing and deterring corruption.

18. Such institutional development within both the government and non-government sectors should notably promote sound financial management, including through effective procurement arrangements and increased administrative accountability, provide for effective project implementation, ensure sound oversight of the utilisation of donor and national funds, and enhance capacity to follow-up on audit results and monitoring and evaluation reports. Institutional capacity development should also aim at ensuring that the public procurement legal and regulatory frameworks of affected countries adequately address disaster situations. Public contracts should contain an explicit anti-corruption clause embodying effective sanctions for breach, and ethics training and codes of conduct should be provided to procurement staff. While processes may be accelerated to reflect urgency, competitive bidding and other measures to promote cost effective corruption free procurement should not be bypassed except according to appropriate predetermined criteria in exceptional cases.

19. Donors should support such efforts of affected governments in their capacity development assistance and in bilateral programmes and international fora such as the ADB/OECD Initiative's procurement review and the OECD DAC/World Bank procurement capacity strengthening initiative. For aid funded procurement, they should rely on the affected country's procurement system if the latter corresponds to mutually agreed standards or, if this is not the case, should agree to other harmonised systems.



20. Full transparency is required for all information related to needs assessments, assistance pledged, delivered and utilised, procurement rules and procedures (e.g. via Integrity Pacts), contracts awarded and progress in execution via regular public reports.

Next Steps

21. ADB, OECD and TI will disseminate this framework for action as widely as possible and publish the proceedings of the meeting. They will also:

- Actively pursue bilateral and multilateral contacts with all stakeholders for advancing the implementation of this framework for action;
- Discuss the framework for action with the international donor community in particular through the OECD DAC Network on Governance (GOVNET), as well as with other key stakeholders such as organisations involved in humanitarian relief and reconstruction;
- Encourage TI national chapters in affected countries to disseminate and discuss the framework for action with the local stakeholders;
- Consider establishing a roadmap, to be presented at the fifth ADB/OECD Anti-Corruption Conference for Asia-Pacific, to develop a set of operational guidelines which can be used for planning, tracking, monitoring and evaluating aid flows and the implementation of relief and reconstruction efforts with a view to preventing waste, mismanagement and corruption in humanitarian relief and reconstruction.



ANNEX 4

Topic	Minister	False Ref	Convictn	Blacklist	Fraud	Incompetence	Staff Bribes
Response							
OIOS	No oblign to report But referral under agmt or moral oblign		Open source	N/A	As with Minister		UN records – agmt of Legal and UN Agency
ADB	Source is confid No agmt and referrals to co-donors		Open Source	Shared with other orgns on confdl basis – conditions on use (need to know)	Operational		HR function – info not theirs to share
Interpol							
IFAD	Shared only if requested			N/A	Would not share unless co-financing agmt had reporting reqmts		
UNHCR	Share everything apart from ID of complainant						
IDB	Share with others			Wouldn't share	Disclose as info not as evidence		
UNDP	Discuss with co-financers		Disclosable	N/A	Need to waive I&P formally	Admin - discuss	UNDP staff – need a waiver to disclose. Contract staff – govt may be consulted
WCO	N/A – no specific investigation data or allegations.						
TI	Info disclosable unless confidential but TI is not generally privy to specific allegations. Trust of law enforcement may be low in some jurisdictions. OECD Convention implemented?						
FAO			public	N/A	Discussed with co-donor and govt routinely	Sharing of info envisaged in agmts	Staff info – reluctance to share without prompting
OLAF	Data protection clearance reqd	shared					
WB	Share			Only with ADB's consent	Disclose but operations?		Disclose but HR/Legal 's decision

Issues:

- Intelligence vs information
 - Source may be important e.g. confidential

OIOS – death penalty not an issue

ADB – take initiative to disclose to co-donors

- Existence of death penalty makes no difference to decision on referral

UNDP – spontaneous disclosure

- Death penalty makes no difference

IFAD – would share both formally (need legal clearance incl waiver of I&P for referral to national authority) and informally. Consider factors carefully including potential penalty

FAO: if likely to result in legal proceedings then great reluctance. Internal staff case would require legal clearance. Case by case basis. Agmt determines what info could be shared. No standard agmt. Death penalty would have no impact.

UNHCR – would not share staff members name until appeal procedures completed.
Share unprompted but with conditions: use info only as lead in other case, not as evidence.
Cooperation agmt would help convince Legal Dept to disclose – would override UN rules of confidentiality.
Death penalty: would still harg with co-donor but specific request not to share with govt. (disproportionate treatment – too many risks to the individual : determined based on info available by UNHCR)
Due diligence on groups (implementing partners) – risk to credibility if failure to disclose

OLAF distinguish between MS and others

- persons and entities data protection applies to individuals.F&C may be sufficient to disclose
- Cos free to be disclosed.
- Disclosure through the Commission (liability) – not an impediment but limits bilateral info sharing; if cooperation agmt with co-donor then this would help

IDB – distinguish formal from informal

Investigative report would contain info and would provide the report to other interested organizations, subject to I&P, confidentiality and IDB staff info. Work within confid agmt

Specific approval policy if referral to govt (President signs off)

Disclose without prompting and may join forces to co-investigate

Referrals (other than govt) are ad-hoc by approval with IDB's Oversight Committee
Death Penalty – would share with others in UN/MDB family. Not really an issue in Latin America.
Generally, need help and would disclose sooner rather than later – need info!

World Bank – disclose without prompting
Referral to Govt is subject to sign off by Gen Counsel and MD
Discretion to disclose depends on timing

IDB: MoU – do they add value?
Alerts among select group

OIOS: Timing:
(1) Receipt of complaint – early stage
(2) After decision to sanction

UNODC: add a clause to the template of staff contract

UNHCR – truth in reference check!

OIOS: Automatic inclusion of file on personnel file

MH: UNCAC includes Art referring to info sharing. Treaties ratified to share info. Extrapolate from UNCAC to have similar obligation?

Judge: Assume serious misconduct – need to change staff rules? Actual concealment is different issue from publicizing the misconduct

Common positions including recommendations on disclosure, bilateral MoUs strengthen the process
Construct resolution
Check legislative history/discussion – references to IFIs which are supportive of the proposition
DESA: Ford Foundation Study – proposed common database, code of conduct