

## Canada's Role in Promoting Transparency in the Americas

### EXECUTIVE SUMMARY

One of the Western Hemisphere's principal obstacles to growth and democratic consolidation is corruption. The effects of corruption on economic development and democratic stability in Latin America and the Caribbean are pervasive. Corruption slows economic growth, thwarts poverty reduction, stifles development, weakens institutions, reduces legitimacy of governments and can alienate large sectors of society from the political process. Thus, corruption can undermine human security in the Americas.

Attention to the issues of corruption, transparency and accountability is timely, as there appears to be an unprecedented willingness in the Americas to deal with these problems. Momentum has been building and conventions and action plans have proliferated. Political candidates are campaigning on anti-corruption platforms and are being elected. However, collective action, the backing of international financial institutions and concerted support of governments of the region are needed if such efforts are to yield tangible results.

As host of the Third Summit of the Americas in April 2001, Canada will have the opportunity to highlight issues of pressing concern to countries of the hemisphere. This FOCAL paper argues that corruption could fit the bill and that Canada has grounds for playing an active role in the region's fight against corruption. The paper suggests a few policy responses worth pursuing at both domestic and regional levels.

### RÉSUMÉ

La corruption est l'un des principaux obstacles à la croissance économique et à la consolidation de la démocratie dans les Amériques. Les effets de la corruption sur le développement économique et sur la stabilité démocratique en Amérique latine et dans les Caraïbes sont omniprésents. La corruption ralentit la croissance économique, entrave la réduction de la pauvreté, nuit au développement, affaiblit les institutions, minimise la légitimité des gouvernements et peut même aliéner de vastes pans de la société par rapport au processus politique. On voit donc que la corruption peut nuire à la sécurité humaine dans les Amériques.

L'attention qui est portée à la corruption, la transparence et la responsabilisation est à propos, car il semble y avoir une volonté sans précédent dans les Amériques de remédier à ces problèmes. On constate un mouvement de plus en plus fort dans ce sens comme en témoigne la prolifération des

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conventions et autres plans d'action. Les candidats politiques font désormais campagne en mettant de l'avant un programme anti-corruption qui facilite souvent leur élection. Toutefois, l'action collective, l'appui des institutions financières internationales et le soutien concerté des gouvernements de la région sont tous nécessaires si l'on veut que ces efforts portent des fruits bien concrets.

À titre de pays hôte du troisième Sommet des Amériques en avril 2001, le Canada aura toute la latitude voulue pour braquer le projecteur sur les questions urgentes qui se posent aux pays de l'hémisphère. Avec ce document, FOCAL fait valoir que la corruption est l'une de ces questions et que le Canada possède les justifications nécessaires pour jouer un rôle actif dans cette lutte que mène la région contre la corruption. Ce document suggère quelques solutions politiques qui méritent d'être adoptées tant sur le plan national que régional.

## **RESUMEN**

La corrupción es uno de los principales obstáculos para el crecimiento económico y la consolidación de la democracia en América Latina y el Caribe. La corrupción disminuye el crecimiento económico, entorpece la reducción de la pobreza, frustra el desarrollo, debilita las instituciones, restringe la legitimidad de los gobiernos, y puede alienar a amplios sectores de la sociedad del proceso político. Por lo tanto, la corrupción también afecta la seguridad humana en las Américas.

Existe una disposición sin precedente en el hemisferio para tratar cuestiones de corrupción, transparencia y responsabilidad, por lo que sería oportuno en estos momentos prestarles atención. El camino se ha ido haciendo más propicio y se han incrementado los debates así como los planes nacionales contra la corrupción. Diversos candidatos políticos que presentan el tema de la lucha contra la corrupción en sus campañas electorales resultan elegidos. Sin embargo, si se desean resultados palpables, se necesitarán acciones de conjunto, el respaldo de las instituciones financieras internacionales, y el apoyo concertado de los gobiernos de la región.

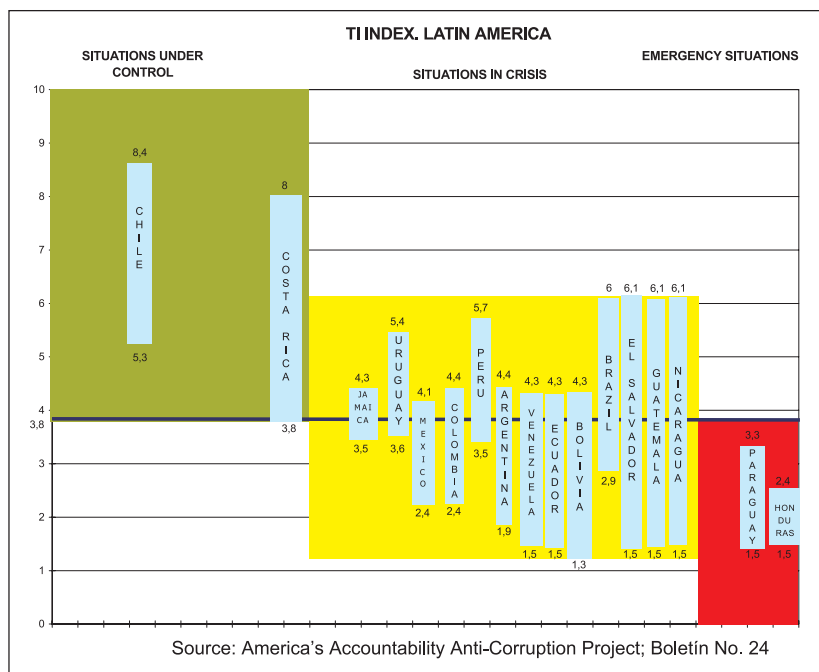
Canadá, en calidad de anfitrión de la Tercera Cumbre de las Américas en Abril del 2001, tendrá la oportunidad de tratar las cuestiones de mayor preocupación para los países del hemisferio. El presente trabajo de FOCAL advierte la pertinencia del tema de la corrupción y que Canadá tiene asidero para jugar un papel activo en la lucha contra este mal. Con esto en vista, se brindan varias opciones a considerar tanto en el plano interno como regional.

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## **CORRUPTION IN THE AMERICAS**

The countries of the Americas now face the ignominious label of belonging to one of the most corrupt regions in the world, perhaps only surpassed by the former Soviet republics, according to Transparency International (TI) – an international non-governmental organization dedicated to increasing government accountability and curbing corruption.

Of course, throughout the Americas, the gravity of the problem varies from country to country. In 1999, TI grouped Latin American countries into three categories: a) situations in which corruption is under control (such is the case of Chile and Costa Rica); b) situations in crisis (most countries of the region); and c) emergency situations (Paraguay and Honduras) (see chart).



*corruption?" Economic Issues*

No. 6). The effects of corruption on development vary with country conditions, but corruption invariably undermines development efforts by:

- misusing development aid and consuming public resources in uneconomical ways;
- lowering investment by increasing the risk and cost of doing business; and
- discriminating against the less wealthy, thus reinforcing existing inequalities.

### Corruption and democratic stability

The pernicious effects of corruption go beyond stifling economic development. They also threaten the stability of the region's young and fragile democracies. Corruption undermines democratic consolidation by:

- causing a loss of faith in democratic leaders and institutions, often leading to tax evasion or a return to autocratic regimes;
- reducing the capacity of the state to provide public services and fulfill its obligations;
- subverting the rule of law and limiting accountability in policy making; and
- preventing the creation of a professional, merit-based civil service.

### Causes and consequences

There seems to be agreement among anti-corruption experts and commentators that endemic corruption is both a cause and a consequence of dysfunctional systems and institutions. Impunity, low public sector salaries and weak democratic institutions have been identified as prominent causes of corruption. In turn, corruption corrodes public confidence in institutions, and inevitably coexists with widespread and costly tax evasion. Low public revenues then lead to lower public sector

Such a chilling reality has prompted national governments and multilateral organizations to address the problem through national anti-corruption plans, international conventions and other strategies. The severity of the problem, as well as the remarkable efforts of the international community to deal with it, moved FOCAL to take a closer look at the issue of corruption. The purpose of this paper is threefold:

- to briefly examine the issue of corruption and its links to democratic stability and development;
- to highlight existing initiatives in the Americas to contain corruption; and
- to suggest a few steps to strengthen Canada's contribution to the region's campaign to reduce corruption.

### Corruption and development

The adverse economic effects of corruption are well known. In a 1998 working paper Paulo Mauro, an economist with the International Monetary Fund, demonstrated that countries with high corruption have less investment, lower growth rates in their economies and that government spending is often to the detriment of future economic growth (*"Why worry about*

salaries, further encouraging public officials to be venal. By choking development and impoverishing public institutions, corruption is a disease that ensures its own reproduction.

### **Can a country be inoculated against corruption?**

While a country cannot be made corruption-proof, there is widespread consensus that well-functioning public management systems, accountable organizations, a strong legal framework, an independent judiciary, representative and functional legislatures and parliaments, and a vigilant civil society protect a country against corruption. As a result, many of the existing anti-corruption initiatives, particularly those of multilateral organizations, have put the strengthening of institutions at the core of their strategies.

### **THE REGIONAL ANTI-CORRUPTION PICTURE**

Strengthening domestic institutions is indeed one of the two pillars of the hemisphere's strategy to deal with corruption. Regional cooperation is the second. The strategy is supported by initiatives to raise awareness and by the creation of legal and policy tools to contain corruption.

Much has been accomplished in raising awareness of the damaging consequences of corruption and of the need to tackle the problem. Not long ago, the problem of corruption was deemed too sensitive to be raised outside national boundaries. The World Bank, which used to refer to the issue as the "C-word", took the lead in designing programs specifically targeted to fighting corruption. Other multilateral organizations and national governments followed suit. Probably the most important achievement was to turn the issue from one of crime into one of governance,

thereby shifting the focus from punishment to prevention.

Today many countries have put the issue of corruption on their political agendas and signed on to anti-corruption conventions and action plans. An innovative and comprehensive regional legal framework developed by countries and institutions of the hemisphere has been put in place in relatively little time. The framework was created under the auspices of the Organization of American States (OAS) — the main political organization of the region.

The *1996 Inter-American Convention Against Corruption*, also known as the OAS Convention, is the key legal document for the 34 OAS member states on the subject. The Convention requires a large measure of cross-border cooperation and calls for strengthening national laws. It demands that countries prohibit and punish illicit enrichment, bribery and transnational bribery, subject to their own constitutional and legal systems. Signatories may detain people whose extradition is sought by another state, in accordance to their own domestic law. The Convention also presents a list of

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very important preventive measures, which parties "agree to consider". These include standards of conduct for public officials, reforms in government procurement, oversight bodies, improved auditing and accounting standards, and others. The Convention has been signed by 26 of the 34 countries in the region, although only 18 countries had actually ratified as of March 2000.

The *Inter-American Program for Cooperation in the Fight Against Corruption* seeks to bridge the gap between the Convention and reality by recommending legislative changes, based on comparative studies of national legislations, and by creating consultative mechanisms to share best-practices and foment the exchange of

information amongst OAS states. Its goal is to involve international organizations, international financial institutions and civil society representatives in ensuring transparency and reducing corruption. The OAS Working Group on Probity and Public Ethics is supervising the implementation of this agenda.

Other initiatives include the Organization for Economic Co-operation and Development (OECD) *Convention on Combating Bribery of Foreign Public Officials in International Business Transactions* (1999) — which has been signed by six OAS member states — and specific anti-corruption activities and program requirements of the World Bank, the Inter-American Development Bank (IDB), the United States Agency for International Development (USAID), the United Nations, Transparency International and others.

### **THE MISSING PIECE: IMPLEMENTATION**

Four years after the approval of the OAS Convention, its full ratification and implementation remains an unfulfilled goal. The problem of implementation brings to light the many obstacles still facing countries in their battle against corruption. These include: lack of oversight; lack of coordination of information and transparency efforts; not enough involvement of civil society in existing and new transparency work; lack of resources; and a prevailing scepticism about the power and value of conventions. Enforcement of existing domestic legislation is also very uneven. However, some of these pending issues are already getting attention from multilateral and non-governmental organizations.

### **Oversight and monitoring**

Some groups are suggesting that the OAS Convention needs a monitoring mechanism.

Why is a monitoring mechanism necessary? Arguments for introducing such a mechanism centre on credibility, consistency and efficacy of implementation. Neither the Inter-American Convention Against Corruption nor the Inter-American Program contain provisions for the creation of a mechanism to monitor implementation of the OAS Convention's stipulations.

There appears to be consensus among OAS members that some kind of follow-up for the OAS Convention is needed. Preferably, such follow-up or monitoring should be multilateral and based on peer-review, rather than on unilateral assessments. This is particularly important given the overwhelming failure of the unilateral U.S. annual drug certification exercise. Peer-review, bringing experts together from several different states, lessens the politicization of the monitoring process and avoids turning monitoring into "certification." Peer-review creates an environment leading to sharing best practices and model laws.

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Applicable models of monitoring systems that have been developed inside and outside the region include those of the Inter-American Drug Abuse Control Commission, Caribbean Financial Action Task Force, Organization for Economic and Cooperation and Development (OECD) Convention on Bribing of Public Officials and the Council of Europe. All of these initiatives rely on multilateral mechanisms, based on peer-review, to promote compliance with anti-corruption commitments.

### **Is coordination feasible?**

The proliferation of initiatives on the topics of corruption, transparency and accountability in and outside the region in the last few years raises questions about the need for greater coordination.

Some analysts point to the fact that overlapping and competitive action by organizations is rarely conducive to the best use of available resources. In the case of donor agencies, the Donor Consultative Group – a forum of 18 bilateral and multilateral donors convened by the USAID — provides a model for coordination. Many representatives from development agencies and non-governmental organizations acknowledge that reasons of ownership, “turf”, prestige and recognition often stand in the way of coordination. At the same time, an argument can be made about whether coordination of efforts is desirable at all. Working on a multiplicity of levels, even if there is overlap, can be beneficial when trying to induce important systemic and societal changes.

Coordination of information, however, is a different matter. Experts have identified developing, accessing and sharing of information as key necessities. This is an area where information technologies can be better used to connect efforts of all sectors of society involved in minimizing corruption. In a pioneer effort, the OAS has created the Anti-Corruption Information System — an information service providing access to more than 9,000 files concerning the fight against corruption — and the Inter-American Network of Institutions and Experts in the Fight Against Corruption, in which 56 institutions in 19 countries are already participating.

### **How can civil society be involved more broadly?**

***The Role of NGOs*** Most anti-corruption and transparency efforts stress that reducing corruption is a responsibility not just of governments, but also of the media, the private sector and civil society as a whole. Moreover, only collective action by all these actors can ensure real and lasting results. Yet, civil society focus on corruption has been limited, with the remarkable exception of Transparency International, with its regional and national chapters.

The best way to enlist civil society support may be by clearly articulating what specific functions it could fulfill, in the name of collective interest. Civil society participation can range from consultations through client surveys, telephone hot lines or call-in radio shows, to setting up citizens’ bodies to oversee for public agencies, databases that make government procurement public or disclose the assets of political candidates. Public education programs that raise awareness of the economic and social costs of corruption are often more credible, and therefore more effective, if they come from civil society rather than government. *Poder Ciudadano*, a leading anti-corruption NGO in Argentina, is successfully carrying out many of these activities.

Civil society participation can be fostered by:

- making more information public (e.g. budgets, public sector salaries and legislation voting records);
- holding public hearings (e.g. on legislation prior to its passage and on budget prior to adoption); and
- providing access to information not regularly published.

***The Role of the Media*** The media both exposes corruption and deters it by creating an informed public that demands accountability from governments. This makes it arguably the most important actor in any anti-corruption strategy. Freedom of the press and access to information laws are essential for the media to serve as a true watchdog institution. In the Americas, however, these two conditions are met in only a few countries. The Inter-American Press Association recently found that fourteen countries have laws that constrain freedom of the press, and that seventeen countries have so-called “insult laws” that can result in imprisonment for journalists convicted of criticizing government officials. Only six countries in the hemisphere, including Canada, have laws dealing with access to information that are considered effective.

Given that transparency, access to information and a free media are the first steps in combating corruption, countries of the region could demonstrate their commitment to reducing corruption by abolishing insult laws and by making documents and public accounts available to journalists and civil society.

***The Role of the Private Sector*** Overall, participation of the private sector in transparency initiatives has so far been minimal. Business groups, however, are beginning to realize that it is in their best interest to pursue transparency initiatives. Companies that are perceived as honest accrue significant benefits, such as higher sales, less volatile stocks, greater employee loyalty, and fewer litigation costs. A more clearly defined role for the private sector, and notably multinational enterprises, may help to raise understanding and participation in this process.

Considering the vast and wide-ranging nature of private sector activities, initiatives by individual sectors of industry may be the way to go. Much of the action could be channelled through business and professional organizations, which could establish accountability mechanisms in the field of procurement and contracting, promote ethical standards, and set accounting and auditing standards.

***Procurement*** Public hearings and integrity pacts (a signed commitment of all bidders not to engage in bribery) before entering into major procurement bidding processes are already becoming a practice in some countries of the region. Collective action of this kind deals effectively with the problem of an uneven playing field; that is, the fear that companies have of losing business to less ethical competitors. Such a concern was the driving force behind the *OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions*.

Another forum for addressing transparency in government procurement is the hemispheric

trade negotiations to establish a Free Trade Area of the Americas (FTAA). Governments are discussing how to achieve “a normative framework that ensures openness and transparency of government procurement process” in the negotiating group on government procurement, currently chaired by Canada. Governments and the private sector recognize that transparent procurement rules and procedures minimize the opportunity for corruption and promote open competition among qualified bidders and suppliers, benefiting governments, business, and consumers. The FTAA will not come into effect until 2005; concluding a regional agreement on transparency in government procurement before that date could send a strong signal of both probity and good business practices.

***Codes of conduct*** Much emphasis has been placed on codes of conduct for business, particularly in Canada and the United States. Codes may prescribe ethical and transparent behaviour to be followed within a company, as well as in its relations with governments, other companies and society at large. Some corporations are also developing guidelines to adopt business practices that are socially and environmentally responsible. These types of initiatives are creating an emerging culture of corporate social responsibility that has the potential to play a fundamental role in containing corruption. Non-governmental organizations advocating for more responsible business have recommended that the World Bank and the IDB require corporate codes of conduct from companies which bid on bank-financed projects and that countries should keep registers of approved contractors based on their codes.

## **CANADA'S ANTI-CORRUPTION EFFORTS**

Corruption, as seen in the countries of the Americas, is not a major domestic policy concern for Canada. While Canadians express concern about high standards of public accountability and corporate behaviour (the controversies around the Talisman Oil Company

operations in Sudan and the Human Resources Development Canada grant distribution system audit are cases of recent focus), Canada has institutions and systems in place to check egregious corruption. Canada's laws of freedom of expression and independent agencies, such as the Auditor General and the Access to Information Office, support transparency and disclosure. Indeed, in Transparency International's Corruption Perception Index – "a poll of polls" drawing upon numerous distinct surveys of expert and general public views of the extent of corruption in close to a hundred countries around the world — Canada ranks fifth in the world, after the Scandinavian countries and New Zealand.

Canada's efforts to promote transparency and reduce corruption abroad, however, have tended to follow behind other developed countries' positions. The Canadian private sector, in seeking higher standards of corporate governance and ethics in foreign ventures (with some notable exceptions), has been at the forefront of Canada's international efforts. This was the case with the *OECD Convention on Bribery*, when Transparency International-Canada with its strong corporate membership, successfully lobbied the Canadian government for the signature and ratification of the Convention. As a result of Canada's ratification, the OECD Convention came into force in 1999.

Even though Canada signed the *Inter-American Convention* in 1999, there has been little private sector interest in ensuring Canadian ratification, perhaps reflecting the relatively low level of Canadian trade and investment in Latin America and the Caribbean. Canada's ratification of the OAS Convention is more than symbolic – the action could help to improve Canadian corporate interest in countries of the Americas by obtaining commitments to curb bribery in the region.

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There is a need, however, to push beyond bribery to the core issues of development and governance. Money laundering, for example, poses new threats to Canada, as does human smuggling. Corruption in development aid has an impact both in Canada and abroad. Canada's development agencies and export credit institutions are not being obliged to deal with corruption in their lending criteria. Canadian non-governmental organizations also have a role to play in promoting transparent programs that

strengthen their counterparts in developing countries. Codes of conduct, codes of ethics, and disclosure are now emerging as concerns not merely for governments, but for all sectors, including civil society.

Corruption is now understood to be a transnational problem. While Canadians may believe that we have high domestic standards, we are not immune to the distortionary effects of corruption abroad.

## **CANADA AS HOST OF THE SUMMIT OF THE AMERICAS 2001 – AN OPPORTUNITY TO PUSH AHEAD**

Upcoming hemispheric events hosted by Canada, such as the General Assembly of the Organization of American States (Windsor, June 2000) and, the Third Summit of the Americas (Quebec City, April 2001), will likely address issues of poverty, social exclusion, economic development, trade, governance and, probably, corruption. Such events could help raise awareness in Canada about corruption in the Americas and what can be done to contain it.

As host of the Third Summit of the Americas, Canada will have the opportunity to highlight one or more issues of pressing concern to the hemisphere. The issue of corruption could fit the bill, for the following reasons:

- *Corruption cuts across all Summit issues: economic integration and free trade,*

eradication of poverty and discrimination, human rights and democratic consolidation, and education are all adversely affected by corrupt practices. Corruption is no longer a vertical issue, a single action item embedded within a large Summit text. It must now be viewed as a horizontal, cross-cutting issue with implications for a broad range of public policy.

- *As a nation of the Americas*, Canada has a stake in the region's institutional and economic stability. Canada's political, economic and investment links with the hemisphere have grown steadily in the last decade. Transparency and probity in public administration are essential to support the consolidation of democracy, a rules-based environment, economic growth, and free trade.
- *As a signatory of the OAS Convention*, Canada has an interest in seeing it ratified and implemented by all countries in the region. In turn Canada's own ratification will send a strong signal to our regional partners and to our corporate sector.
- *As a donor country*, Canada is concerned with the corrosive effects of corruption on development projects – whether economic or humanitarian – and on efforts to alleviate poverty.
- Addressing the problem of corruption fits well with *Canada's value-based foreign policy*. Canada could be a credible promoter of ethical conduct in the hemisphere, in the public, private, and non-government sectors.

Having made the case for the Canadian government to focus its foreign policy priorities to the issue of corruption in the Americas, key questions remain.

- How can Canada push the envelope to encompass issues that go beyond simple bribery?

- How can Canada show leadership on the broader anti-corruption agenda – the one that requires societal change?

## **POLICY RESPONSES FOR FURTHER ACTION**

Canada could make a substantive and valuable contribution to the hemisphere's campaign against corruption by taking the following steps:

- *Ratification of the OAS Convention*, to send a positive signal about Canada's own commitment to the regional effort to address the problem of corruption.
- *Adoption of a multilaterally agreed monitoring mechanism*, to add credibility and teeth to the Convention.
- *More emphasis on education / awareness raising*, to strengthen collective action of governments, private sector and non-governmental organizations.
- *Making donor aid conditional* upon demonstration by the recipient country of a real effort to combating corruption, as the World Bank and USAID have done.
- *Raising corruption in all hemispheric sectoral meetings* of Ministers of Finance, Justice, Labour, Energy, Natural Resources, Parliamentarians, Prosecutors, Mayors and others, to build the widest possible coalition in all aspects of decision-making and society against corruption.
- *Promoting freedom of the press and access to information laws in all countries of the hemisphere, as a specific anti-corruption initiative, and not merely as part of Canada's human rights agenda.*
- *Encouraging the adoption of codes of conduct* for public officials, and in other sectors.
- *Fostering corporate social responsibility in Canada and abroad.*

- *Supporting calls for campaign finance reform in other countries of the region as a measure that can have a direct effect on restoring the confidence of the citizenry in the political process.*
- *Promoting an early agreement on government procurement within the framework of the Free Trade Area of the Americas, before 2005.*
- *Putting information technology to the service of transparency efforts by:*
  - sharing Canada’s successful electronic bidding system for government procurement;
  - supporting coordination of information on anti-corruption work;
  - backing media networks for investigative journalism.

**Milestones in the fight against corruption:**

- The United States passed the Foreign Corrupt Practices Act in 1977
- Transparency International founded in 1993
- Thirty-four countries of the hemisphere committed to address corruption at Miami Summit in 1994
- The Inter-American Convention Against Corruption approved in 1996
- The OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions came into force in 1999
- The Council of Europe Criminal Law and Civil Law Conventions on Corruption opened for signature in 1999

*For more information on existing anti-corruption initiatives visit the following web sites:*

World Bank: [www.worldbank.org/wbi/governance.htm](http://www.worldbank.org/wbi/governance.htm)

Inter-American Development Bank: [www.iadb.org](http://www.iadb.org)

Organization of American States: [www.oas.org/EN/PROG/Juridico/english/other.htm](http://www.oas.org/EN/PROG/Juridico/english/other.htm)

Americas Accountability Anti-Corruption / USAID: [www.respondanet.com](http://www.respondanet.com)

Transparency International (TI): [www.transparency.de](http://www.transparency.de)

TI-Canada: [www.transparency.ca](http://www.transparency.ca)

TI-USA: [www.transparency-usa.org](http://www.transparency-usa.org)

TI-Latin America: [www.transparency-lac.org](http://www.transparency-lac.org)

Organization for Economic Cooperation and Development:  
[www.oecd.org//daf//nocorruption/faq.htm](http://www.oecd.org//daf//nocorruption/faq.htm)

Council of Europe: [www.coe.fr](http://www.coe.fr)

## **Key existing efforts and initiatives by international organizations to contain corruption:**

### **World Bank**

The World Bank (WB) is particularly concerned with the corrosive effects of corruption on economic development and on poverty alleviation efforts. It promotes a holistic and participatory approach to fighting corruption. The WB strategy involves reforming the public sector; the civil service; the judiciary, tax and revenue departments; improving financial management and public procurement; and training civil society and the media to control corruption.

### **Inter-American Development Bank**

In addition to its ongoing work on state reform, in 1999 the Inter-American Development Bank (IDB) engaged in several anti-corruption activities. One of the projects supports the implementation of the Inter-American Convention to Combat Corruption by helping countries to harmonize the Convention with national laws. Another project is geared to strengthening Supreme Audit Institutions in auditing for fraud and corruption. The IDB is also supporting strategies for enhancing accountability and transparency in the allocation of the financial aid committed for the reconstruction of the Central American countries affected by Hurricane Mitch.

### **Organization of American States**

The *Inter-American Convention Against Corruption*, also known as the OAS Convention, is the cornerstone of the hemisphere's strategy to prevent, detect and punish corruption. The OAS Convention, the first of its kind in the world, has been in force since 1996. It is complemented by the Inter-American Program for Cooperation in the Fight Against Corruption and by the Working Group on Probity and Public Ethics.

### **United States Agency for International Development (USAID)**

The agency focuses on public sector corruption and puts the emphasis on prevention. Interventions fall under two categories:

- a) Reforms to government institutions: these are geared to strengthening accountability institutions and to reducing the opportunities for corruption (privatization, liberalization, competition in the provision of public services);
- b) Civil society activities such as the promotion of investigative journalism, monitoring and advocacy among civil society organizations.

A remarkable project is the Americas Accountability Anti-Corruption Network, an electronic newsletter covering the major anti-corruption initiatives that have been taken in the Americas since the signing of the OAS Convention.

### **The Organization for Economic Cooperation and Development**

*The OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions* criminalizes transnational bribery and recommends ending tax deductibility of "facilitation payments", amongst other provisions. Unlike the OAS Convention, which is aimed at public officials, the target of the OECD Convention is the private sector. Members of the Organization for Economic Cooperation and Development, including Argentina, Brazil, Chile and Mexico, signed the agreement. The Convention came into force in 1999.

### **Council of Europe**

The *Criminal Law Convention on Corruption (1999)* is wide-ranging in scope and it targets the coordinated criminalization of a large number of corrupt practices. They include: active and passive bribery of domestic and foreign public officials, national and foreign parliamentarians, international civil servants, foreign and international judges and officials of international courts. The Convention also deals with active and passive bribery in the private sector, including money laundering of proceeds from corruption offences.

*The Civil Law Convention on Corruption (1999)* seeks to combat corruption through civil law measures, including providing the possibility of compensating persons for damage or acts of corruption committed by public officials. Both Conventions are open to the accession of non-member States and will come into force after they have been ratified by 14 states. So far only one country has ratified both Conventions.

### **Transparency International**

Transparency International (TI) is a non-governmental organization dedicated to increasing government accountability and curbing both international and national corruption. Through national chapters, TI brings together people of integrity in civil society, business and government to build coalitions to strengthen integrity systems. These systems include: transparency and accountability in government procurement, an effective auditor general and ombudsperson, a free media and access to official information, and an independent judiciary, investigators and prosecutors.

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*This policy paper draws on discussions at the FOCAL workshop on Transparency and Governance in the Americas held in February 2000 in the Montreal offices of Ernst & Young LLP, Chartered Accountants. The workshop brought together about thirty expert commentators from the public, private, governmental and non-governmental sectors of Canada, Latin America and the United State. Both the workshop and this paper were made possible thanks to support from the Department of Foreign Affairs and International Trade. The graph included in this paper was provided by the Americas' Accountability Anti-Corruption Project of USAID.*

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