

Public Disclosure Authorized

Public Disclosure Authorized

Public Disclosure Authorized

Public Disclosure Authorized



International Corruption Hunters Alliance

A TIME FOR ACTION

December 7 – 8, 2010



**A World Bank Group meeting
sponsored by the Governments
of Australia, Norway, and Denmark**

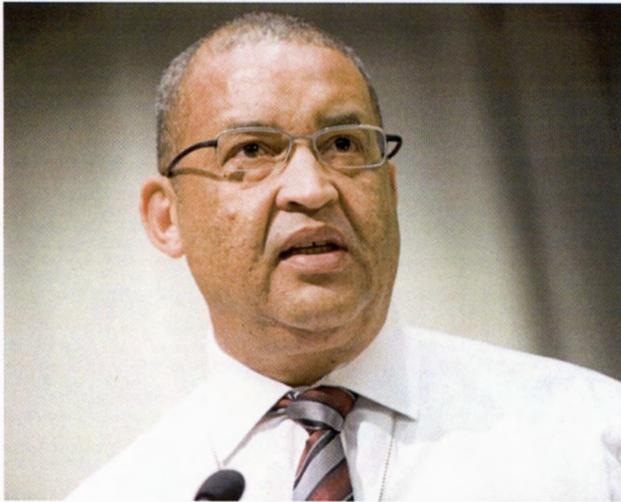
The first meeting of the International Corruption Hunters Alliance was organized and hosted by the World Bank Group and **sponsored by the Governments of Australia, Denmark, and Norway.**

This first meeting draws on the World Bank's international experience and a pilot that was first embarked upon by the Norwegian government a few years ago.

Members of the newly-founded international alliance are drawn from the six regional anti-corruption networks that were set up by the World Bank over the last two years.

What the Alliance Means Leonard F. McCarthy Vice President for Integrity, World Bank Group

I am pleased to present the outcome of the First Meeting of the International Corruption Hunters Alliance. This international meeting represented a landmark event for the World Bank Group. With the new Alliance, we now have access to a much broader range of information, best practices and enforcement jurisdictions than ever before. This Alliance will shift the pace of anti-corruption investigations and their outcomes; particularly those relating to development projects.



Leonard McCarthy

The meeting was a significant success in terms of timing, substance and the level of representation. Leading up to the meeting, I noticed a growing appetite for anti-corruption success stories, and each week seemed to herald another high-level investigation or feat of international cooperation. In the weeks prior to December, Greek authorities issued a warrant of arrest for ex-Siemens

executives; Russian prosecutors began investigating allegations that Daimler AG paid bribes to Russian government agencies to win deals to sell cars; and, the US Department of Justice and Securities and Exchange Commission announced settlements in several foreign-bribery cases.

On the front of the Bank Group, the Integrity Vice Presidency signed a Memorandum of Understanding with INTERPOL on October 7, 2010. Ron Noble and I will continue to forge ways in which our organizations can work together.

Public sanctioning is the ultimate indictment, and so the World Bank devoted much effort to ensuring cross debarment among multilateral development banks came to fruition, and that we pursued major investigations that would lead to more sanctions.

Such a confluence of events preceding the Alliance's meeting guaranteed members would arrive with renewed commitment. I believe that the new Alliance will open new frontiers for cooperation in the fight against corruption at regional and international levels. It will strengthen the World Bank's dialogue on the broader governance agenda and enhance progress on enforcement as one of its key elements.

Fighting corruption through prevention and enforcement is critical to the success of our poverty reduction mission. We expect the new Alliance to close corruption loopholes and ensure that

those responsible are held accountable. This is a core feature of the new World Bank which hinges on Openness, Accountability and Reforms. The new Alliance will work together to catalyze partnerships and opportunities to step-up bribery prosecutions, share investigative information, increase efforts to collect and return illegal proceeds, develop mechanisms to monitor and disclose results and step up efforts to fight fraud and corruption in fragile states.

I acknowledge the generosity of the Governments of Australia, Denmark, and Norway for sponsoring the founding meeting of the Alliance. I also recognize the contributions of 286 delegates and speakers to the agenda and outcome of the meeting. We will all keep busy over the next few months to achieve the agreed actions. This meeting could not

have happened without the strategic advice and leadership of World Bank President Robert B. Zoellick and the senior management team. Finally, I extend a note of appreciation to the INT team and colleagues in other units of the World Bank who worked hard to bring this Alliance to life. This report is testament to its successful foundation.

If you are working in development, this Alliance matters. If you believe in integrity as a basic ingredient for development progress, you know this is a major step in the right direction. And if you have been directly or indirectly impacted by fraud and corruption challenges, your support to the Alliance can make a profound difference. Thank you for reading this report, for sharing our enthusiasm and contributing to a new global momentum against corruption.



Robert B. Zoellick

Founding the International Corruption Hunters Alliance: Statement by Robert B. Zoellick President, World Bank Group

December 7, 2010

As prepared for delivery

It's a real pleasure to welcome all of you to the World Bank. Thank you for coming.

I'm delighted to have the opportunity to join you at this first meeting of the International Corruption Hunters Alliance.

We know your mission can be a tough and at times lonely calling. So today, look around you; you don't stand alone.

We have drawn together over 240 people from 134 countries. This attendance alone signals the significance of this topic and the potential of this Alliance.

You take on crime each and every day. I want to thank you for your commitment and dedication to rooting out corruption. I especially want to thank Leonard McCarthy, the World Bank Group's Vice President for Integrity (INT), for his leadership. With the support of Steve Zimmermann and Galina Mikhlin-Oliver, Leonard is strengthening, expanding, and building a critical operation. They are enlarging INT's role from the investigation of corruption with Bank projects to the use of knowledge we gain to prevent fraud and stealing. We are also working to integrate our Governance and Anti-Corruption work across all the World Bank Group.

The World Bank Group Stand Against Corruption

Let me first say a few words about how the Bank Group has tackled clean governance and anti-corruption.

Our strategy combines actions today and shaping the governance and business environment for the future. At present, we are establishing integrity safeguards to protect Bank Group projects. We investigate and sanction those who cheat and steal. And we refer cases to national authorities for criminal action that is beyond our writ.

Over the medium and long term, we want to help build stronger and cleaner governance and anti-corruption capacity in our client countries. We need to keep governments focused on the danger. Sound institutions, transparency, and accountability are key for development effectiveness.

We also need to challenge businesses not to tempt public officials. Companies and other agents need to clean up their acts, too.

As we have learned the hard way across all the challenges of development, outsiders, no matter how well intentioned, will not succeed without local ownership. This Alliance can help us build the local will to improve transparency, strengthen procurement, set higher standards, and hunt criminals.

Acting together, we can be more effective. In May, the Bank Group signed a pathbreaking agreement on cross-debarment with the other four regional multilateral development banks. The agreement sends a clear message: cheat or steal from one of us, and you

will be punished by all. In the past decade, multilateral development banks have jointly debarred more than 1,100 fraudulent and corrupt entities.

This is a far-reaching tool for deterring bad behavior and for removing corrupt entities from development projects; it also provides an incentive to companies to clean up their operations. And the cross-debarment agreement demonstrates an alliance at work.

At a time of fiscal constraint in many donor countries, we need to underscore to donors and recipients alike that every development dollar will be spent as intended: to overcome poverty and boost growth and opportunity. Stealing is bad enough; ripping off the poor is disgusting. We need to trigger a moral revulsion as well as a legal reaction.

The Bank Group's Integrity Vice Presidency closed 238 investigations in fiscal year 2010. The World Bank debarred 45 entities -- including multinational companies, individuals, and non-governmental organizations -- from doing business with it.

When I arrived at the Bank in July of 2007, we had a serious problem interconnecting the then-Department of Institutional Integrity's work with operations in the field, our clients, and even our Board of Directors. This weakness in integrating and supervising joint duties led to frustrations, suspicions, and conflict.

Fortunately, we inherited the impressive work of Paul Volcker and his Independent Review panel, which made 18 recommendations across a range of areas, including: upgrading the status of the Bank's new Integrity Vice Presidency; establishing closer links to Operational Policy; enhancing the focus on prevention; overhauling confidentiality policies so we could share information to

be effective; shortening the completion time of internal and external investigative reports on projects; and improving staff diversity and performance.

We implemented all 18 of the Volcker Commission Report's recommendations by July of 2009. We also examined how we could do better. We developed a strategic framework for effective investigations.

We are providing more resources for prevention, too.

Our Preventative Services Unit is turning the results of investigations into practical advice on how to prevent corruption.

In fiscal year 2010, we trained 1,200 people in preventive activities, such as identifying red flags in procurement and managing integrity risks in development projects.

The World Bank and the United Nations joined forces to launch the Stolen Assets Recovery Initiative (StAR), a multilateral partnership to help developing nations recover hundreds of millions of dollars -- or even more -- of looted funds.

StAR helps developing countries in a variety of ways: building capacity to respond to and file international mutual legal assistance requests; adopting and implementing effective confiscation measures, including confiscation legislation where there is proof of criminal activity even absent a conviction; creating and strengthening national anti-corruption agencies; supporting quick response teams that can help countries investigate cases; and monitoring the recovered funds, if requested by the countries.

Launch of International Corruption Hunters Alliance

Today, we are taking another big step to help shape the environment in which we work: We are launching what I hope will prove to be a groundbreaking, international initiative to tackle corruption.

In July 1944, representatives from 44 countries met at the Mount Washington Hotel at the Bretton Woods conference.

During the conference John Maynard Keynes said: "We have had to perform at one and the same time the tasks appropriate to the economist, to the financier, to the politician, to the journalist, to the propagandist, to the lawyer, to the statesman -- even, I think, to the prophet and to the soothsayer." Keynes was referring to the creation of the World Bank and the IMF, but his words are also appropriate for the International Corruption Hunters Alliance.

Since we first announced in October that we would hold this event, we've received a strong endorsement. The International Corruption Hunters Alliance offers a pragmatic, no-nonsense, and aggressive approach that is catching people's attention.

With this Alliance, we are signaling to the world that we have come a long way from the days when we had to debate whether we could openly disclose corruption cases.

The corrupt steal from the poor, but they are abetted by the indifferent.

For too long, anti-corruption efforts relied principally on the courage of individuals who too often had to act alone. Victories were often gained without the support of strong institutional systems, resources, or even moral allies.

The actions undertaken by very brave individuals inspired others to follow in their footsteps. However, individual heroism is not a sustainable or effective strategy to eliminate corruption.

Therefore, we are gathered here in Washington to draw strength and learn from one another and to create a strong corruption hunters' network.

This morning I see a room filled with practical and practiced men and women: committed and outstanding legal professionals, investigators, practitioners, and experts who -- in Von-Suvigny's words -- are true gatekeepers of the law.

We want to harness your energy and experience to attract more highly-qualified individuals to our anti-corruption efforts. We want to draw on the expertise and knowledge of existing and successful networks.

We also must keep adapting to what will be continually changing challenges. In five years' time, I suspect the Alliance will have evolved; what should be a constant is that its members find it useful. Our aim is for an Alliance that provides effective tools and information so all of us can successfully prevent and attack corruption.

I have recently spoken about the shift to a new multipolar global economy, where North and South, East and West, are points on a compass, not economic destinies.

Though we may have different perspectives, circumstances, and legal systems, we have shared responsibilities and mutual interests, particularly when it comes to upholding the rule of law and stopping fraud, theft, and other crimes.

In many parts of the world, corruption buys impunity, strangles fair opportunity, cripples competition, encourages conflict,

stalls economic transformation, and chokes growth. The rule of law must be at the center of the development agenda.

Corruption erodes public trust and confidence. This trust is critical to achieving effective governance. Once lost, it is hard to restore.

Eliminating corruption and fostering effective governance go to the essence of public service and responsibility.

I want to share with you a few examples that illustrate what can be accomplished with the right leadership:

- Since 2003, prosecutions brought by the KPK in Indonesia have led to the jailing of more than 100 high-ranking officials. Sri Mulyani Indrawati, now one of the Bank's Managing Directors, played a key role in the Indonesian government's anti-corruption drive.
- In Kenya, when massive corruption has been detected in ministries, cabinet ministers have been asked to step aside in order to allow investigations to proceed.
- And in the Philippines, Finance Secretary Purisima has launched a public tip-off campaign which in its first six months has already netted dozens of tax evaders and smugglers who have defrauded the Government.

Even heads of government are now being challenged when there is evidence of corruption or theft. In recent years, at least ten have either been prosecuted or are being investigated.

Everyone in this room knows that corruption involves both developed and developing countries.

One of the biggest investigations the World Bank completed this year involved the employees of a large Western firm bribing project officials in Africa with, among other things, vacations.

Yet we also need to be watchful for the demand side of bribery. In one case, a senior project official solicited a bribe of \$75,000 -- approximately 12 percent of the contract sum -- from a multinational firm in exchange for certifying that work had been done.

Tackling Corruption as a Multi-Stakeholder Effort

As corruption becomes increasingly transnational, there needs to be a growing sense of shared responsibility among all stakeholders and a willingness to respond more boldly when confronted with the audacity of corruption.

There has been increasing action at the national level, as countries strengthen their legal frameworks to better align them with the OECD Anti-Corruption Convention and the United Nations Convention against Corruption.

This Alliance can help spur a global push for more bribery convictions.

National authorities are now more empowered to pursue the investigation and prosecution of large multinational firms, with the successful outcome of one country's efforts sparking related investigations in distant corners of the globe.

This Alliance can help us learn how to pursue more multijurisdictional prosecutions.

The recent decision by the French Supreme Court to allow the complaint of two NGOs to proceed will result in an official inquiry about how the possible

proceeds of corruption were spent in France by foreign heads of state.

This Alliance can help us develop new tools to track and return illegal proceeds.

Civil society is expanding its traditional role as watchdog, and countries are being asked to show that corruption committed in one country will not be overlooked in another.

This Alliance can help us share information and mobilize public outrage against corruption.

The private sector is realizing that acting with integrity is not only the right policy but the smart policy.

The new management of Siemens, confronting extensive patterns of corruption, decided on a clean-up strategy that seeks to make integrity into a business principle: rather than delay and resist, Siemens worked with the World Bank and others through settlements, restitution, sharing information, reform, but also sanctions. This approach pays ethical and financial dividends. All of us need to shift the corporate and public calculation, so that crime will be discouraged, caught, and penalized -- and honesty and fair dealing will be esteemed.

We have seen that individual efforts and smaller networks are achieving successes against corruption.

A larger alliance, such as the one we are launching today, can amplify that effect, triggering a more rapid flow of information and igniting a chain of crime-fighting reactions.

Then this Alliance can help us monitor and disclose results, building more support and an even bigger coalition.

Conclusion

Sophocles said that "No one has a more sacred obligation to obey the law than those who make the law."

As we advance this anti-corruption agenda, we have a duty to uphold the highest standards ourselves.

I hope that over the coming days you will all share your experiences and knowledge with colleagues from around the world. The Bank Group's Senior Management will be chairing a variety of panels; we are extremely interested in learning from you. I trust you will also benefit from the

insights and ideas of the excellent speakers who have agreed to join us. For too long, it has been the poor who have been the hunted and the corrupt who have been the hunters. For too long, those hunters have stalked our communities and preyed on our citizens, wounding and destroying hope of progress and potential. It is time to turn the tables. This International Corruption Hunters Alliance has the potential to make a big difference.

Let's turn this potential into a reality.

Thank you.



Patrick Leahy

Keynote Speaker: Patrick Leahy Senator, United States

December 7, 2010

As Prepared for Delivery

It is an honor to be with you. Bob Zoellick is an old friend, and as he mentioned, I chair the Judiciary Committee as well as the Appropriations subcommittee that provides the United States' annual contribution to this institution.

What he didn't say is that having Bob as President of the World Bank gives me and others in Congress a great deal of confidence.

I have supported the World Bank's mission throughout the 36 years I have been a United States Senator. There have been times when I disagreed with some of the Bank's decisions, or felt its policies fell short.

But I have always worked to try to obtain the funds to fulfill the United States commitment to this institution, because it can play such a unique and important role in setting the example for

how we collectively confront new global development challenges.

One of the issues which I believe governments – including the United States – and the international financial institutions, as well as the United Nations, were too slow to grasp is the corrosive effects of corruption on development – whether economic and social development and the reduction of poverty, or the development of democratic institutions.

But in the past few years, public corruption has become a key concern of donor and developing countries alike, and I applaud the World Bank – and this Alliance – for confronting this difficult but critically important issue. It is an endemic problem that touches every country in the world, which we must face head on, together.

Today we face an unprecedented, global economic crisis that has exposed serious weaknesses in the world's leading

economies and devastated the struggling economies of many developing countries.

As we seek to strengthen our economies and to help the poorest countries, widespread, systemic corruption is among the biggest obstacles.

As each of you knows, public corruption is a blight wherever it occurs. It chips away at the trust that citizens have in public institutions, it undermines democracy and the rule of law, and it deters individuals from engaging in civic life and companies from doing business.

As a former prosecutor, I saw the effects first hand. Prosecuting corrupt public officials and police officers was one of my highest priorities, because of the intolerable message that would be sent if it were ignored.

But these effects are felt particularly deeply in developing countries. There, the result can be civil unrest, even the overthrow of democratically elected governments that have lost the public's respect and support, making effective international aid difficult if not impossible, and discouraging badly needed foreign investment.

Building the capacity to address corruption worldwide is both a daunting challenge and an absolute imperative, and we must be united and unequivocal in our response. For influential countries like the United States, that means first and foremost leading by example, which we have not always done in recent years.

We have seen the stain of corruption at all levels of our government and across both political parties, including the impeachment of judges and convictions of members of Congress and state and local officials. (In fact, in less than an hour the Senate begins impeachments proceedings on a Federal judge.) This misconduct, and the abuse of public

funds, has at times shaken the confidence Americans have in their government.

The United States has taken some key steps to shore up its ability to fight corruption at home, which can help serve as a model for other countries.

In 2007, Congress passed important ethics and lobbying reforms, tightening restrictions on those who hold public office and those who seek to influence public officials on behalf of private companies.

Last year, President Obama instituted similar controls to prevent conflicts of interest and restrict the influence of lobbyists at the White House. We have also seen several successful, high-level prosecutions of senior government officials for serious corruption offenses.

Effectively rooting out public corruption requires giving investigators and prosecutors the tools and resources they need. There are many laws on the books for prosecuting public corruption in the United States, and the FBI and Department of Justice have stepped up their efforts in recent years. But gaps remain, and I and others have been working to try to fill them.

I have twice introduced and worked to pass legislation called the "Public Corruption Prosecution Improvements Act", which would strengthen key aspects of federal criminal law and enhance the capacity of investigators and prosecutors to attack public corruption nation-wide.

The bill would provide an additional \$100 million to support these efforts, because resources were shifted away from fraud and corruption enforcement to counter-terrorism after the September 11th attacks.

The bill would also extend the statute of limitations for the most serious public

corruption offenses, and increase sentences for some key offenses.

It would preclude public officials from receiving anything of value because of their official position, other than what is explicitly permitted. This would help prevent corruption and the appearance of corruption, which can be just as insidious. The Judiciary Committee has twice reported this bill, and I will keep pushing to get it passed.

The United States unfortunately took a step backward this year in its efforts to fight fraud and corruption. Earlier this year, the Supreme Court sided with a former executive from Enron, the energy-trading corporation that collapsed with devastating impact on the economy a few years ago.

The Court severely narrowed a law that plays an important role in combating public corruption, corporate fraud, and self-dealing. I have been working to close this gap, and I introduced legislation last month that would restore the government's ability to prosecute key categories of corruption cases.

Even with these gaps, anti-corruption laws and their enforcement in the United States remain strong. Recent prosecutions of high level officials, while regrettable, are also in some ways a sign that the system is working. But we must strive to make our corruption laws as comprehensive as possible and ensure that they are enforced.

Similarly, those of us who hold public office must meet the highest ethical and legal standards every day.

I have also worked to strengthen our anti-fraud laws and to make sure that we fight fraud aggressively, including working to detect and deter fraud related to government spending. The brazen theft of public funds by private

contractors in Iraq and the fraud in our health care system are but two examples.

Congress last year passed the "Fraud Enforcement and Recovery Act," a bill I introduced which was the most significant anti-fraud legislation passed in more than a decade. We also included key anti-fraud provisions in the health care reform and financial regulatory reform bills that passed into law this year.

As governments engage in stimulus spending, provide increased international aid, and step in to preserve struggling financial institutions, protecting these public investments from fraud will be more and more important.

Leading by example and cracking down on corruption and fraud at home is essential, but it is not the full extent of our obligation. It is vital that American companies not participate in corruption abroad. I have been a supporter since it passed in 1977 of the "Foreign Corrupt Practices Act", which makes it a crime for American individuals and businesses, and those with close ties to the United States, to engage in bribery abroad.

This law is critical to the integrity of international business and development. Individuals involved in bribery schemes must face jail time for their offenses. Similarly, corporations must face criminal penalties, or a culture of corruption will persist, perpetuating violations over time, as we have seen in many countries.

For a time, the "Foreign Corrupt Practices Act" made a strong statement but was of limited use. The United States stood virtually alone, as few other countries similarly punished their companies for engaging in bribery overseas, and many international corporations ignored the problem. In part for that reason, the law was not used as often as it could have been.

All of that has begun to change. The United States is cracking down aggressively on violations of the "Foreign Corrupt Practices Act". In the past two years, the Justice Department charged more than 50 individuals and collected nearly \$2 billion in criminal fines in cases related to this law. Other leading economic powers have begun enacting and enforcing similar laws, and international businesses have begun to change their ways.

As more countries crack down when their companies engage in corrupt practices abroad, we may start to finally change the culture in countries that have tolerated corruption. When clean government becomes a necessity for international investment, those countries desperately seeking business investment will begin to prioritize curtailing corruption.

We must also work to help countries strengthen the institutions of democracy, particularly independent judiciaries, and to learn how to stop corruption. Supporting those efforts has become a key priority of the World Bank, as it has for the United States.

Several years ago I wrote a law which has the unambiguous title "Anti-Kleptocracy". It prohibits the issuance of visas for admission to the United States of officials of foreign governments and their immediate family members who have been involved in corruption related to the extraction of natural resources.

There is no shortage of countries whose children are hungry and dying of curable diseases, while corrupt public officials siphon off the profits from oil, gas, timber and mining, drive expensive cars and own extravagant homes in Malibu or the French Riviera. These officials treat their country's natural resources as their own bank account.

We have also seen how corrupt officials in such countries have successfully intimidated and manipulated judges, prosecutors, the police and the military, to arrest and silence whistleblowers and political opponents and remain in power indefinitely.

No democracy, I believe, can survive or thrive without a justice system that the public has confidence in. Yet reforming corrupt justice systems and strengthening the rule of law, when the officials in power are determined to preserve the status quo, is exceedingly difficult.

We in Congress are trying to prevent our foreign aid from falling into the wrong hands, or from being misused to prop up corrupt governments.

I am encouraged that we are finally enacting laws that require the public disclosure of payments by American companies involved in extractive industries overseas, and of the revenues of foreign governments that receive United States aid. The people of those countries can finally begin to hold their governments accountable for the misuse of public funds.

But it is not easy, and we are not always successful. One need only look at Afghanistan today, where corruption is rampant, there are frequent reports of pilfering of international aid by public officials and their friends and families, and where the United States has compelling national security interests.

We saw unprecedented abuses in Iraq, where corrupt American contractors, the absence of a functioning justice system, and Iraqi officials who had nothing to lose, created a culture of corruption on a massive scale.

I sponsored two pieces of legislation – the "War Profiteering Prevention Act," which would make intentional over-

billing under war contracts a federal crime and strengthen contracting fraud statutes, and the “Wartime Enforcement of Fraud Act”, which was passed a couple of years ago.

These measures seek to bring greater accountability to contractors working overseas and to give the government new, more potent tools to prosecute fraud and abuse by private companies filling government contracts during war time.

I for one do not view protecting national security, fighting terrorism, and combating corruption as competing interests. I see them as complementary.

We should have learned by now that we do no service to ourselves, and neither to the people of other countries, if we turn a blind eye to public corruption.

If we tolerate this type of abuse—

- we fail our own citizens;
- we fail the people of the countries we want to help;
- we undermine the rule of law domestically and internationally;
- we sully the reputation of the United States; and

- we damage our long term national interests.

The same can be said for every country represented here today.

I hope that all of us can commit to work to clean our own houses, so we can be examples to the rest of the world.

I hope we can commit to work together on corruption enforcement, and to continue to use this Alliance to share information and best practices, because international cooperation can be absolutely essential to successful investigations and prosecutions.

I hope we can further commit to do all we can to ensure that our governments, businesses, and citizens do not engage in corrupt practices abroad.

Only if we unite in our commitment to shunning, and punishing, corruption at the highest levels, will we create real incentives for other countries to change cultures where corruption flourishes.

I applaud the World Bank for turning its attention and its influence to addressing this problem. I applaud all of you for joining this effort. I cannot think of a more timely and important issue.

By working together we can make real progress toward fairness, economic prosperity, and global justice.

There was a clear and powerful recognition of the potential for such an international alliance to overcome longstanding information and cooperation challenges in fighting corruption. For governments and the corporate community across the world, anti-corruption efforts are converging to a different level of action.

Excerpts below are from video messages which can be fully downloaded at: www.worldbank.org/integrity.



Paul Volcker

Paul Volcker, Former Chairman of the US Federal Reserve and Chairman of the 2007 Independent Panel Review of the World Bank Integrity Department:

“Corruption is damaging to the very purpose of economic development. It is a national problem and it is an international problem that affects developing and developed countries. Law enforcement on the other hand is upholding the integrity of markets across the world. I am pleased to note that over the past few years there has been an increasing understanding of the World Bank Integrity efforts. Investigators and prosecutors are not the most popular but they are among the most necessary for the integrity and confidence of development institutions. You are not alone. You need to cooperate and work around the barriers especially in jurisdictions that have worked more slowly than others.”



Mark Pieth

Mark Pieth, Chairman of the OECD Working Group on Bribery in International Business Transactions:

In the OECD we have been focusing on law enforcement. In March 2010, we issued a “Best Standard Guidance Note” for compliance by companies. I would like you to take a strong stance on law enforcement. A lot is happening right now and you (members of the Alliance) are at the absolute forefront of global anti-corruption action.



Ngozi Ikonjo-Iweala

Ngozi Ikonjo-Iweala, World Bank Group Managing Director:

“One way forward could be a single global proceeding for prosecuting the officials and companies involved in both the bribe paying and bribe receiving countries. The evidence against both sides of the transaction would be developed jointly with authorities pooling resources, technical skills, and reinforcing each other’s commitment to sanctioning all those involved. There is one clear and immediate benefit of joint investigations and a single global proceeding and that is sharing the fines and settlements arising from a successful prosecution.”



Sri Mulyani Indrawati

Sri Mulyani Indrawati, World Bank Managing Director:

Progress of the International Corruption Hunters Alliance can be measured by 3 factors:
(1) Effective enforcement so that those

committing corruption are prosecuted by national authorities
(2) Money that they steal from the poor is recovered
(3) Funding for development reaches its intended beneficiaries.



Alliance members from the working group dedicated to Restitution and the Sharing of Proceeds

Laying the Groundwork for Action

The first meeting of the International Corruption Hunters Alliance was a stimulating, action-oriented meeting geared toward generating results. It contributed to a newly emerging energy around international enforcement that is well-aligned with other global initiatives such as the G-20 and the International Association of Anti-Corruption Authorities. Going forward, the Alliance members agreed on the following action items in response to identified priorities.

Action: Step Up Bribery Prosecutions

Members highlighted a number of obstacles to successful transnational anti-corruption investigations: (i) the uncertainty about which authority and whom to contact in a foreign jurisdiction and what procedures to use; (ii) difficulties obtaining essential mutual legal assistance in a timely manner; (iii) paucity of properly trained personnel and technology to handle complex corruption

cases; (iv) insufficient political will to follow through on a corruption case; and (v) courts being too slow in resolving corruption cases. To address some of these issues, participants recommended the following actions:

- 1. Develop guidelines for parallel investigations.** The World Bank committed to drafting a “Framework of Guidelines for Parallel Investigations” by 15 January 2011.
- 2. Coordinate training efforts.** The World Bank will work with members to identify and mobilize a champion by 1 April 2011, to coordinate the offering of training, recognizing that several Alliance members regularly provide such services.
- 3. Identify actions to overcome impediments to investigation and prosecution.** The World Bank will table an initiative by 1 April 2011, to write up

crisp case studies on actions that helped overcome the absence of political will and counter the cross-border dynamics of subjects under investigation.



Stephen Zimmermann

Action: Pursue Information Sharing

There was a strong commitment in the Alliance to expand information sharing. Members highlighted the need to further define data requirements, emphasizing quality of data over quantity, and building on and consolidating existing Memoranda of Understanding and cooperation agreements. Towards this end, participants recommended the following actions:

4. Develop a mechanism for more robust information sharing. The World Bank will establish by 1 April 2011, a working group with other members to evaluate existing databases and design additional mechanisms to expand the sharing of investigative information, including on ongoing investigations. The intent is to create: (i) a repository of MoUs and MLATs; (ii) a comprehensive global directory of corruption investigators and prosecutors who serve as points of contact for transnational anti-corruption investigations in each country; (iii) a Risk Profiles Database to

be used for due diligence purposes; (iv) an international debarment registry; and (v) a mechanism for the handling of alerts and notifications of convictions and debarments.

Action: Restitution and Sharing the Proceeds of Settlements

A number of countries have used settlements as a means to conclude transnational corruption cases. In some cases, the settlement has included fines and reparations to be paid to the authorities of victim countries. However, the sharing of fines and restitution of losses to the victim country through settlements remains the exception rather than the rule. This contrasts with the international framework provided by UNCAC, which encourages countries to seek restitution for losses (Art 35), proactively share information (Art 56) and repatriate proceeds of corruption offenses (Art 57).

The meeting highlighted a number of constraints: (i) victim countries may not be aware that investigations or legal proceedings are underway and whether they have the prerogative to participate; (ii) prosecutors tend to focus on the information required for the prosecution and may not always consider the rights of victims; (iii) most jurisdictions have limited experience or understanding of the procedures and techniques required to quantify the proceeds of bribery and these vary among jurisdictions, which may partly explain the apparent lack of interest of many victim countries in participating in settlements; and (iv) there is a limited understanding of how settlements are agreed and implemented, particularly as regards the basis for settlement, possible confidentiality and immunities, and their implications for authorities pursuing prosecutions and restitution proceedings in their own jurisdictions. In recognition of these constraints, participants recommended

the following actions:

5. Undertake a detailed analysis of national practices that lead to settlements in transnational corruption cases. The World Bank and UNODC will present a report on settlements to members by 1 June 2011, highlighting best practices in the field and the opportunities they may provide for compensation of the victims of corruption through the proceeds of the settlement.

6. Identify cases that can be addressed jointly. The World Bank will follow-up with the OECD Working Group on Bribery and other potential networks, to explore how information sharing can be improved on cases of common interest, possibly leading to joint investigations or settlements, and report back to members by 30 June 2011, with specific recommendations.

7. Develop and provide training in the quantification of bribery proceeds. The Stolen Assets Recovery Initiative and OECD will present a study on the quantification of bribery proceeds by 1 June 2011. The World Bank will subsequently provide training to interested member countries.

Action: Monitoring for Results

The Alliance emphasized the need to: (i) change the public “acceptance” of corruption by giving voice to agents of change, e.g., NGOs, the media, teachers and local leaders; (ii) further assess the impact of social accountability and monitoring mechanisms, including the

legal status of NGO-based monitoring; and (iii) address the unique challenges faced by newly established anti-corruption authorities, especially in terms of establishing public trust, institutional capacity and the political will to begin effective implementation. In an effort to strengthen the performance of anti-corruption authorities, the Alliance agreed to:

8. Develop a performance measurement framework. The World Bank will disseminate by 15 January 2011, a performance measurement framework for use by investigating and prosecuting authorities, consisting of an initial set of disaggregated indicators (as presently used in a number of countries), which will cover the following areas – investigation, prosecution, and prevention. Based on critical input from Alliance members, the World Bank will supplement these indicators with: (i) experiences in relation to indicators and result measures, including social accountability and capacity needs; and (ii) assessment of anti-corruption authorities’ performance using disaggregated data obtained through private sector, citizen and civil servant surveys by 31 May 2011. The World Bank will request members to submit their applicable performance indicators used in practice.

9. Share information on results of prosecution and prevention initiatives. The World Bank commits to collect and publish by 30 April 2011 the preliminary results of the survey of anti-corruption agencies, and commence gathering lessons from successes and failures from various jurisdictions.

A New Global Anti-Corruption Alliance: Why now?

The recent wave of cases has exposed the failure of many “victim” countries to prosecute those who took bribes. Prosecutions of bribe payers almost always produce information identifying those who accepted the bribes; information often found in the public files of such cases. Yet only infrequently do authorities with jurisdiction over bribe recipients initiate cases. This failure undercuts the international enforcement effort, for if public officials know they can demand bribes with impunity, there is little deterrence. It also limits countries’ ability to repatriate assets and seek other financial penalties from wrongdoers.

One positive consequence of the increase in legal action against multinational companies is the importance of globally aligned efforts to resolve corruption cases. Several obstacles to global collaboration exist that limit the ability to create an international enforcement regime. First is a lack of mechanisms for reaching a comprehensive resolution between a company admitting that it has engaged in corrupt behavior and the many jurisdictions affected.

Although many large multinationals have recently settled cases brought by the U.K., the U.S., and Germany, the agreements do not relieve them of liability in the countries where the wrongdoing occurred. While these companies may have had little choice but to agree to a partial settlement, others with a history of transnational bribery may be reluctant to come forward, unless

they can conclude a global settlement. This can lead to delays in the resolution of pending cases, as well as the recovery of assets.

The World Bank faces similar challenges in its efforts to deter corruption in the projects it finances. Although the Bank has now sanctioned over 100 firms and individuals for misconduct relating to secure Bank-financed contracts, not all



Eva Joly

borrowing countries have pursued cases against bribe recipients. At the same time, The World Bank’s Voluntary Disclosure Program, which allows companies that admit delinquency on Bank projects to escape sanctions in return for full disclosure of activities, has not achieved its full potential, because it cannot protect them from prosecution by national authorities.

To facilitate the investigation and prosecution of companies and individuals who offend against its projects, the Bank has established regional networks of anti-corruption enforcement personnel in

borrowing countries. The December Meeting in Washington DC brought Alliance members together with authorities from countries that have prosecuted bribe payers, private sector

representatives, civil society leaders, and members of international organizations, to craft a truly global enforcement framework of anti-corruption action.



Alliance members participate in the instant poll

What They Said about Fraud and Corruption Challenges

Instant Poll Outcomes

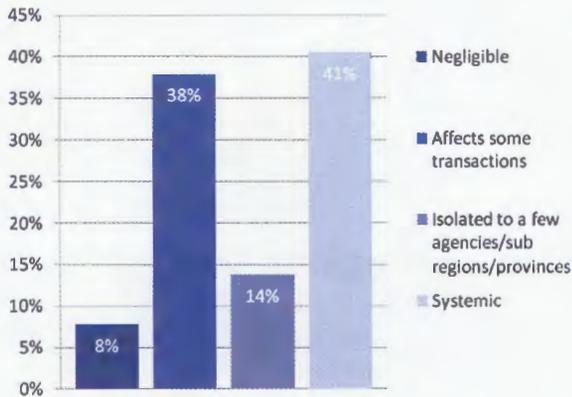
In an instant poll among Alliance members present during the meeting, 41% opined that fraud and corruption was systemic in their country, while only 8% regarded it as negligible.

About half (53%) of the participants were more concerned about fraud and corruption in their country today compared to a year ago, while 41% were equally concerned.

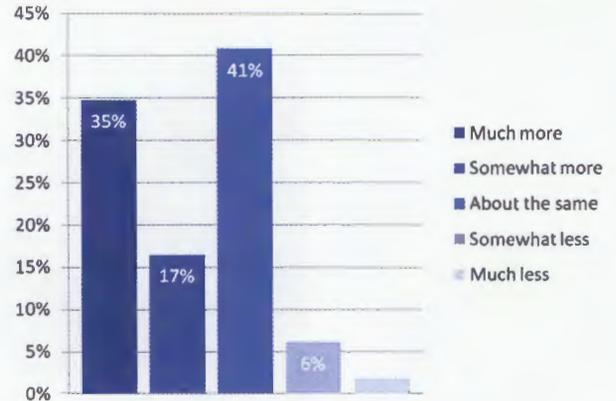
Members perceived the greatest vulnerabilities to be political corruption (39%) and misconduct in public procurement (32%).

The most significant challenge to the effectiveness of member institutions were political interference (23%) and insufficient expertise to effectively combat corruption (21%).

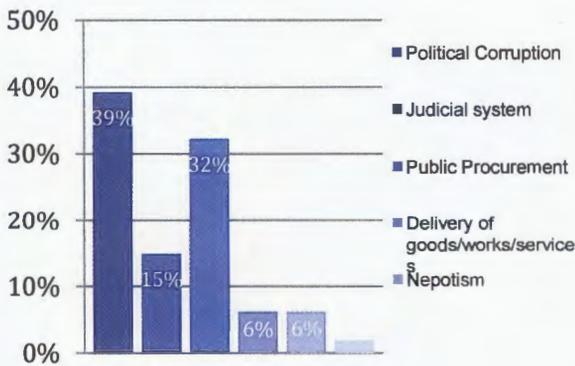
In your opinion, what is the impact of fraud and corruption on your country?



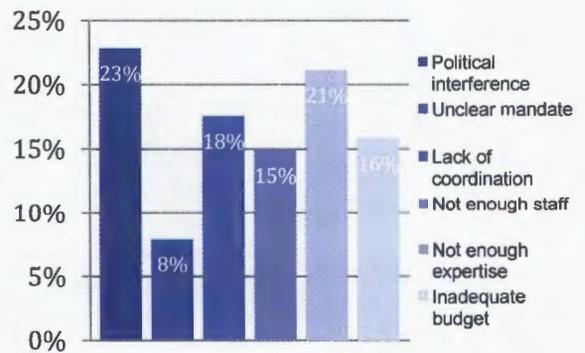
How concerned are you about fraud and corruption in your country today compared to a year ago?



Regarding the corruption risks in your country, where do you see the most significant vulnerabilities?



In your opinion, what is the main challenge to the effectiveness of your institution?



Experiences from the Field: Learning from the Panels and Speeches

The December meeting included 286 delegates and speakers from 134 countries. Participants represented attorneys-general, directors of public prosecutions, auditor generals, heads of anti-corruption agencies and police, as well as international institutions, donor agencies and civil society. For the majority of these entities and professionals, this meeting was the first interaction on anti-corruption issues at the global level.

The depth and range of participants led to panel discussions that were vibrant and alive, and characterized by courageous statements and exciting intellectual traffic.

Common expressions were: *“The worst thing you can do is nothing,” “You have to vaccinate yourself against corruption and intimidation,” “No noble cause can be pursued without risks,” “Poverty is the child; corruption is the mother,” “We need a moral regeneration of cultures,” “Why not call it the International Kleptocracy Hunters Alliance (IKHA)?”* and, *“If you can’t help us, don’t corrupt us.”*

The Secretary-General of INTERPOL, Ronald Noble, placed significant emphasis on the need to measure globally the results of key investigations and prosecutions of predicate and corruptly-influenced crimes, and the desirability of the World Bank developing an Anti-Corruption Fund.

Transparency International’s Huguette Labelle spoke about the importance of setting up escrow accounts to secure the interest on money and assets tied up in preservation and freezing orders, sharing best practices about administering asset recovery accounts and the need to empower the public, civil society and whistle blowers.



Ronald Noble, Huguette Labelle, Charles Leacock

Charles Leacock SC, Director of Public Prosecutions for Barbados, suggested that auditors-general should publish their advisory notes, sent to their governments; and that much more information can be disclosed among authorities, along the lines of Sarbanes-Oxley, without fear of running afoul of jurisdictional restrictions.

Advice from the floor echoed similar sentiments: *“Explain to the public how corruption affects their lives,” “Pick your cases;*

Pursue your own cases in other jurisdictions,” and “Failure to act on referrals, fosters impurity.”

Justice Secretary for the Philippines, Leila de Lima, posited the notion of “*kung walang corrupt, walang mahirap*,” which is translated as “*eradicate corruption and you vanquish poverty*.” She argued strongly that a critical bulwark against insidious corruption is the abundance, adequacy and competence of laws that can punish passive corruption, place greater evidentiary burdens on public officials to explain their wealth, and which enforce rigorous disclosure obligations in the public and corporate sectors.



Fridtjov Thorkildsen

With some participants calling for the bold step of labeling transnational corruption an international crime, there was significant consensus about the need to expand legislation that criminalizes extra-territorial corruption to ensure that “*multinationals operating in foreign shores remain accountable for their action to their mother country*.”

Fridtjov Thorkildsen, Director of Norad’s Anti-Corruption Project, and Jack Blum, a Washington lawyer who specializes on issues of money

laundering, financial crime, and international tax evasion, tackled the difficult subject of “Obtaining Evidence from Secrecy Jurisdictions.”

Based on the sobering estimates of illicit capital flows from developing countries, the impact of tax havens on economic development and financial markets, and the large-scale thefts by ruling elites; they proposed the following:

Members of the Alliance must garner support and drive analysis internationally around the abuse of tax havens

The world should initiate an international convention on transparency in international financial activities

Those who facilitate tax havens registration, should register their service activities

Countries should set up competence centers in international tax and public finance

Multinational Annual Accounts must disclose affiliates and show how much tax they pay as a percentage of taxable income

More should be done to lift banking secrecy, hone in on suspicious transactions and counter insider-trading and price-fixing

We need a global mechanism to force witnesses to testify anywhere in the world

In all jurisdictions, much more can be done to use civil recovery as a deterrent.

Prosecutor of the International Criminal Court Luis-Moreno O’Campo questioned whether there is a global organized crime services and analysis system, which can guide and coordinate decision-making. He used practical examples to demonstrate how “*corruption investigations*

are often inter-connected,” and drew a link between corruption, money laundering, and organized crime. He explained that in his experience, in order to disrupt the market, authorities represented at the meeting should make it their primary business to interdict money associated with international crime. Mr. O’Campo called on the World Bank to engage, with other key institutions such as INTERPOL and the International Criminal Court, in a global threat assessment to provide a bigger picture of the situation.

Eva Joly, the Keynote Speaker at the dinner reception exhorted delegates to act without fear, favor, or prejudice; and do nothing in their professional lifetimes to warrant an accusation of being complicit in propping up corrupt regimes. She lamented the fact that, in her view, investigators and prosecutors have not shown enough mettle this last decade to pursue the hard cases. Calling upon her own experience, she urged members to prove they have earned the right to belong to the Alliance and to act resolutely, by fighting—and winning against—corruption in the courts.

Disclaimer: This section was drafted by the following INT staff: Dina Elnaggar and Richard Messick. It presents a summary of opinions and views expressed during plenary sessions.



Pauline Riak, Leonard McCarthy

A Global Platform for Cooperation

During the first meeting of the Alliance, the World Bank's Integrity Vice Presidency signed bilateral agreements with the national anti-corruption agencies of Uganda and Sudan as well as the UN's Office of Audit and Investigations. By formalizing protocols for information sharing and the undertaking of joint activities, the agreements galvanize action at both the multilateral and national level.

In addition, they help anti-corruption authorities make the most of scarce resources while signaling the fight against corruption is indeed a global effort. For the World Bank Group, such bilateral agreements are crucial to enhancing traction on the referrals of investigative findings it routinely makes to national authorities.



Market place of ideas: Country success stories are displayed in the World Bank's main building

A Global Platform for Promoting Success Select Country Stories

Chile

The Public Prosecutor's Office undertook a two-year investigation into charges that public officials were using funds earmarked for the Employment Generation Programme to pay the salaries of their election campaign agents. This high-profile case resulted in 10 convictions.

Costa Rica

The credibility and effectiveness of Costa Rica's legal system was cemented in 2009 when its former President was sentenced to 5 years for embezzling funds from the social security system. 7 others were also sentenced for accepting kickbacks.

Haiti

The Anti-Corruption Unit has targeted 36 public enterprises for compliance investigations. It also uncovered a widespread HTG 100 million corruption scheme in the National Office for Old Age Insurance and, as a result, the agency's executive director has been jailed.

Lithuania

As a newer member of the European Union, Lithuania has made fighting corruption a top priority. It has strengthened its legal framework and created an independent investigative agency called the Special Investigative Service, which works closely with the National Audit Office.

Montenegro

In exchange for favorable rulings, a high court judge solicited bribes from defendants through another government official. Ultimately 5 people were indicted, tried, and sentenced to 7 years in prison. This case is testimony to the government's willingness to investigate and prosecute high-level corruption.

Philippines

An internal audit unearthed a scheme in which 10 officials from a regional Rural Credit Guarantee Corporation siphoned off 17 million PHP by creating fictitious borrowers. Following the audit, the organization strengthened its controls and the National Bureau of Investigation ensured the responsible officials faced charges of graft and falsification of documents.

Serbia

Serbia's Anti-Corruption Agency Act has, among other things, greatly enhanced transparency and public access to information. 95% of public officials made more than 16,500 asset declarations, the details of which have been made publicly available.

Sierra Leone

Under the country's newly revised Anti-Corruption Act, the Anti-Corruption Commission has been able to recover the equivalent of \$1.2 million in stolen assets and to oversee the conviction of 2 government ministers.

Thailand

The National Anti-Corruption Commission is investigating allegations that a government official received more than \$1.7 million in exchange for awarding multiple contracts for the Bangkok International Film Festival. Benefiting from assistance from the US Federal Bureau of Investigation, the case demonstrates effective international cooperation.

Yemen

Following a US Department of Justice investigation, the Supreme National Authority for Combating Corruption opened its own investigation into a corruption scheme in the telecommunications industry. Nearly \$1.2 million in bribes were paid to high-ranking officials at TeleYemen, the Yemeni state-owned telecommunications company, and Ministry of Telecommunications.

Recognizing Courage and Initiative of ICHA members

During the first meeting of the alliance, a number of members received awards in recognition of their courage and initiative in fighting corruption.

Award winners included:

Joseph Kamara, Anti-Corruption Commissioner, Sierra Leone

Kamara successfully re-energized the government's efforts and led the successful prosecution of a former minister

Ann Bossman, Acting Commissioner Commission on Human Rights and Administrative Justice, Ghana

Ms. Bossman's is an ardent anti-corruption campaigner, lecturing and promoting the anti-corruption agenda in her position.

Balwinder Singh, Special Director, Central Bureau of Investigation (CBI), India

Mr. Singh has longstanding experience in tackling corruption in public procurement in addition to advising the National Administrative Reforms Commission of India on its Strategy to Tackle Corruption in Government.

Gabriela Scutea, Deputy General Prosecutor at the Prosecutor's Office attached to the High Court of Cassation and Justice in Bucharest, Romania

Ms. Scutea has worked on mechanisms and tools to simplify criminal proceedings and contributed to the implementation of the EU Convention on Mutual Assistance in Criminal Matters between member states.

Chandra Hamzah, Commissioner, Corruption Eradication Commission of Indonesia (KPK), Indonesia

Chandra's fight has and will always have a remarkable influence on Indonesian society, and the networks that he has helped develop around the globe through the KPK will continue to serve the anti-corruption cause in Indonesia

Francisco Dall'Anese, Head of the CICIG and former Prosecutor General, Costa Rica

Mr. Dall'Anese was prosecutor general when the investigations against the former presidents of Costa Rica were undertaken. He fearlessly went against criminal organizations and narcotics traffickers.

Adel Abd El-latif, Advisor, the Arab Governance Program, United Nations Development Program

The activities and initiatives led by Mr. Abdel Latif have created space across the Arab region for dialogue on corruption challenges creating a momentum that the World Bank and other international entities have been able to build on.



Obiageli Ezekewesili presents Chandra Hamzah with his award

Speakers Statements

Søren Pind

Minister for Development Cooperation, Denmark

December 8, 2010

As Prepared for Delivery

Thanks to the World Bank for convening this meeting of the International Corruption Hunters Alliance. It demonstrates the lead the World Bank has taken in hunting down corruption including transnational cases, and I look forward to follow your work.



Søren Pind

I appreciate the opportunity to take part in the discussion of the network this morning and would like to share with you some personal observations about corruption, risks and results, seen from a bilateral perspective.

In two days time, it will be the international anti-corruption day. On the day, that is on Thursday December 9, I will – by coincidence – be in Brussels with my EU-colleagues, discussing yet again the issue of anti-corruption in the

form of aid transparency and aid effectiveness.

In fact, since I took up office nine months ago, there is no other single subject that I have spend so much time on, in one way or another, as corruption and the risks of fraud and misuse associated with development cooperation.

As minister for development I am faced with a double responsibility. A responsibility towards the Danish electorate, the tax payers; And a responsibility towards the poor and destitute in our developing partner countries.

I also face a paradox. Whereas a huge majority of the Danish population is in favour of development aid, almost two-thirds of them believe most of the aid will be wasted due to corruption and misuse.

This is of course far from the case, yet it underscores the question I must constantly pose to myself: Do I know enough about where our money goes? Can I guarantee our aid works? That it fosters growth and freedom?

Can I answer these questions? No. Not as definite, as I would like to. And yes, everyday, corruption and fraud is challenging development work.

Poor citizens are denied the freedom to form their own lives by corrupt officials and politicians who steal from the public purse. Private companies are missing the opportunities of the market by facing

artificially high investment costs, affecting profitability and adding to reputation costs. Societies are being undermined from within, corruption eating away the trust – the social capital – that holds a community together.

But the challenge of corruption also takes another toll: It has – in a donor country like Denmark – undermined the willingness to engage with aid and business capital in high-risk societies like fragile and failing states. And it has created a kind of self-censorship in development organisations, where the risk of loss and fraud are silenced to death for fear of another public scandal.

During my nine months in office, as I have travelled to Nepal, Afghanistan, Pakistan, Kenya, and Somalia and other places; As I have constantly mired myself in trying to answer the question: Is our aid spend rightfully, Does it work? My conclusion is, we need a much more frank and open debate about that acknowledges and talks openly about risks, corruption and outcomes. In that sense, we need a shift in policy.

As a bilateral donor, my Government – and others with it – needs to recognize that security policy, foreign policy and development policy cannot be separated. We have to be engaged in highly corrupted countries, including the fragile ones. And this implies a risk; A high risk of fraud and loss. But these risks may be well worth taking. For what would be the alternative? Another Afghanistan or Somalia or a country like Kenya suddenly sliding into a post-election crisis?

Development in a globalised world demands high risk capital. Therefore, I cannot blindly defend the noble view that one Danish “krone” lost, is one too many. Sometimes it is worth the effort and the risks.

But we must not try to silence the risk of loss and fraud for fear of another public scandal. To the contrary. We must be frank and open and involve the citizens in our considerations. And work together to improve our ability to handle – political and financial - risks if we are to make a difference.

The French renaissance philosopher Montaigne has said: “No noble things can be done without risks”. The coach for the Spanish soccer team FC Barcelona Guardiola has said: “It is too dangerous to play without risks”. I agree with both of them: Results are closely related to risks. Results cannot be achieved without determined action and willingness to take calculated risks.

Against this background I have made “risk policy” – the assessment and management of risk including corruption – in Danish development aid a key priority for my time in office. And it figures prominently in Denmark’s new strategy for development cooperation “Freedom from poverty, freedom to change”, which I launched in May.

Firstly, it takes courage to recognize and run risks in development aid. You have to stand up for it, and you have to be open and frank about the risks. Assessment is key, and we are, therefore, currently working on an improved system for assessing and measuring risks involved in concrete interventions. A kind of risk index or risk barometer. Much like to the Economists Big Mac index seeks to make exchange-rate theory more digestible, a risk barometer should seek to make risks more “readable”. Developing a tool that would be easy to communicate would be an advantage in itself.

We invite the Bank, the UN and others to work with us in devising an improved system for measuring risks. Denmark hosted a big conference on risks just two

weeks ago, and I would be happy to share the outcome documents with you.

Secondly, is the principle of zero tolerance against corruption. Accepting – and speaking loudly about – development cooperation as a risky business has stirred some controversy in Denmark. I gave an interview about aid and risks to a major Danish daily, and the headline, which made the front page, became: “Minister Pind accepts corruption”. No. Not at all. I do not accept corruption. It is not the same to accept and run risks, and then to accept and neglect misuse. If and when risks are realized, we react immediately.

We operate in risk prone environments, and are willing to run risks to achieve results. But we are not naïve and do not accept the potential outcome of risks. Zero-tolerance means accepting corruption may exist; making it clear we don’t accept it; and taking the necessary measures when and if we discover it. As we expect our partners to do as well.

Thirdly, corruption must have consequences. There can be no impunity for corruption. If an aid partner fails its commitments to strengthen integrity, it must have financial implications. We then reconsider the way aid is delivered and may choose other partners. And we insist the corrupt and their corruptors are brought to justice.

Fourthly, concrete corruption cases must be communicated openly. We make public all corruption cases we encounter, including both the size of funds retrieved and the amount of Danish tax payer’s funds lost. And we name the cooperating partner involved.

Fifthly, is aid effectiveness. Effective aid is aid owned and led by our developing partners. Denmark has moved away from traditional projects which could much easier be ring-fenced with traditional

safeguards to mitigate risks. We are increasingly channeling our aid through the national systems of partner countries.

Strengthening the integrity and capacity of country systems through using them is, I believe, the right approach. But it does of course pose new challenges in terms of fighting corruption. We need to “trust, but verify”. And manage the risks rather than reverting to donor-lead approaches and implementation through parallel systems.

Finally, is measurement of outcomes and results. We constantly work on our ability to measure and document outcomes and results. Tackling risks, including corruption, is also a question about being able to measure what works and what doesn’t. To that end, I have just launched a new international research programme looking into the effects and outcome of development cooperation. The Big question to be answered is not just, what difference does a specific programme make? It is: What moves a society forward? What creates lasting change?

The discussion today is mainly focused on enforcement. But I would like us to keep the long-term goal in mind: to prevent corruption.

There is nothing natural about corruption. People are not born corrupt. People learn to be corrupt. Montesquieu, the French political thinker, noted 260 years ago: “It is not the young people that degenerate; they are not spoiled until those of mature age are already sunk into corruption”.

So like you cannot fix a leaking boat by just pouring out more water, we cannot – in the long term – fix the problem of corruption by only looking at enforcement.

In our own countries, this means promoting the development of standards and procedures designed to safeguard integrity and prevent corruption in the private sector. Making sure that the private sector is keenly aware of the need for corporate integrity, business ethics and corporate social responsibility. Because it is good for business. Because customers are increasingly demanding this. Because, it pays off.

Denmark was in front with the implementation of OECD's convention in national law, making it possible to take Danish companies to court for corrupt activities made abroad.

In our developing partner countries, integrating anti-corruption in our efforts to promote good governance and integrity becomes of high priority. Because corruption is a symptom. Because it is a result of a dysfunctional governance system; an outcome of poor governance and low integrity.

Governance and anti-corruption must go hand in hand. The best check on corruption is systems based on good governance that can prevent corruption from happening - and fighting it when it does.

To the donors – Denmark, the Bank and others – it means being even more frank about governance problems in our dialogue with partner governments. Insisting on transparency in budgets and public revenue, including from natural resource exploitation.

And being ready to live up to the same transparency demands in our own aid – and area where the World Bank has recently taken a lead.

The aim is more capable governments through capacity building. Governments that are responsive to their people and clear the way for their entrepreneurship

and desire for freedom. Governments that are accountable, forced to explain what they do and why.

There is a bottom-up perspective too. None of our efforts will succeed unless citizens are supporting them, are demanding them. A free and vibrant civil society, a free media, and people voting with their feet in free and fair elections must grow strong enough to elicit the desired supply-side response.

As a politician I know, how sobering a proper beating by the press is. A free and aggressive media is a strong check on political power.

A strong and transparent tax system generate a social contract between state and citizen. Just look at Denmark: We pay taxes – even too high if you ask me – but it gives us the right to demand high quality services back.

Yet, giving people the final say is the best way to hold governments accountable through multi-party systems. People need real choices when they go to the ballot box; they need to be able to form a strong opposition to bad government. This is the only long term solution to hunt down corruption.

Every day corruption and fraud is undermining development work. It is undermining the free entrepreneurship of the individual in developing countries; it is undermining the aid willingness of the tax payer in donor countries.

We are meeting today out of need. Out of sheer necessity. Yet, necessity is said to be the mother of invention. I am convinced the International Hunters Alliance will bring forward new ideas and measures to tackle risks of corruption. I wish you a successful meeting.

Thank you for your attention.

Richard Alderman
Director, Serious Fraud Office, UK
 December 7, 2010

Excellencies and distinguished delegates and friends

It is a great honour to be asked to come here and to address you all this morning. The presence of so many distinguished delegates from across the world shows the great importance that we all attach to the global fight against corruption and the efforts we are all making together. This forum as well sends out a very powerful signal that we work closely together in the fight against corruption. Indeed it is my own personal belief that this fight can be won only by global co-operation such as I see today and that, given this co-operation, this is a fight that I am confident that we can win together.

We each have a role and a responsibility here in terms of what we each do in our own jurisdictions and what we do together to assist each other. I know that in my own work in the UK's Serious Fraud Office we cannot achieve the results that we are achieving without the help that you are giving to me. In the same way I am committed to providing you with the help that you yourselves need in taking the necessary action in your own jurisdictions.

It is particularly significant that this important conference has been organised by the World Bank. I regard the World Bank as being a very significant influence for good in this area. The Integrity Vice Presidency following the lead set from the top of the World Bank has worked very hard on this issue and has shown how successful action at this level can be. I shall say more later about the relationship that we have in the Serious Fraud Office in the UK with the World

Bank, but let me say now how proud I am that we work closely with the World Bank and how important this relationship is to us.

My jurisdiction has made very significant progress in recent years in fighting corruption. This is a combination of the renewed and very vigorous enforcement approach by the Serious Fraud Office, together with the new legislation, our Bribery Act, which will bring about very significant improvements in our law on corruption.

The profile of this subject in the UK has certainly risen dramatically as a result of these factors and I have been struck by the range of corporates and advisers in the UK (and indeed from other countries) who want to come and talk to us about corruption and what they are doing to combat it. Our message to them is a simple one. Bribery is a crime. It is morally wrong. It is also bad business. This is because it is unethical and because it is also incapable of creating lasting and sustainable businesses.

Our simple message then to corporates who come and talk to us about these issues and sometimes tell us about how difficult all of this is in practice, is don't use bribery. We also say that we know that a number of corporate have zero tolerance for bribery however challenging the jurisdiction. We therefore know that this is achievable.

I have to say that many of our corporates have actually got that message now. This is a tribute to their own belief in the need to create sustainable businesses. It is also a tribute to the work of many organisations such as the World Bank

which have shown the damage that corruption causes to societies across the globe. We are all much more conscious of this now than ever before. A number of the people that I speak to have also now understood that corruption is not just corrosive for the societies in which it takes place, it is also corrosive for their own organizations and for the society in which they are based themselves. I do not believe that a corporate can



Richard Alderman

undertake corrupt business without considerable implications for the moral standards of those in the company engaged in that work.

Indeed it goes further. When we in the UK publicise the details of a corruption case, the impact of this I am sure is felt by all employees of that company and by their families. Everyone wants to feel proud of what they do and to feel that they work for ethical employers. I have little doubt that when employees who may not be involved in the corruption and their families read the details of some of the factual situations that we have uncovered and prosecuted, then they will feel a deep sense of shame. The better corporates acknowledge this and recognize that good future employees are

far more likely to join employers who have high moral standards than employers who have shown by their deeds that they do not have those standards.

But, of course, despite these very promising developments, there is still a long way to go. What this means is a combination of national and international measures. On a national level in the UK this means that we wait with great interest for the Bribery Act to come into force. It is already having a very significant impact and companies are getting ready for the coming into force of the Act. Once this happens our jurisdiction in the Serious Fraud Office in relation to bribery will be greatly extended and I want us to make the maximum use of this.

I am also looking for more results from the Serious Fraud Office. Over the last 18 months we have successfully prosecuted two major corporates for corruption. Three individuals have been convicted of corruption in that period and about another 10 are waiting for trial. We have a number of other individuals and indeed corporates that we are looking at with a view to seeing whether they can be prosecuted for corruption.

What we are also looking at in the UK is the way in which we can deal with these cases successfully with our international partners in parallel investigations. Here, I have to say that the UK Criminal Justice System has not yet developed all of the right tools to enable us to do this. I am very anxious that we should be able to work in parallel with our colleagues in other jurisdictions.

What this may mean in the context of corporations is that taking these corporations to court may need to be coordinated in each jurisdiction so that the prosecutions and indeed any guilty pleas can take place at the same time.

This will enable the Courts in both jurisdictions, or indeed all jurisdictions, to have a look at the overall pleas and the then assess the appropriate sentence should be. This is something that we tried to do in one case but where we were criticised by a very Senior Judge for what we had done. We did this with very good intentions because it was important that the case be heard on the same day, both in the UK and in the US. The Judge though felt that we had gone too far in dealing with the agreed pleas and the appropriate outcome.

There was an important message there for us. On the other hand this is a situation that will come up again and we need to ensure that we have an appropriate way of dealing with this. We have to make sure this works for all of us. Parallel investigations and prosecutions mean that we need to be very alert to the justice system in each of our countries so that we can deliver the right outcomes.

I should add as well that the international resolutions that we have been looking for so far have involved the UK and the US. I am very conscious though that we are also looking at wider investigations and prosecutions where there will be prosecutions in a number of different jurisdictions in relation to the same corporation. A question for us is how our legal systems can work together on these cases. I have to say that it is not an easy issue because so much of the focus in national Criminal Justice Systems is on what happens nationally rather than internationally. Nevertheless, we have to find a solution to this issue.

Another area where I would like to see developments in the legal framework concerns compensation that should be paid to the real victims of corrupt activities. Indeed, it is wider than that because we should also be thinking about how the real victims in other countries should be compensated for other

offences committed within that jurisdiction by our companies.

This is not an easy issue. When we deal with fraud cases, compensation for victims is more straightforward because the victims have lost clearly definable amounts and have a right to recompense. When we talk about victims of corruption or other offences the position is different. There is no right that they have that is recognised by the law that would enable them to obtain compensation through the criminal process in our Courts.

We could simply say that because of that there can be no question of any compensation being paid to them and that any financial penalties payable by the company should simply go to public funds in the UK. This, however, is not the SFO approach. What we are looking for is a way in which money can be appropriately channelled to the real victims in ways that are transparent and are clearly for the benefit of those people.

We have done this in a number of cases. We are finding that there is no single solution that works in every case. Instead we are finding different ways of doing this having regard to the different circumstances in each case. There are some cases where, for example, the Courts have simply, at our request, ordered a payment to the other jurisdiction. This works in a number of cases and can be satisfactory. On the other hand there may be others where that would be unacceptable. In those other cases we have to find ways in which we can make sure that the real victims in these other countries obtain recompense.

As I have said there may be different solutions for different cases. It may be that it would be appropriate in some cases for us to channel the money through the Government, although I

recognise that there will be a range of difficult issues for us in discussing this with the Government of the country because the Government will have its own views quite properly on what the public interest in that jurisdiction requires. This will be a dialogue that we will be very happy to have. There may be other cases where we need to look for other solutions. Here I am particularly interested in the role of international institutions such as the World Bank and NGOs and I have been particularly interested in ideas about restitution that the World Bank has been discussing. It may well be that there is a role here for the World Bank and others in helping us with these very difficult situations. They would certainly have the reputation and the integrity that would satisfy the public that the money is being applied properly. I am therefore very interested in this although it is still work in progress.

There is more for us to do as well with our colleagues in other Governments. As we talk to corporates in the UK and to advisers, something that comes up regularly is a request from them for help from us on what to do about the requests for bribes that they receive when they try to do business in some other jurisdictions. We are receiving quite a few of these requests now. What it means for me is that the focus in the discussions that I have in the UK has moved from persuading companies that it is wrong to give bribes to how it is possible to stop the demands for bribes in the first place.

Here I stress to companies that this is not something that can be solved on an individual national basis. Nor is it something that can be solved just by one company (however large) acting alone. What is needed here is international involvement between countries and including institutions such as the World Bank and others. It can also mean companies working together to share their experiences of working in other

countries and bringing those experiences to us.

We had an example of this earlier this year when we received approaches from a lawyer acting on behalf of a group of companies that were suffering from the problem of facilitation payments at the border with a particular country. These companies were very good ethical companies and they had tried all that they could in order to be able to address the problem and to avoid making these payments. This had been unsuccessful and so they approached us.

What we were able to do was to suggest further ways of engaging on this issue through international action and through addressing the issue at the appropriate level in the other jurisdiction. We found that this was successful and the level of demand for these payments reduced quite considerably. Of course, we shall need to look to see whether or not the demands increase again at some time in the future. Clearly we need to follow this up from time to time.

International action of this nature, working with other Governments, seems to me to be the key to the successful development of our fight against corruption as we move forward. I do not believe that any country wants to have the reputation of being a country where corruption flourishes and where it is impossible to do business in an ethical way. That message is a very damaging one for a country to send because it means that investment from ethical corporates and indeed from international institutions will be very much reduced. This investment is needed by those countries and would greatly benefit the citizens of those countries.

I have said consistently that it is not the role of the SFO to stand in the way of corporates wanting to do ethical business in very challenging circumstances but I

recognise that the corporates should be able to look to us and to our colleagues in other jurisdictions for help in solving these problems. I personally believe very strongly that we share a common interest here and that the solution will come through discussions with our international partners about how to reduce the demand for bribes. We will do all we can in our jurisdiction to deal with those individuals and corporates that offer the bribes but, in turn, we need assistance from other Governments and from international institutions in dealing with the demand for these bribes.

I recognise as well that our foreign partners are likely to need more from us on individual cases. For example, when we take a corruption case to Court, our foreign partners are likely to be very interested in any evidence that we have about corrupt activities within their own jurisdiction. I know as well from discussions that I have had with a range of people, that they are looking to see names in the public domain as a result of the action that we have taken.

This gives rise to some difficult issues that we are thinking through because we do not want to prejudice the activities of our partners in naming names in our jurisdiction if this could potentially prejudice their own activities. On the other hand, NGOs and others tell us that publication is important as a way of raising the public profile of these issues and helping our partner jurisdictions.

You may take it from me that the SFO is committed to helping you with these cases. We will do what we can to provide you with the help and the evidence that you need in order to be able to investigate these cases properly and to ensure that those who have received bribes in your jurisdiction are appropriately brought to Court by you and punished.

What we will also do with our colleagues in the UK is to work with you on the recovery of stolen assets. I have been very interested, for example, in the StAR initiative of the World Bank. Recovering the assets that are taken as a result of illegal activity and returning them to the country that has suffered is very important. I have been particularly pleased to see the StAR initiative and we are working with the World Bank on how we help our colleagues in the Integrity Vice Presidency in ensuring that assets are identified and recovered. This is a high priority for us.

Let me conclude by saying a little more about the relationship that we, in the SFO, have with the World Bank. It is an important and very constructive working relationship for both of us. We share common objectives of being able to fight corruption and helping to protect citizens from being affected by corrupt activities. One of the tools the World Bank has at its disposal is debarment from contracts. I know from the contacts that I have with advisers and corporates that this is a very effective tool and that corporates are very concerned about this. This is exactly as it should be and it is an encouragement to them to ensure that they conduct ethical business.

We are assisting the World Bank and will continue to do so in order to ensure that, in the many decisions that they need to take about debarment and indeed other issues, the World Bank is in the best position to make those decisions.

I am also interested in discussing with the World Bank how we measure the success of what we do. I am convinced myself that we are all achieving significant results but it would be very helpful to have some indicators to measure the impact we are having and how we should be directing our efforts in the future. I am sure that our relationship with the World Bank will

get closer and closer as the World Bank promotes new initiatives in the anti-corruption area. This is why I have been particularly pleased to accept the invitation to come here today. The World Bank's activities in establishing regional networks of anti-corruption enforcement personnel in various countries and

bringing network members together for a conference such as this is something that I applaud very much and I congratulate the World Bank on all that they have been doing.

Thank you very much for inviting me here today and for listening to me.

Ronald Noble Secretary General, INTERPOL

December 7, 2010

Talking points, as prepared for delivery

The Threat

We must not underestimate the pivotal role of trust in ensuring the well-being of financial systems and well-being of citizens around the world. If we consider that public confidence really is the foundation of all great achievements of mankind (Peace – public order – stability – progress), corruption constitutes a major threat to our future.

We have all heard the figures, and they are staggering. Overall, we are looking at an estimated 2.6 trillion US\$ in total costs from corruption. If you consider that in 2009 alone, global GDP has shrunk by 2.2 % and trade value by 14.4 % across the world, we are facing a formidable threat.



Ronald Noble and Leonard McCarthy sign a Memorandum of Understanding

One that, when affecting law enforcement, has been found to significantly affect deterrence against

crime. And it is a threat that will cross borders whenever possible.

Bribers and corrupt officials will seldom behave differently from any other criminal anxious to escape justice and enjoy illicit profit.

In doing so, they will not hesitate to prey on resources allocated to development. On the contrary, low-capacity jurisdictions and flow of foreign capitals will provide a uniquely attractive combination for corrupt individuals to engage in illicit practices.

The Key Role of the World Bank

Therefore, it is pivotal to have such a key player in the donor community as the World Bank, to focus strongly on integrity and the fight against corruption. In President Zoellick's words, to ensure that "no safe haven" exists "for people who steal from the poor."

In 2010, three times as many companies have been debarred as a result of World Bank investigations, compared to last year. This speaks of the tremendous work the Integrity Vice Presidency has been doing under the leadership of Mr McCarthy, and which in future will see INTERPOL involved, after the unanimous endorsement by our General Assembly of our Memorandum of Understanding with INT.

But it also speaks of the huge amount of work still to be done to eradicate this disease, particularly in developing economies, and within both the public and private sector.

Looking Ahead

Five years since the entry into force of the United Nations Convention Against Corruption, we are still facing a mixed landscape. Corruption has risen in importance on the international agenda. Last month in Seoul, the G20 Anti-Corruption Plan was endorsed by World leaders. The International Corruption Hunters Alliance is growing in width and depth since its creation in 2009.

But despite this increasing high-level attention, some of the indicators still remind us that we have a long way to go. If we compare Corruption Perception Index (CPI) scores in 2005 to those obtained last year, we see that basically half of the countries considered have either lowered their score or not recorded any change.

INTERPOL'S Approach

One element we should keep in mind is that shortcomings in enforcement against corruption are often based on lack of resources and/or lack of will among governments, more than on the lack of adequate legislation.

We should take a slightly different look at transnational corruption. Let us look at the “microeconomics” of it. What can deter a potential briber or embezzler? What is it that makes enforcement in this domain so challenging?

At INTERPOL, we see our client as the rank-and-file policeman that faces international crime in the field. Since 1998, an international INTERPOL Group of Expert is dedicated to anti-corruption. Since 2007, we have made corruption one of our crime priority areas, creating a specialized unit dealing with a phenomenon affecting all of our 188 member countries.

To date, we have almost 350 individuals wanted on corruption or bribery charges worldwide and subject to INTERPOL alerts for arrest. Earlier this year,

exchange of intelligence across our channels led to the identification and arrest of a subject wanted by Belarus on bribery charges. The suspect lived almost 7,000 miles away, in Ecuador. This gives you a rough idea of what a single officer may have to tackle when a single cross-border corruption case is reported.

Then how to help investigators in these instances? My answer is straightforward: meet their fundamental needs.

- The need to have the skills necessary to enter into a corruption-related investigation;
- The need to communicate with foreign counterparts and access operational information securely and rapidly across borders;
- The need to know who to contact as a focal point on the other side, to obtain immediate assistance to recover stolen assets.

This is what is guiding INTERPOL's new initiatives in the anti-corruption domain.

1. First, INTERPOL wholeheartedly supported the United Nations in the creation of the International Anti-Corruption Academy, the first intergovernmental academic institution using a holistic, inter-disciplinary and inter-cultural approach to global anti-corruption training, for which we were proud to provide a 250,000 US\$ donation raised from the private sector.

2. We are also developing a dedicated platform – named UMBRA - that will enable anti-corruption agencies to exchange information and technical knowledge across our secure police communication network, I-24/7. In parallel with the ongoing extension of the network as close as possible to the

frontlines in our member countries, this will provide new avenues for timely intelligence sharing, operational coordination and analysis against corruption and in support of asset recovery.

3. In addition, this platform will be integrated with our existing asset recovery focal point database, to date involving more than 70 countries and including information on anti-corruption national legislation and guidance on how

to submit a proper Mutual Legal Assistance request.

4. Finally, we developed an Asset Recovery Team (ART) deployment capability able to be deployed at short notice upon request, to provide mentoring and technical support in the field. Such a team was recently deployed to Addis Ababa upon a request from the African Union in support of their first internal investigation.

Gary Grindler
Acting Deputy Attorney General, United States
 December 8, 2010

Thank you very much for that kind introduction.

I want to commend the World Bank for putting together an impressive series of presentations on the important issue of transnational bribery and for remaining, as always, at the forefront of the fight against this global problem.

I am honored to be here today to speak about these issues and to discuss our collective commitment to strengthening the global law enforcement network, ending corruption, and preserving the rule of law around the world.

The struggle against corruption is not limited to any one nation or institution; to any one hemisphere or system of government. It is a concern of special importance to all nations. It is, as President Obama has remarked, “one of the great struggles of our time.”

When the seeds of corruption are planted, the effects are palpable, pernicious – and lasting.

Corruption hinders economic development and innovation.

It undermines global efforts to aid our world’s most vulnerable citizens.

It compromises the rule of law and our citizens’ trust in government and private institutions.

And it corrodes the most basic values and instincts shared by all people.

Let there be no mistake about it: Corruption is a common enemy that all nations must face.

As we have all seen, one of the clearest manifestations of corruption is bribery. While different words are used to describe bribery in different countries, its devastating impact is the same everywhere.

Consider the World Bank’s own estimates of the startling scope of the bribery problem: more than one trillion dollars in bribes paid every year, amounting to three percent of the world economy, and the equivalent of a 20 percent tax on foreign investment.

Yes – more than one trillion dollars.

Today, given the current economic climate, bribery is an even greater concern than it has been in the past. The calculus, unfortunately, is simple: When there are fewer business opportunities, there are more temptations to resort to bribery in order to secure business ahead of competitors – rather than rely on legitimate means like innovation, efficiency, and quality.

Some have even suggested that there may actually be cost incentives for companies that avoid proper compliance with anti-bribery laws.

But the reality is that, in the long-term, bribery only hurts business.

It inflates costs by extracting a tremendous shadow tax. Of course, the problem is that the beneficiaries of this insidious tax are the few and the corrupt – not the many – and not our citizens.

Bribery also stifles competition, effectively shutting out many legitimate companies from the bidding process. Good companies – which are constantly

developing innovative, high-quality, competitively priced products and services – suffer. When bribery influences the bidding process, it is bribery, not legitimate competition, that can become the deciding factor. Simply put, the market process is derailed.

Bribery also far too often results in little or no benefit to the contractual bargain. Companies that secure contracts through bribery may simply choose not to comply with their contractual obligations. This is because the bribe recipient is all too often interested in simply getting the bribe, not in making sure contract obligations are fulfilled.

This problem is perhaps most evident in the realm of public expenditures – expenditures by governments, by multilateral development banks, and by non-governmental organizations. These institutions expend tremendous sums in public funds to aid the neediest in our global society.

But when bribery infects this process, critical public projects can end up being completed in ways that are unsatisfactory, or even dangerous. They can also end up not being completed at all. These may be the most crucial projects to developing countries, to developing infrastructure and, as a result, impacts the country the most and can be devastating to a country.

Indeed, bribery disrupts the good and proper functioning of governments. Where there are bribes, there is all too often a consolidation not just of market power, but of political power as well. Bribery can also be one of the first symptoms of a democracy infected by corrupt organizations, such as international organized crime groups whose very end goal may be to control government.

In short, bribery is the antithesis of the rule of law. And the rule of law is also the only true solution to bribery. Anti-bribery laws must be enacted where they have not, and those laws must be enforced where they are not. It is that simple.

It is precisely because of that very simple equation that the United States has made combating bribery through the rule of law a top priority. Specifically, we have attacked the problem through three principal means:

- strong enforcement of domestic laws,
- extensive education efforts concerning those laws, and
- international coordination of our multi-faceted anti-bribery efforts.

First, the United States has dedicated significant resources to enforcement of its anti-bribery laws. We have attacked bribery domestically and internationally. The principal statutory provision we have used in the global markets is the Foreign Corrupt Practices Act, the FCPA. Since the signing of the Organisation for Economic Co-operation and Development Convention in 1998 (the “OECD Convention”), the Department of Justice has pursued hundreds of FCPA investigations. We have recently dedicated even more resources to this area, resulting in criminal charges against scores of large and small corporations and individuals including corporate executives, third party agents, and even politicians.

Last year and this year combined, for example, the Department of Justice has charged more than 50 individuals and collected nearly \$2 billion in fines and forfeiture. Today there are approximately 35 defendants awaiting

trial on FCPA charges in the United States.

We have used every available investigative technique to pursue these FCPA cases. One of these techniques is the use of undercover law enforcement agents. Recently, for example, federal agents, working undercover, found widespread corruption in the military products industry, and carried out a sting operation against 22 executives and employees, the largest single prosecution of individuals in the FCPA's 33-year history.

Another important component of our enforcement efforts is corporate self-disclosure and cooperation. We have given corporations who self-disclose or cooperate in our FCPA investigations meaningful benefits. A few weeks ago, for example, we resolved FCPA allegations in the freight forwarding industry involving Panalpina World Transport; its U.S. subsidiary, Panalpina Inc.; and five oil and gas service companies and their subsidiaries. The Panalpina case highlights the benefit of corporate cooperation in anti-bribery policy: the possibility of industry-wide scrutiny and resolution of corrupt practices in multiple companies.

Beyond use of the FCPA, we are pursuing anti-corruption law enforcement in other ways as well, such as through the Justice Department's Asset Forfeiture and Money Laundering Section (known as AFMLS). AFMLS recently announced a new Kleptocracy Asset Recovery Initiative, which will target and recover proceeds of foreign official corruption that have been laundered into or through the United States. In November of last year, at the Global Forum on Fighting Corruption and Safeguarding Integrity, in Qatar, Attorney General Holder pledged to redouble the U.S. commitment to recovering foreign corruption proceeds.

The Kleptocracy Initiative is one significant step toward fulfilling that commitment. Once fully implemented, the Initiative will allow the Department to recover assets on behalf of countries victimized by high-level corruption and restore those assets to their rightful owners. Already, AFMLS has taken action, filing civil forfeiture complaints to seize U.S. based assets of one foreign leader, the former president of Taiwan, who was convicted on bribery charges in his home country, and who bought the seized U.S. assets with the proceeds of bribery.

In sum, our FCPA Unit and AFMLS are working together to ensure that the full force of our laws regarding forfeiture, fines, and restitution are brought to bear on corrupt actors.

Second, education is a critical component of our anti-bribery efforts. We constantly seek to raise awareness in the business community, and we emphasize the importance of the rule of law, and complying with it.

Through our unique Opinion Release Procedure, the Department of Justice also advises companies and individuals on how to comply with the FCPA, and earlier this year we launched an enhanced FCPA website, which serves as a single location for information and guidance regarding the FCPA. This website, which is accessible worldwide and was recently updated, includes the text of the FCPA in fifteen languages, making it immediately accessible to more than two billion people.

Above all, the goal of these extensive outreach efforts is to raise awareness about the illegality of foreign bribery, and fundamentally transform the compliance culture of corporations around the globe.

Finally, the third essential ingredient in U.S. anti-bribery efforts is international cooperation. Time and time again, we see our partnerships across the globe yielding significant results in bribery cases. We have held individuals and companies accountable in a wide array of cases, ranging from bribes paid in obtaining security supply contracts with the United Nations, to energy contracts in Iraq and Nigeria, to telecommunications work in Haiti.

Our resolutions of the BAE Systems and Innospec cases earlier this year are also clear examples of the Department of Justice benefitting substantially from coordination with its foreign partners – and in both of those particular cases from coordinating with the U.K.'s Serious Fraud Office.

The best results can only be achieved by working together.

Looking forward, the future of international cooperation will be based on our countries' partnerships which are critical to the transnational approach that is necessary to combating foreign bribery. The good news is that today, on the global stage, there is more coordination, more information sharing, and more attention being paid to these issues than ever before.

The World Bank is a global leader in this fight, and we are working more closely with them than ever before. We congratulate the World Bank and the many other multi-lateral development banks (MDBs) that together in April announced the global cross-debarment agreement.

The concept behind the agreement is simple and powerful: anyone caught engaging in corrupt practices in any MDB-financed project is barred from any future project financed by an MDB signatory.

We have taken action to assist MDBs in their efforts to combat corruption by requiring companies resolving FCPA matters to fully cooperate with MDBs investigating corrupt payments. We should encourage other MDBs to join in this initiative, and also encourage our global law enforcement partners to coordinate with signatories to share information so that the debarment initiative has maximum impact.

We also applaud the work of World Bank President Robert Zoellick and Managing Director Dr. Ngozi Okonjo-Iweala in creating the Stolen Asset Recovery Initiative, or StAR.

The purpose of StAR is to support, through assistance and education, the recovery of assets stolen by kleptocrats.

We were honored that the Department of Justice's AFMLS section worked together with the World Bank recently on two important StAR educational initiatives: the Good Practices Guide to Non-Conviction Based Asset Forfeiture, and StAR's book on Politically Exposed Persons. Ultimately, we hope that those materials will be broadly disseminated and eventually serve as valuable resources for member countries.

When high-level corrupt officials cannot be reached through typical enforcement actions, other tools, such as non-conviction-based forfeiture can become an essential, even exclusive, means of taking back illicit proceeds. These types of action can be highly effective, as our own experience has demonstrated. We believe much more work can be done to enhance these efforts, and we stand ready to help.

Creation and enforcement of other multinational agreements and initiatives on bribery is also receiving greater attention. Thirty-eight countries are now

parties to the OECD Anti-Bribery Convention, and the OECD's Working Group on Bribery is helping to fully engage countries in the fight against bribery through country monitoring and extensive follow-ups. The World Bank plays an important role in that process, participating as an observer.

The United States this year completed the intensive OECD review of its own anti-bribery programme, and was commended for its enforcement programme and the high level governmental support of anti-bribery efforts.

Numerous other international groups are also making tremendous contributions in fighting corruption and bribery, and more and more conferences are being convened to share ideas and forge relationships. The Global Forum, events organized by Transparency International, the International Anti-Corruption Conference, which occurred in Thailand just a few weeks ago, as well as the important conference in which we are all participating here today, are leading examples of these efforts.

But there is also much more work to be done before our partnerships are as inclusive – and as strong – as they must be. Just a few weeks ago at the G-20 Summit in Seoul, Korea, President Obama joined other G-20 leaders in releasing a comprehensive Action Plan to strengthen anti-corruption efforts worldwide. As the United States noted at that time, the central challenge now is not in figuring out what needs to be done. The challenge is to implement known anti-bribery regulations so that the rule of law is developed and maintained.

We here today should likewise take advantage of the extraordinary opportunity of this conference and take action. Tangible steps should be taken

today to enhance anti-bribery efforts. Participants here, today, should:

- share information;
- lobby for enhanced domestic and foreign anti-bribery laws and greater enforcement;
- expand the signatories to, and support ratification of, the United Nations Convention Against Corruption;
- enter into other creative and effective multilateral agreements like the cross-debarment initiative; and
- plan and carry out initiatives to educate the citizenry of all affected nations about the problem of corruption and bribery and how to combat it.

All of these, I believe, are critical ingredients in defeating corruption and bribery, and protecting and enhancing the rule of law around the world.

Finally – and most fundamentally – the fight against corruption and bribery must also strike at the root causes of the problem. Multinational efforts are necessary to foster stable markets and stable governments, and MDB-financed initiatives around the world are a crucial component of those efforts.

Those initiatives should more and more consider the need for building stronger justice systems in countries victimized by corruption and bribery. Providing the means to form workable legal frameworks and a core of well-trained and independent prosecutors and judges is essential.

Other key ingredients include technical assistance, training and education initiatives to resist the culture of bribery, and the encouragement of reporting of corrupt actors. MDB-financed projects that seek to secure those very tangible

goals will, in the end, ensure that MDB funds spent on other critically important projects are being spent as they should.

Only by working together, across borders and jurisdictions, can we stamp out corruption. And only by working together will the promise of democracy be fulfilled, and will the rule of law be respected, across the globe. We should not, and must not, settle for anything less.

I am confident that, through the combined effort of the many distinguished guests among you, we can take breakthrough steps here – today – toward achieving that vision – while staying true to those precious ideals that bind us across cultures and countries – and bring us together in the name of justice for all human beings.

Thank you.

Richard Boucher
Deputy Secretary General, OECD
 December 8, 2010

Good morning ladies and gentlemen, it is an honour and a great pleasure to join you here in Washington. I would like to especially thank Leonard McCarthy and his team at the World Bank for bringing all of us together to find more effective ways to combat bribery and corruption in dealings between government and business.

As law enforcement officials, your investigations are at the core of the global fight for a cleaner business environment.

You know better than I do that corruption has a devastating effect on your fellow citizens, on your economies and on the rule of law you work to uphold.

We all know, too, that the victims of corruption are society's most vulnerable.

When a hospital isn't built, the medicines aren't delivered, the school isn't staffed or the road to market never gets paved, the poor suffer and sometimes die. The poorest pay the price of crimes that occur many miles and sometimes continents away.

We're all involved in stopping these crimes. So, let me begin by looking at what tools are available to combat them. Then, I will provide a few specifics on what my own Organisation is doing to fight corruption, and finally, how we can build on this foundation to improve our work.

A lot has changed in ten years. A decade ago, paying bribes to public officials to win commercial advantage was just business as usual in many places.

Today, there is a widely-accepted anti-bribery framework that includes the UN Convention against Corruption which entered into force in 2005 and covers both international and domestic bribery.

At a regional level, there is also the Inter-American Convention Against Corruption, the African Union's Convention on Preventing and Combating Corruption, and a suite of civil and criminal laws in the European Union and the Council of Europe.

All of these pieces, taken together, provide a comprehensive legal framework against bribery. We're all committed. Everyone, in one way or another, has taken the pledge to stop corruption. The question is how do we do it.

Beyond declarations, beyond principles, implementation is our key task now.

The OECD Anti-Bribery Convention is the international legal instrument that specifically targets the bribery of foreign public officials in international business deals. It addresses the supply side of corruption, offering or promising bribes.

Under the Convention, foreign bribery is a crime – period. Even if the bribe was only offered and never given – it is still a crime.

Let's look at an example of how these laws get implemented.

In 2002, Royal Dutch Shell began to develop Nigeria's first deepwater offshore oil and gas project. The project's name was Bonga. Developing Bonga required transporting tons of equipment into Nigeria.

One of the subcontractors, a Swiss company, was paying off Nigerian customs officials. Shell reimbursed the company for its improper payments and then recorded these payments as 'local processing fees'.

Over three years, Shell profited approximately by \$14 million in extra business. But, after a three-year investigation, U.S. authorities imposed \$48.1 million in fines. The subcontractor admitted to bribing government officials in seven countries, and will pay \$81.5 million.

So you see, when implemented properly, the sanctions can be thorough and a strong deterrent to any future bribery. But, we have to admit, consistent prosecution is still a goal, not an achievement.

Today, 38 countries are fighting foreign bribery by joining the Convention and by working with each other to improve their implementation.

These include the 33 OECD Member countries plus Argentina, Brazil, Bulgaria, Estonia and South Africa. Russia is in the process of accession.

Combined, these countries account for the vast majority of international business deals: two thirds of world exports and nearly 90% of outward flows of foreign direct investment.

These 38 countries are by no means perfect. They get better by evaluating each other through a tough peer-review monitoring system.

Under this system, each country receives an in-depth evaluation by experts from two other Convention countries and the OECD Secretariat. Each evaluation results in hard-hitting recommendations for better implementation that are agreed

upon by the Working Group and followed up on a regular basis.

Each Convention country has undergone two rounds of evaluations. A third round began this spring. So far, the United States and Finland have completed this third round.

This third phase of evaluations is especially targeted and focused on active enforcement of the Convention. We will be reviewing Iceland's evaluation next week, and then we will review Bulgaria, Canada and Germany in the spring.

After ten years of monitoring, we have a fairly good idea of the challenges countries face in detecting and investigating transnational bribery.

For instance, due to the complexity of this crime, many countries have difficulty staffing specialised units to investigate and prosecute these cases. As the old adage says, you need to 'follow the money'. That's easier said than done.

It is also difficult to share information in these cases, which almost always involve more than one jurisdiction. Then there are challenges related to political restraints, data privacy laws and statutes of limitations.

Within the Working Group on Bribery, we try to tackle these problems.

First, we talk to each other, a lot, to figure out what works and what doesn't. The members of the Working Group meet for nearly a week, four times a year.

At every meeting, the Working Group also reviews ongoing investigations and cases via a 'Tour de Table' exercise. If one country hasn't done enough to investigate an allegation or is reluctant to decide a case, then they face intense questioning by the other members of the Group.

The Working Group also holds twice-yearly meetings of prosecutors and other law enforcement officials. These are closed-door meetings, where officials can talk frankly with each other about real-life issues they face prosecuting and investigating foreign bribery cases.

These meetings increasingly include law enforcement officials from countries that are not Party to the Anti-bribery Convention, such as China, India, Indonesia, Russia and Thailand.

Closer cooperation with officials from these countries could improve international cooperation on challenging issues such as mutual legal assistance and, in turn, increase enforcement of laws against transnational bribery.

The Convention is part of a larger OECD anti-corruption initiative that is bringing together and strengthening the series of tools that governments, corporations and civil society can use to fight corruption in a more comprehensive way.

First, at the OECD we can provide tools to build systems of governance that are less easily corrupted: public integrity systems, whistleblower protection and transparent procurement systems.

Procurement is especially important because it usually represents 15-20 percent of national spending.

Then we can assist corporations to implement best practices and audits to monitor corporate behavior, and that of their contractors.

We can also improve the exchange of information between tax authorities and judicial officials as well as monitor possible illegal flows through the Financial Action Task Force, in order to

identify the proceeds of corruption –to find out where the money is stashed.

And, as I laid out, we are helping each other prosecute bribery.

With the exception of domestic bribery, which is covered under the UN Convention, the OECD has a comprehensive set of tools for governments and corporations to prevent, detect and punish corruption.

We're working to improve our tools, make them more useful and evaluate which produce the best results. Implementation is the watchword.

In the process, we're also renewing our work with others in international organizations, civil society groups like Transparency International, and in individual countries to recognize each others' achievements and reinforce each others efforts.

It's also important to note other new international efforts. The G-20 has identified adherence to the UN and the OECD Conventions as important goals, and has set up its own working group against corruption chaired by France and Indonesia. We have already begun working with this G-20 group.

We have built a good foundation for cooperation with our partners at the UN Office on Drugs and Crime and the World Bank.

I'm impressed by the updates I've received from the joint work on the identification and quantification of the proceeds of bribery, which the OECD is working on with the World Bank and UN Stolen Assets Recovery Initiative.

As Dmitri Vlassis will tell you, we are also looking for ways in which our own peer-review system could complement that of the UN Convention States

Parties'. And, I'm honoured that both these Organisations join us for meetings of the Working Group on Bribery.

Nonetheless, the reason we are here today is that there is still a long way to go. When you decide on your plan of action later today, please remember the OECD and other partners stand ready to work with you.

Mr. McCarthy, I congratulate you and the World Bank for bringing together such a

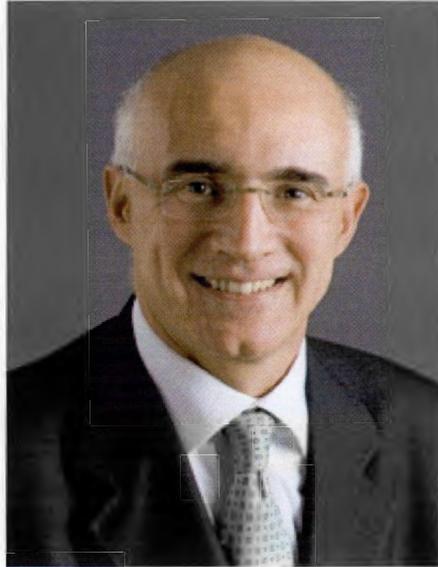
key group of players who will, I'm sure, provide us with some important ideas for more effectively fighting corruption.

The OECD's slogan is better policy for better lives. By working together, we can ensure a stronger, cleaner and fairer economy for all.

Thank you for including me, and thank you all for listening. I look forward to your comments and questions.

Keynote Speaker: Vincenzo La Via Chief Financial Officer, World Bank Group

December 8, 2010



Vincenzo La Via

I would like to start by saying that it is both a pleasure and an honor to be speaking with you at today's event. It's a pleasure because I am very excited about the goal of this gathering – to bring about a global effort to curb corruption, the cancer that eats away at our efforts to reduce poverty. And it's an honor, not least because of the humbling experience of seeing the spectrum of intellectual and institutional firepower that has come together to tackle this problem.

Much of the agenda for this event is organized around critical practical questions of dealing with corruption. How to prosecute bribe payers. How to seize the assets of bribe recipients. How to obtain evidence from non-co-operative jurisdictions. What I would like to do is bring a slightly different perspective, by focusing on (i) the role of the global accounting profession in helping detect and deter corruption, and (ii) the innovations underway in the Bank's disbursement function to get a

better assurance on the use of the scarce development dollars.

One of my responsibilities as the Bank's Chief Financial Officer is to manage the Bank's Disbursements function: in other words, I oversee the payment of funds into all Bank-financed operations. This task does not always sit lightly on my shoulders, as you might appreciate. In the last financial year alone, the World Bank as a development institution disbursed just over \$40 billion, a significant proportion of which went into some fairly risky environments. I am always conscious of the fact that part of the franchise value of this institution is to be a safe pair of hands. That is to say, our stakeholders and our donor partners entrust us to deploy significant volumes of funds to developing countries because they have confidence in the Bank's ability to safeguard those funds.

Maintaining that confidence calls for continuous performance improvement, vigilance, attention to detail, and retooling in line with the evolving international standards and practices to better identify and manage risks. The Bank is addressing this challenge in three ways:

First, given the importance of strong financial controls and financial management practices in curbing corruption, the Bank is working with finance ministries and supreme audit institutions around the world to help leverage and enhance national accounting and auditing capacity in client countries, exchange information, and help build stronger partnerships in the fight against corruption.

Second, in response to the rapid technological change and the increasingly diverse nature of the Bank's lending and the varying capacity and needs of its clients, we are undertaking a transformational reform of the Bank's Disbursements management function, aimed at replacing the current system of transaction-based validation with an assurance as to the use of funds.

Third, we are working with global professional organizations on some important changes in accounting standards and practices, which would enable the accounting profession to play a more central role in identification and management of fraud and corruption risks, and in supporting financial integrity, that is so key to averting future financial crises.

I would like to spend a few minutes sharing with you what we are doing in each of these areas.

The Bank's recognition of the importance of building a robust accounting profession in the borrowing countries goes back to the 1997 Asia crisis. As the former President of the World Bank, Jim Wolfensohn, stated in his 1997 address to the World Congress of Accountants on the subject of corruption:

"My bottom line on corruption is simple. Corruption impedes growth and investment and penalizes the poor. If a government is unwilling to take action despite the fact that the country's development objectives are undermined by corruption, then the Bank Group must curtail its level of support to that country.

What does this have to do with auditors and accountants?

The single element which unites these issues is transparency. We know that

corruption and financial crises flourish in the dark. We know that lack of transparency imperils effective governance."

So with fighting corruption having been placed squarely on the Bank's agenda, we enhanced a Financial Management function, tasked with making sure that the environments into which we disburse funds are acceptable from a financial control perspective. This includes a thorough assessment of the financial management systems of the client countries and respective project agencies, identification of any weaknesses that need to be addressed, and provision of capacity-building and support in addressing such weaknesses and strengthening the relevant systems.

Yet as we are doing this, we should not lose sight of that \$40 billion. And this is where the reform of the Bank's disbursement system comes in. As we are paying money to implement Bank-financed projects, we need to make sure that we get the correct amounts of funds into the right bank accounts and legitimate end users – and obtain appropriate assurance about the controls around those accounts and payments. This is critical, but it is the minimum level of assurance. The system for disbursing funds needs to add value in terms of development effectiveness, while detecting and helping address risks in a timely and effective manner, especially in the area of fraud and corruption prevention. This is a difficult task, particularly in an era of rapid changes in technology, the types of Bank lending, and the range of client capacity and needs. In response to these changes, and in an effort to constantly innovate and evolve our systems and processes to ensure effective controls around the deployment of Bank's funds, we are replacing our current disbursement management model that relies on transaction verification, with a risk-based

assurance model that focuses on critical control points where the money can leak (e.g., security of the banking channels used, segregation of duties, control tiers etc.). As part of this shift we will increasingly rely on web-based tools, such as the innovation that took place several weeks ago, when we processed the Bank's first ever fully on-line "e-Disbursement" transaction.

This all represents a change in how we do business and an area where we need your help. We will be looking to collaborate with all of you in constructing a risk-based framework for assurance work over disbursements, drawing on fraud and corruption experiences in project entities, in agencies, in ministries, across sectors and country-wide. Within the Bank we have started work on developing a set of disbursement principles, which may ultimately lead to a much quicker cessation of disbursements to operations where fraud and corruption are known to exist.

To succeed in this reform, and ensure faster flow of funds to where they are needed most, while maintaining adequate controls and preventing the loss of funds to fraud and corruption, we need to rely on your expertise and we want to draw on your accumulated experience. Ensuring that the payment systems used to deploy billions of dollars in development aid are watertight is a key component in the fight against corruption. From the Bank's perspective, in addition to our duty to make every dollar possible available for development, safeguarding our own loan proceeds in this way communicates the seriousness with which we view this issue. Which brings me to my third and last point on the importance of the accounting profession, including some changes it needs to make, in effectively supporting the fight against fraud and corruption.

To fight corruption effectively, we also need to involve other partners. One of the ways we are doing this is through our dialogue with the global accounting profession, which is aimed at enhancing its effectiveness on a number of fronts - protecting the interests of investors, reporting on the stewardship of resources, and identifying and reporting on fraud and corruption.

Successive financial crises have highlighted issues with how the accounting profession operates, which need to be confronted. For example:

- During the most recent crisis, many banks that sought financial support from governments had previously received clean audit opinions. There is anecdotal evidence that in several cases this happened because the auditors had been advised informally that government bail-outs were in the offing. We need greater candor and transparency in reporting.
- Many auditors do not have a sense of accountability to the broader public interest, regulators, investors, or other financial statement users. In their view, they are running a business, and their client is the person who writes their check – the finance director of the company they are auditing. We need a shared understanding of what independence and accountability mean.
- In response to the liability threat in the United States, the profession has circumscribed what it does to the maximum extent. As financial reporting becomes increasingly technical, auditors are content to audit

financials to ensure compliance with a cookbook that has less and less meaning to the readers of these statements. In this respect, the profession has backed itself into a corner: its reports speak to a smaller and smaller population. And the fact that there was so little finger-pointing at auditors in the wake of the financial crisis points to their diminishing relevance. We need a more comprehensive attestation product.

- In our view, there is considerable potential for the profession to make a far greater contribution in the public interest than it does currently. However, this will call for a culture shift: auditors have successfully insulated themselves from exposure to activities that involve risk – candidly reporting on going concern questions; exposing fraud and corruption; drawing attention to questionable financial reporting practices; and saying something meaningful about stewardship.
- We are therefore working with the leadership of the global profession to encourage them to think more carefully about their role, and how they can serve the public interest more effectively. We have also recently been invited to join the profession's Integrated Reporting Council, which is concerned with developing standards for reporting on sustainability. In our view, sustainability reporting is

essentially a form of reporting on stewardship – so our objective will be to encourage a broad-based view of stewardship, which must necessarily embrace questions of fraud and corruption.

As I have already mentioned, transparent reporting practices make it difficult for corruption to flourish. Moreover, transparent reporting practices require high-quality accounting and auditing standards. We need a high-quality single set of harmonized accounting and auditing standards that are implementable across the developed as well as the developing world. And we are actively working with the standard-setting bodies to help bring this about. Finally, the collaboration between the accounting bodies with investigation and prosecution organizations can significantly leverage timely detection and prosecution of fraud and corruption. It is an area where some of our borrowers are making significant strides, and where we have focused our support through joint work with national accounting bodies.

The fight against corruption is not easy; we need to fight it on a number of fronts, and it is by no means a short-term endeavor. Openness and transparency in public decisions are not luxuries: they are fundamental prerequisites for maximizing growth and reducing poverty. And so they need to be fought for and safeguarded.

Let me thank you all again for participating in this important event, and wish you all the best with your deliberations, and urge your continued involvement in this important initiative.

*Luis-Moreno Ocampo*

International Media Coverage

World Bank Investigators Sign Information-Sharing Agreements With Client Countries The Wall Street Journal

December 9, 2010- The World Bank's integrity unit, seeking to conduct more parallel investigations with national authorities, has signed cooperation agreements with Sudan, Thailand and Uganda, a bank investigator said. The agreements, the first between the bank and countries outside the developed world, came amid a three-day meeting in Washington of corruption fighters from around the globe, dubbed the International Corruption Hunters Alliance. "The hope is that we can share investigative information that is relevant to each other's investigations, but we acknowledge the need to maintain

confidentiality," said Stephen S. Zimmermann, the Integrity Vice Presidency's director of operations. Zimmermann, speaking by telephone, said more agreements were expected in coming days.

Since 1999, the bank has sanctioned more than 400 firms and individuals, and it is increasingly sharing the fruits of its investigations with foreign governments. In fiscal 2010, the World Bank debarred 45 firms, three times as many as in the previous year, and referred 32 probes to governments and anti-corruption agencies. The bank on Wednesday also signed an agreement with the United Nations Development Programme's Office of Audit and Investigations. The bank was already in pacts with Interpol, the International Criminal Court, the

U.K. Serious Fraud Office, the European Anti-fraud Office, AusAID and USAID. The Integrity Vice Presidency derives its main investigative authority from strings attached to bank-funded projects. The bank relies on client countries to make contract provisions that give the integrity unit the right to perform audits of books and records. Although the audits have less sweep than subpoenas, World Bank investigators interpret them broadly to include a host of financial information. The integrity unit's investigators travel with special passports that give them something akin to diplomatic status, meaning they can collect information almost anywhere without waiting for a visa or a formal legal assistance mechanism.

"We have less authority, but we're more nimble," Zimmermann said. The cooperation agreements are meant to quicken the flow of information the integrity unit gathers in the course of an investigation, whether from banks, companies or elsewhere. How the information is used will depend on local law and the bank's compact with the source, but having the cooperation agreements in place makes it easier to share sensitive information, Zimmermann said. The integrity unit, tasked with uncovering fraud and corruption in Bank-financed projects, was elevated to the vice-presidency level in 2008, giving it greater independence.

In recent months, the World Bank signed an agreement with four regional development banks under which a company sanctioned by one is barred from obtaining contracts from the rest. The bank announced last week that it would bar several firms facing sanctions by the Asian Development Bank from winning World Bank-funded contracts, marking its first use of the cross-debarment programme.

Corruption Hunters Rally for Action against Fraud MyNews (India)

December 8, 2010 -Corruption fighters from around the globe are gathering December 6 to 8 at the World Bank in Washington, DC, to up the ante on fraud in development projects – part of an effort to halt practices that cause \$20-40 billion to be stolen each year from developing countries. In the first meeting of its kind, more than 200 members of the International Corruption Hunters Alliance from 134 countries aim to create an international enforcement regime to track and resolve bribery and fraud cases that reach beyond borders to affect more than one country. Major goals include increasing the number of corruption cases prosecuted in both developing and wealthy countries, and resolving cases so that settlements – and liability findings – are comprehensive and multijurisdictional. The meeting, supported by the governments of Australia, Norway and Denmark and convened by the World Bank, will also discuss best practices for sharing information and monitoring enforcement. It takes place as the World Bank increases its own efforts to root out corruption – seen as one of the greatest obstacles to economic and social development in low-income countries. In the last two years, the Bank has increased its debarments five-fold and has become a primary backer of the Stolen Asset Recovery (StAR) initiative to repatriate stolen funds to developing countries. —When people steal, defraud or corrupt public money, they must be investigated and prosecuted, said World Bank Group President Robert Zoellick. —Together with the alliance, we aim to sharpen foresight, to better anticipate fraud and corruption risks in the decade, particularly in the challenging contexts where the World Bank operates. || Firms Banned Under Cross-Debarment

Agreement The Corruption Hunters meeting comes on the heels of the World Bank's announcement last week debarring 14 firms from doing business in projects it finances: two that had been working on World Bank-financed projects in Africa and Albania, and 12 that had previously been debarred by the Asian Development Bank, one of the partners in the Cross-Debarment agreement signed last April. The decision marked the first time the World Bank cross-debarred firms that have engaged in fraud related to another multilateral development bank's projects under the new global enforcement agreement. Under the agreement, the World Bank and other multilateral development banks have agreed to enhance information-sharing, harmonize sanctionable practices and step up enforcement action to ensure development resources do not end in the wrong pockets and are used for their intended purposes. The World Bank, recently ranked as the most transparent donor among 30 major donors by a coalition of civil society organizations, has debarred 58 firms in the last two years, compared with 9 the previous two years. Debarments have included high-profile cases involving the UK publisher Macmillan Ltd and Siemens AG, which has agreed to pay \$100 million for anti-corruption initiatives worldwide as part of the settlement with the World Bank.

Seeking Better Enforcement At the meeting this week, anti-corruption officials from six regions will join authorities from countries that have prosecuted bribe payers, private sector representatives, and members of international organizations such as the United Nations, Interpol, Organization for Economic Cooperation and Development (OECD), and Transparency International to set priorities and define the next level of anti-corruption action. The alliance was established by the World Bank in 2009 to channel the Bank's referrals for bribery and corruption cases to affected

countries. In the last fiscal year, the World Bank referred 32 cases to governments and anti-corruption agencies so they could investigate whether national laws had been violated. The list of countries was made public in the 2010 Integrity Annual Report. However, getting national authorities to enforce and follow up on transnational cases has been a challenge for a variety of reasons, including lack of political commitment, legal tools, or material resources. Gathering evidence may be difficult because witnesses may be fearful of retaliatory actions or even threats to their safety, World Bank Integrity Unit staff said in a recent Speak Out on the World Bank website. In addition, of 38 countries that have ratified an OECD convention on bribery, only seven actively enforced the convention as of the end of 2009, according to Transparency International. Likewise, the Stolen Asset Recovery Initiative to recover funds lost through corruption from safe havens around the world, has been challenged to increase the number of cases, World Bank Managing Director Sri Mulyani said at the 14th International Anti-Corruption Conference in Thailand last month.

"Corruption Can Kill" The stakes are high. Not only is corruption a barrier to development, innovation and business growth, but it can be deadly, Mulyani said. "...Sometimes the corruption is in the form of counterfeit drugs, so people don't get better, or they die. Sometimes corruption is a building that collapses in the face of a natural disaster, because the quality inspector took a payment from the construction contractor to falsify an inspection. Corruption can kill."

**World Bank musters global
corruption-busters**
Agence France Presse

December 7, 2010 – Anti-corruption officials from 134 countries gathered at the World Bank Tuesday in a drive to step up the fight against corruption and fraud, especially in the developing world. The first meeting of the International Corruption Hunters Alliance, a network of more than 200 anti-corruption officials, opened at the development lender's Washington headquarters. World Bank president Robert Zoellick noted that individual efforts and smaller networks were achieving successes against corruption, but coordinated efforts were needed. "In a time of fiscal constraint in many donor countries, we need even more to underscore to donors and recipients that every development dollar will be spent as intended, to overcome poverty, boost growth, and opportunity," he said in opening remarks. "This alliance can help us build the local will to improve transparency, strengthen procurement rules, set higher standards and hunt criminals. Acting together, we can be more effective." It was the first time the anti-corruption officials have met to discuss how to advance the investigation and prosecution of corrupt people and entities, including those who defraud World Bank projects. The three-day meeting is financially supported by the governments of Australia, Norway and Denmark. "The corrupt steal from the poor, but they are aided by the indifferent. For too long the corruption efforts relied critically too much on the courage of individuals who, too often, had to act alone," Zoellick said. "However, individual heroism is not a sustainable and effective strategy to eliminate corruption. Therefore we're gathered here in Washington to draw our strength and learn from one another on how to create a strong corruption hunters' network." He gave as an example a recent decision by France's highest court that cleared the way for global watchdog Transparency International to investigate the assets of three African leaders in France. At the

time, the non-governmental organization hailed the November 9 ruling as "a considerable legal milestone" because it was the first time France recognized the collective action of an anti-corruption association admissible before a criminal court. Zoellick said the International Corruption Hunters Alliance "can help us learn how to pursue more multi-jurisdictional prosecutions." "The recent decision by the French supreme court to allow the complaint of two NGOs to proceed will result in an official inquiry about how possible proceeds in corruption were spent in France by foreign heads of governments."

First "Int'l Corruption Hunters Alliance" meets at WB to accelerate global efforts
Xinhua

December 7, 2010 -- The International Corruption Hunters Alliance, a network of more than 200 anti-corruption officials from 134 countries including China, India, the United States and among others, met for the first time on Tuesday at the World Bank Group's headquarters to discuss how to advance the investigation and prosecution of corrupt actors, including those who defraud World Bank projects. "We have seen that individual efforts and smaller networks are achieving successes against corruption. A larger alliance, such as the one we are launching today, can amplify that effect, triggering a more rapid flow of information and igniting a chain of crime-fighting reactions," said World Bank Group President Robert B. Zoellick. In recent years, the World Bank has prioritized governance and anti-corruption as part of its reform agenda. While our focus remains on preventing, investigating and sanctioning fraud and corruption impacting World Bank-financed projects, we embrace global opportunities to assert integrity," contended Leonard McCarthy, World

Bank Integrity Vice President. "Stealing is bad enough, and ripping off the poor is disgusting. Corruption buys impunity, strangles fair opportunity, cripples competition, encourages conflict, stalls economic transformation and chokes growth. The rule of law must be at the center of the development agenda," Zoellick noted in addressing the conference. The World Bank has identified corruption as one of the greatest obstacles to economic and social development, as corruption undermines development by distorting the rule of law and weakening the institutional foundation on which economic growth relies.

World Bank hosts global anti-corruption meeting Kuwait News Agency

December 7, 2010 - World Bank hosts global anti-corruption meeting.

More than 250 anti-corruption agency officials from 134 countries gathered at the World Bank on Tuesday to discuss ways to strengthen the global fight against graft at the International Corruption Hunters Alliance meeting. The three-day meeting at the World Bank headquarters in Washington, sponsored by Australia, Norway and Denmark, aims to "step up global investigation and prosecution of corrupt actors", according to the World Bank. "In a time of fiscal constraint in many donor countries, we need even more to underscore to donors and recipients that every development dollar will be spent as intended, to overcome poverty, boost growth, and opportunity," World Bank Group President Robert B. Zoellick said in

opening remarks at the meeting. "This alliance can help us build the local will to improve transparency, strengthen procurement rules, set higher standards and hunt criminals. Acting together, we can be more effective," he added. It was the first time the anti-corruption officials have met to discuss how to advance the investigation and prosecution of corrupt people and entities, including those who defraud World Bank projects. According to a World Bank, corruption is among "the greatest obstacles to economic and social development". From July 2009 until July 2010, the banks anti-corruption watchdog group, the Integrity Vice Presidency, (IVP), conducted 117 investigations into fraud and corruption, that resulted in 45 debarments of firms and individuals for wrongdoing, including high-profile cases. The most prolific of these cases was against German industrial conglomerate Siemens in July last year for bribery. The World Bank blacklisted Siemens from World Bank-financed development projects for two years and Siemens agreed to pay USD 100 million over 15 years to support global efforts to fight fraud and corruption. The meeting follows a major push in April, when the World Bank and other development banks stepped up efforts to root out the corrupt use of aid funding agreeing that companies and individuals blacklisted at one institution would be unwelcome at all. The meeting will feature speakers such as World Bank President Robert Zoellick, U.S. Senator Patrick Leahy, Senate Judiciary Committee chairman, and Luis Ocampo, head of the International Criminal Court.

Annex I: Meeting Agenda

Monday, December 6, 2010

12:30 – 2:00 pm	Registration	
2:00 – 5:00 pm	Meeting of Task Forces	Facilitators
	<i>Stepping up Bribery Prosecutions</i>	Mike Stefanovic, David Hawkes, Jeanne Hauch, Michael Volkov
	<i>Expanding Sharing of Information</i>	Simon Robertson, Paul Haynes, Anders Agerskov
	<i>Restitution and proceeds of Settlements</i>	Jean-Pierre Brun, Tim Steele, Adrian Fozzard
	<i>Monitoring for results to develop recommendations</i>	Francesca Recanatini, Carolina Vaira, David Bernstein
5:00 – 6:30 pm	Marketplace of Ideas and Speakers Corner	<i>Moderator: David Theis, World Bank</i> <i>Start of Marketplace of Ideas (Foreword by Sri Mulyani Indrawati, World Bank Managing Director) and Speakers Corner (Opened by Mark Pieth, Basel Institute on Governance). Both exhibitions will run throughout the course of the meeting*</i>
6:30 – 8:30 pm	Reception	<i>Moderator: James Bond, Chief Operating Officer, MIGA</i> <i>Welcome: Leonard F. McCarthy, World Bank, Vice President, Integrity</i> <i>Otaviano Canuto, World Bank, Vice President & Head of PREM Network</i> <i>Video Message by: Ngozi Okonjo-Iweala, World Bank, Managing Director</i> <i>Video Message by: Paul Volcker, Chair: President Obama's Economic Recovery Advisory Board, and former Chair of the US Federal Reserve</i>

Tuesday, December 7, 2010

8:15 – 9:15 am	Networking Breakfast	
9:10 am	Introduction	Leonard F. McCarthy, World Bank, Vice President, Integrity
9:15 – 9:45 am	Main Address	Robert B. Zoellick, World Bank President
9:45 – 10:15 am	Keynote Address	Senator Patrick Leahy, Chair: Senate Judiciary Committee, United States Senate
10:15 – 10:40	Break	
		<i>Moderator:</i> Sanjay Pradhan, World Bank, Vice President, World Bank Institute
10:45 – 11:15 am	Keynote Address <i>Fighting Corruption in Development – A Bilateral Perspective</i>	Soren Pind, Minister for Development Cooperation, Denmark
11:15 – 11:45 am	<i>Global Enforcement, Asset Forfeiture and Restitution</i>	Richard Alderman, Director of the Serious Fraud Office, United Kingdom
11:45 – 1:00 pm	<i>Investigation and Prosecution of Transnational Bribery and Asset Recovery: Legal and Practical Insights</i>	<i>Moderator:</i> Ron Noble, Secretary General, INTERPOL (<i>Introduced by Stephen Zimmermann, World Bank</i>) Huguette Labelle, Chair, Transparency International Charles Leacock, Director of Public Prosecutions, Barbados Leila M. De Lima, Secretary of Justice, Philippines
1:00 – 2:30 pm	Lunch	<i>Interactive Survey: Impact of Corruption and Organizational Effectiveness</i> Francesca Recanatini, World Bank
2:30 – 4:00 pm	Roundtable on Obtaining Evidence from Secrecy Jurisdictions	<i>Moderator:</i> Fridtjov Thorkildsen, Director, Governance and Anti-Corruption Unit, Norad - Norwegian Agency for Development Cooperation (<i>Introduced by Richard Messick, World Bank</i>) • Jack Blum, Advisor to NORAD

		<i>on Secrecy Jurisdictions</i>
		<ul style="list-style-type: none"> • <i>Anna Bossman, Commissioner on Human Rights and Administrative Justice, Ghana</i> • <i>Drago Kos, Chairman, GRECO: Group of States against Corruption, Former Director of Commission for Preventing Corruption, Slovenia</i>
4:00 – 4:30 pm	Break	
4:30 – 5:30 pm	Developing an Action Plan for a Global Corruption Hunters Alliance: Distribution of the Reports of the Task Forces	<i>Moderator: Francesca Recanatini, World Bank Task Force Representatives</i>
5:30 – 6:00 pm	Conducting Multi-jurisdictional prosecutions in fragile environments	<i>Luis M. Ocampo, Prosecutor General, International Criminal Court, The Hague (Introduced by Ms. Maria Gonzalez de Asis, World Bank)</i>
7:30 pm	The Value of Anti-Corruption Networks	<i>Master of Ceremonies: Galina Mikhlin-Oliver, World Bank</i>
	Integrity Awards	<i>Dinner Address by: Eva Joby, Chair of Development Committee, European Parliament</i> <i>Obiageli Ezekwesili, World Bank, Vice President, Africa Region</i>

Wednesday, December 8, 2010

8:15 – 9:00 am	Networking Breakfast	<i>Moderator: Fred Nickesen, World Bank, Acting Vice President, East Asia and Pacific Region</i>
9:00 – 9:30 am	<i>Our Collective Commitment to Fighting Transnational Corruption and Bribery</i>	<i>Gary G. Grindler, United States Deputy Attorney General (Acting)</i>
9:35 – 10:00 am	<i>Integrity and Innovation in Challenging Times</i>	<i>Vincenzo La Via, World Bank, Chief Financial Officer</i>

10:00 – 11:00 am	<i>Combating Corruption – Experiences in the Field</i>	<p><i>Moderator:</i> Rob Boone, Rule of Law Initiative, Washington DC <i>(Introduced by Merly Khouw, World Bank)</i></p> <p>Pauline Riak, Chair & CEO, Southern Sudan Anti-Corruption Commission</p> <p>Samuel Hernández de Alba, Head, Investigation of Crimes Committed by Public Servants, Mexico</p> <p>Gabriela Scutea, Deputy Prosecutor General, Romania</p>
11:00- 11:30 am	Break	
11:30 – 12:00 pm	<i>Reinforcing Global Efforts for Better Anti-Bribery Enforcement</i>	<p>Richard Boucher, Deputy Secretary General, OECD <i>(Introduced by Nancy Boswell, Transparency International)</i></p>
12:00 – 1:00 pm	<i>Towards an Action Plan for a Global Network: A conversation with Task Force Chairs on next steps</i>	<p><i>Co-Moderators:</i></p> <p>Stephen Zimmermann, World Bank</p> <p>Dimitri Vlassis, UNODC</p>
1:00 pm	Closure	<p>Closing Remarks: Leonard F. McCarthy, World Bank, Vice President, Integrity</p>

Session Moderators



James Bond, Chief Operating Officer, MIGA



Otaviano Canuto, World Bank Vice President and Head of PREM Network



Sanjay Pradhan, World Bank Vice President, World Bank Institute



Rob Boone, Rule of Law Initiative, Washington DC



Alfred Nickesen, World Bank Director of Operations, East Asia and the Pacific Region

Taskforce Coordinators



David Hawkes



Paul Haynes



Richard Messick



Francesca Recanatini



Simon Robertson



Michael Stefanovic



Carolina Vaira

Organizing Team



Anthea Annandale



Dina Elnaggar



Robert Schreiber



Michelle Porvaznik



Wendy Plumley