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Civil Society and Participatory Governance: Challenges & Prospects

"Capacity and Responsibility of Civil Society"

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Introduction

- **For more than 10 years TI**, as the world's leading NGO in the fight against corruption, has long recognised that **an essential component of any solution** to the problem against corruption **is the active participation of civil society organisations in global governance**.
- **A free and vigilant civil society is essential** if we are to tackle poverty and the injustice of globalization, and to dispel the climate of despair and alienation that serves as a breeding ground for conflict, war and terrorism.
- **Coalition building** is at the heart of TI's approach

- We **neither shy away from confrontation** if it is necessary, **nor condemn other** civil society organisations for pursuing different strategies.
- **Our battleground distance's itself from the violence** deployed by many anti-globalisation protesters such as past events in Seattle, Prague, Göteborg and – with tragic consequences – in Genoa and Cancun.

TI – the early days

- TI's **roots** lie in the concern felt by a number of people throughout the developed and developing worlds that the “**grand corruption**” practised by companies from exporting countries was a threat to sustainable development.
- **I for one**, fought within the World Bank as East Africa Director for corruption to be addressed. When my calls fell on deaf ears, I left the Bank and joined with others to create Transparency International.

An idea was born

- **The plan** was to start a small NGO that would focus exclusively on corruption in international business transactions. **Over time**, TI's focus moved to the country level, as national chapters formed and focused on corruption also at the local level.
- None of us ever imagined that TI would **develop into a truly global movement** with close to 90 national chapters and contact groups in another 30 countries.

Why fight corruption?

- **The abuse of entrusted power for private gain** deprives the most needy of vital public services, deepens poverty, and banishes hope.

- **The hypocritical assumption** that placed the responsibility for corruption mainly on the doorsteps of the developing world is long gone.
- Abuse of power permeates politics, business and private life in rich and poor countries alike.
- The scourge of corruption is **a barrier to positive change, preventing the flow of funds** to worthwhile housing, health and educational projects.
- It **distorts competitive markets** and leads to wasteful misallocation of resources.
- **It means that public expenditures and investment** are diverted from sectors for which the government has traditionally been **responsible**, such as **education and primary health services**. This impoverishes the already poor and vulnerable.
- **Example:** In many parts of **Africa**, parents have to **bribe teachers to educate** their children while many teachers expect children to pay them in order to receive good grades.
- The WBI, has **estimated** that about **US \$ 1 trillion is paid for bribes worldwide**. This amount could pay 40 times for the costs estimated by the UN **for the global campaign** to stop the spread of **HIV/AIDS virus**.
- And because corruption makes **a mockery** of our most basic economic and social rights and **breeds** secrecy, poverty and conflict, everyone **realises the need** to tackle the problem.

The role of civil society to create a level playing field

- **Corruption** is a clear example of an issue that we cannot tackle effectively alone.
- While **government** lacks the global reach, **business** is driven by the need to turn a profit.
- Civil society is in a perfect position to take the lead.
- **But civil society organisations need to engage** with each other, and with governments and the private sector, so that our voice is taken seriously by policymakers.
- **And, civil society organisations** have to be invited to become equal partners alongside governments and the private sector, **but civil society must also be accountable to the** responsibilities and needs that entail from this position.

The uniqueness of TI's role

- TI's **tripartite coalition-building** approach brings together governments, the private sector and civil society organisations in order to find areas of common interest where no single government or company would otherwise be willing to **unilaterally** apply responsible standards of behaviour.
- **"The TI approach"** can be uncomfortable at times (presence at the WEF), but the results are worth it. Companies are not only the villains; honest companies have also been the victims.
- **Our co-operative approach is essential** to success in tackling an issue as complex and systemic as corruption in a global marketplace where corruption had become almost the norm.

TI's holistic approach

- TI takes a holistic approach to corruption, recognising that society has many tools to protect itself, to maintain its integrity: such as a **free media and an independent judiciary**.
- The driving force of the coalition against corruption are **the national chapters** of Transparency International, **supported by the TI Secretariat** through collecting and sharing know-how and resources, gathering knowledge and disseminating tools.
- **We have developed a system**, to allow governments and civil society actors to go over the strengths and weaknesses of **their own National Integrity System**, an analytical framework of checks and balances.
- The **strength of the TI movement** is exactly this community of mutual learning and support. It is a democratic movement, which meets every year at its Annual General Meeting.

Tools to fight corruption

- It is **crucial that governments** provide resources for **enforcement and prosecution** in their countries.
- Of highest importance that **trading countries** ensure that their companies do not bribe abroad
- **TI's tools:**
 - **Integrity Pact (IP)**: Tool developed by TI and applied by its National Chapters to prevent corruption in public contracting worldwide
 - **The National Integrity System (NIS)**: Unlocks a new form of diagnosis and potential cure for corruption. It looks at the multiple inter-dependences of the

system. With this holistic approach the NIS emphasizes “horizontal accountability”.

- TI works to create with others international legislative tools such as:

➤ **OECD Anti-Bribery Convention**

- The OECD Anti-Bribery Convention **outlaws bribery of foreign public officials**
- **All 35 signatory governments must provide resources** to prosecutors, investigators, courts and tax inspectors to make sure the Convention is enforced.
- By offering a **solution to the prisoner’s dilemma**, we have brought businesses to our side
- For countries to **enforce the convention** they need to know that their companies will face a level playing field.
- **Bribery will continue** unless companies operate on a level playing field. The practice will be stopped only when companies know that bribe-payers will incur fines and blacklisting, and executives will be put behind bars.
- **So far**, there have been few prosecutions under the OECD Convention, but under pressure from TI the OECD governments have agreed to finance peer review of implementation of the Convention. That pressure will continue to sustain the review process.

➤ **Publish What You Pay**

- Working together with Global Witness, Oxfam and more than 30 other NGOs, TI is **pushing for international companies to disclose what they pay to:**
 - ❖ **host governments**
 - ❖ **state oil companies**
 - ❖ **financial regulators**, therefore making such disclosure a mandatory requirement of stock exchange listing
- **Angola’s oil industry** has been the focus of a major campaign.

- Close to **90 per cent of Angolan government** revenues come from the oil industry, but up to 40 per cent of GDP has in some years never reached the Treasury, instead being channelled into secret funds.

➤ **UN Convention against Corruption**

- **In December 2000**, the UN Convention against Corruption was signed in Merida, Mexico.
- The UN Convention **commits signatories to enhanced co-operation and mutual legal assistance** on the return of assets stolen by politicians and public officials.
- TI's work lead to **the first-ever UN International Anti-Corruption Day on December 9**, pressuring governments to ratify the Convention, 30 ratifications are needed before it comes into force.

➤ **Business Principles for Countering Bribery**

- **Responsibility lies equally with the corporate sector.** Companies must establish **codes of conduct**, including detailed rules designed to combat bribery at home or by their subsidiaries abroad.
- **To this end, TI has developed**, together with companies including BP, SGS, Norsk Hydro, Shell, Tata and General Electric, a set of Business Principles for Countering Bribery. **The proposals include training programmes with guidance for all employees to ensure that bribery – direct or indirect - is outlawed.**
- **10th principle for the UN Global Compact**, namely an anti-corruption pillar has been added to the Global Compact

Developing further solutions

- Today, corruption has emerged as a central topic on the international agenda.
- An overwhelming consensus that corruption is one of the most important impediment to economic and social development, to peace and security, to a globalization that is beneficial to the majority of the people.

- **State governments and the private sector had failed to control** transnational corruption. **It was the contribution of civil society**, which was angry with corrupt leaders and institutions, that helped to produce change.

Conclusion

- **Transparency International's impact** has shaped a **new consensus**. To the extent that corruption is **increasingly recognised as the single greatest obstacle to sustainable development**.
- **Corruption is surmountable but** only by forming powerful coalitions can we help to beat it.
- **By pushing for** international agreements, by reforming laws, regulations and standards and by introducing new policies to curb corrupt practices, we can eradicate the scourge of corruption. **TI demonstrates how a constructive and efficient civil society can help in shaping better governance in a globalised economy.**