ANTI-CORRUPTION NETWORK FOR TRANSITION ECONOMIES

6TH STEERING GROUP MEETING

24 September 2004
OECD Monaco Meeting Room, Paris

SUMMARY RECORD

The Summary Record, prepared by the ACN Secretariat based at the OECD Anti-Corruption Division, summarises key decisions taken during the 6th meeting of the ACN Steering Group.

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1. Meeting Objectives and Participants

The 6th ACN Steering Group meeting was chaired by Mr. Patrick Moulette, Head of the OECD Anti-Corruption Division. The meeting brought together about 30 participants, including original Steering Group members (OECD member countries, international organisations, international financial institutions and civil society groups) as well as governmental representatives from selected transition economies (the list of participants is attached).

Previous, ACN Steering Group meeting took place in 2002. After this long break, the main objective of the 6th meeting was to restart the work of the Steering Group and to ensure its effective support to the Secretariat. The agenda focused on two main issues: the development of the ACN Work Programme, and the preparation of the next 6th Annual Meeting. The Steering Group adopted the proposed agenda (attached).

2. Work Programme for 2005-2006

Ms. Olga Savran, the Manager of the ACN, presented the draft ACN Work Programme for 2005-2006 prepared by the Secretariat. The presentation included a brief overview of the ACN history, its objectives, management structure and past activities. The main focus was given to the future activities of the ACN, including its annual meetings, sub-regional initiatives and thematic reviews (the presentation is attached).

2.1 Objectives, Members and Structure

The Steering Group has expressed its general support to the ACN activities in the past and called for their continuation. The Group stressed that the ACN provided a unique forum for transition economies to address concrete challenges in the fight against corruption and to identify practical solutions.

The Steering Group confirmed that the ACN provided an important forum for a regular dialogue between the civil society and the governments, as well as for donor coordination. To strengthen the continuity of the governments’ participation, it will be important to invite the countries to appoint their national coordinators for the ACN. The Group agreed that business participation should be enhanced. In addition to the exchange of experience between the ACN members, it would be important to bring in advanced know-how from other countries, including the OECD countries, to meet the demand of the rapidly reforming members.

The Steering Group agreed that it is important to update its membership, and to clarify its operational rules and procedures. The ACN Secretariat will elaborate a proposal, or Terms of Reference, and will circulate its draft to all the Steering Group for comments.

The Steering Group pointed out that the elaboration of the ACN Work Programme should be based on the country needs and experiences, and should explore synergies with the economic development priorities and reform incentives of the ACN member countries, such as EU integration and investment promotion. The Work Programme
should also foresee cooperation with other organisations, such as the UN, the Council of Europe and others.

The Group agreed that the main focus of the ACN Work Programme should move from awareness-raising towards (1) reporting and evaluating progress achieved by the countries and through the donor programmes; and (2) elaboration of concrete tools to support the implementation of the anti-corruption policies.

After several years of awareness-raising, it has become important to carry out a systematic analysis of what did and what did not work in national and in donors’ anti-corruption programmes. The OECD peer review methodology and the recent experience of the Istanbul Action Plan could provide a useful format for a comparative analysis of the experience of ACN members. Such reporting and evaluation should have a clear focus to avoid duplication with GRECO monitoring, and should be supported by a proper structure.

The ACN should continue to provide a forum to discuss concrete problems and solutions, as well as practical approaches for the implementation of national anti-corruption policies and the recommendations of international organisations. Specifically, the ACN should aim to provide to the participating countries, including their governments, practical tools to implement such recommendations in selected priority areas (these priority areas are further discussed under Thematic Reviews).

The Steering Group also noted that there are numerous cross-border issues related to corruption; the ACN could consider creating a regional reporting or information sharing mechanism.

### 2.2 Thematic Reviews

The Steering Group was invited for a round of straw voting on the issues for thematic reviews proposed in the draft Work Programme. In addition to the issues proposed by the ACN Secretariat, the participants proposed to include the issue of “political party corruption” to the list. The voting has resulted in the following ranking of issues:

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<thead>
<tr>
<th>Thematic review</th>
<th>Score</th>
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<tbody>
<tr>
<td>Measuring corruption</td>
<td>17</td>
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<tr>
<td>Political party corruption</td>
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<td>Anti-corruption institutions</td>
<td>10</td>
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<tr>
<td>Business integrity</td>
<td>9</td>
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<tr>
<td>Anti-corruption legal standards</td>
<td>8</td>
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<tr>
<td>Management of conflict of interest</td>
<td>1</td>
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<td>Financial control</td>
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The participants were invited to discuss the scope and expected outputs for the thematic reviews based on the Work Programme proposal.

### 2.2.1 Measuring Level of Corruption and Anti-corruption Measures

The Steering Group discussed the challenging task of measuring corruption, and identified two main approaches: (1) measuring the level of corruption and (2)
measuring the effectiveness of anti-corruption measures. Advantages and disadvantages of various measuring tools were discussed.

Current methodologies developed by international organisations and civil society focus at measuring perceived level of corruption and identifying factors fostering corruption. These methodologies are based on surveys, and sometimes surveys of surveys. Governments of transition economies often raise concerns about the objectivity of the results. These surveys may indicate growing or declining level of corruption and are useful for awareness-raising campaigns. However, they are not designed to suggest solutions, and may cause growing pessimism in the society, if not supported by strong counter measures.

Statistical data on the level of corruption is mainly produced by the law-enforcement bodies; it traditionally focuses at criminal law cases and includes such information as the number of started investigations or the number of convictions. Such statistics will benefit from supplementary data on anti-corruption cases under administrative, civil and commercial laws. But even more comprehensive statistical data of this nature can be incomplete or misleading as it covers only a fragment of the fight against corruption.

When discussing possible future activities of the ACN in this area, the Steering Group pointed at a number of possible approaches. First, data time series can help to compare results from year to year to identify dynamics; comparison between sectors can help identify main at-risk areas. Second, diagnostic tools can help to monitor sector specific factors which lead to corruption or study effectiveness of measures in these sectors, for instance, financial control or public sector management. The results of this work can help to produce operational data for a better decision-making to tackle corruption. Third, given the importance of a country specific approach, peer reviews, based on the OECD methodology, could be a useful form for cross-country assessments of anti-corruption measures and elaboration of recommendations for solutions. Finally, in some countries of the ACN region, various international organisations and donors carry out a large number of assessments; to avoid duplication of efforts, there is a need to ensure mutual acceptance of results of such assessments among the organisations.

On the basis of the above, it appeared that that in order to define the scope and the outputs of this thematic review, further discussion would be necessary. To help the Secretariat in this task, it was agreed to establish an informal discussion group, which will aim to elaborate a clear proposal, or Terms of Reference for the project. The following members of the Steering Group volunteered to work on this discussion group: TI Russia, World Bank, Turkey, Romania, ABA CEELI, USA and SPAI. The discussion group will work in remote mode using e-mail communication; it might be possible to organise consultation on this issue on the margins of the forthcoming 3rd review meeting of the Istanbul Action Plan, scheduled for mid December 2004 in Paris. In addition to the general analytical value of this thematic review, the project should aim to elaborate a format for self-reporting and peer review in the framework of the ACN.

2.2.2 Political Party Corruption

Political party corruption was discussed at the last annual meeting of the ACN in September 2003. There was a general agreement among the Steering group members that this issue was crucial for the transition economies and required a reinforced
attention. At the same time, this issue was not included in the ACN draft Work Programme due to the lack of relevant capacity at the Secretariat; consequently no proposal was elaborated. Nevertheless, the Steering Group agreed to address the issue of political party financing by dedicating a special session, or a back-to-back workshop during the next ACN Annual Meeting. The main objective of this session or workshop will be to explore the issues further and, possibly, to identify the scope and potential outcomes of such thematic activity within the ACN framework. The following main points of the Steering Group discussion will be used to prepare for the session.

Three main issues of the political party corruption in the transition economies include: (1) rules of party financing between elections, (2) financing of election campaigns and (3) abuse of public resources for elections.

Defining international standards for political party financing is a very challenging task, but could become a powerful tool to fight political corruption at the national level. Such work should take into account the Council of Europe’s recommendation in the area, and should be aware of difficulties encountered during the preparation of the UN Convention.

While raising awareness can be a useful approach on this issue, it can be also counterproductive. This problem is often well covered by media, civil society as well as in some countries government and public institutions to which specific functions to implement legislation on political parties or prevent corruption are assigned. Operational tools to deal with the problem are lacking in most of the ACN members. Possible activities will need to build on the ongoing projects, such as projects related to the political party financing implemented by the UK DFID, TI and OSI. The Council of Europe was also interested to contribute to this activity.

### 2.2.3 Anti-Corruption Institutions

The discussion of the anti-corruption institutions has started at the last ACN Annual meeting and attracted a lot of interest. The Steering Group agreed that country reviews on this issue will be useful to promote exchange of experience. In addition to the ACN member countries, experience from other countries, including the OECD member states, should be supported. OLAF and ABA CEELI expressed interested to participate.

This review should cover “criminal law” institutions, including centralised anti-corruption agencies and traditional law-enforcement institutions (taking into account the Council of Europe publication under its Octopus Programme “Anti-corruption Services: Good Practice in Europe”). It should also cover other policy and good governance institutions, including bodies responsible for anti-corruption policy elaboration and monitoring, administrative and internal control institutions (inspector general programmes, whistleblower protection programme, hotlines, etc.).

The review should analyse existing specialised anti-corruption institutions, highlighting their strong and weak points but not aiming to elaborate the “best practice” or favour one model. The review should analyse such issues as the independence of such bodies, their mandates, powers and capacities. Also, the review should study mechanism of effective coordination between various institutions, and should aim to answer such
questions as “how to ensure independence and accountability of anti-corruption institutions; how to ensure sufficient resources and to avoid institutional fragmentation”.

### 2.2.4 Business Integrity

Role of business in fighting corruption has been on the ACN agenda since its establishment. The Steering Group agreed to further develop this thematic activity, and to focus at (1) governmental tools to promote business integrity, (2) business initiatives, and (3) integrity promotion in selected sectors.

Many anti-corruption tools are already available both on the side of the governments (e.g. public procurement systems, external audit and financial control, disclosure requirements) and on the side of the business (codes of conduct, compliance systems, internal audit and financial control, whistleblowers’ protection). The World Bank and the EBRD have developed useful tools as well. At the same time, there is no institutionalised ongoing public-private dialogue on country-level. Such dialogue between independent business associations and governments can be promoted by the ACN. State owned companies, which represent an important share of economy in many ACN countries, should also be involved in this dialogue.

The private-public dialogue can focus at selected sectors, where corruption presents particular threat, in order to explore how the general anti-corruption tools presented above can be applied to ensure effective control of corruption. Public health care and education sectors are often quoted as the most corrupt social services, and can be examined, focusing at such issues as public procurement, licensing, and others. Utility, and more specifically, energy sector can also be used as a case, given its importance from the point of view of investment flows, and taking into account the dynamics of privatisation (Kosovo electricity sector can be presented as a case study).

### 2.2.5 Anti-Corruption Legal Standards

The Steering Group supported the proposal for this thematic review, which includes three elements: (1) elaboration of the Glossary of International Anti-Corruption Standards established by the UN, OECD and Council of Europe’s anti-corruption conventions, (2) expert workshop for the Istanbul Action Plan countries to discuss the Glossary and the practical approaches for reforming anti-corruption legislation according to the requirements of these conventions, and (3) dissemination of the Glossary among all the ACN members.

This project is currently being prepared by the ACN Secretariat together with the Government of Ukraine as the lead partner, with funding provided by Canada. The UNODC and the Council of Europe have been invited by the ACN Secretariat to take part in the review and quality control of the Glossary. Tentative schedule of the project foresees the expert seminar in February 2005; and the delivery of the finalised Glossary in spring 2005.

### 2.2.6 Managing the Conflict of Interest

While the members of the Steering Group did not rank this thematic review high, they supported the proposal of the ACN Secretariat. In particular, this small-scale activity
will focus at the Istanbul Action Plan countries and will aim to transfer existing know-how of the ACN and the OECD, including dissemination of available tools, such as the OECD Guidelines for Managing Conflict of Interest in Public Service and the Toolkit for Managing Conflict of Interest. The Council of Europe also expressed interest to contribute to this thematic review.

### 2.2.7 Financial Control and Budget Transparency

As in the case with the previous activity, the Steering Group did not rank this thematic review high, but supported the proposal of the ACN Secretariat. This small-scale activity will focus at the Istanbul Action Plan countries and will aim to transfer existing know-how of the ACN and the OECD, including dissemination of available tools, such as the Best Practices for Budget Transparency and other tools.

### 3. 6th ACN Annual Meeting

Ms. Inese Gaika, ACN Secretariat, presented the draft Agenda of the 6th ACN Annual Meeting proposed for March 2005. The presentation covered such logistical issues as timing, duration, location and participants. It further proposed a structure for the meeting and suggested possible items and inputs from the Steering Group members for the development of the agenda (the presentation is attached).

In the discussion which followed, the Steering Group members agreed that the annual meetings have been important events, and provided a unique opportunity to discuss priority issues; and for the governments to face the criticism of the civil society. The Steering Group members noted the proposed dates (21-22 March 2005) and location (Istanbul, Turkey) of the meeting.

The Group further agreed that the agendas of future meetings should reflect the Work Programme discussion and provide for self-reporting and peer review of countries progress. A format for such peer review should be developed; issues to be reviewed under this monitoring process should not duplicate the Council of Europe’s monitoring of the national legislation and institutional capacity to implement its Conventions but instead focus on the thematic review issues discussed above.

Given the large number of potential issues for discussion, and limited time of meetings, the Steering Group members proposed possible approaches for further development of the agenda. A consideration should be given to the organisation of parallel working groups; at the same time central discussion issues should benefit from the attendance of all the participants. A number of case studies can ensure more focused and results oriented discussion.

The Secretariat was invited to revise the proposed draft agenda of the 2005 ACN Annual Meeting, and to send it to the Steering Group members as a basis for further preparations for the meeting.

### 4. Next Steps and Other Issues
The summary record of this meeting, together with the updated Work Programme and revised agenda of the 6th Annual Meeting will be prepared by the ACN Secretariat and mailed out to the Steering Group members for comments within 1 month.

The ACN Secretariat will prepare an options paper on measuring corruption and will send it to the informal discussion group to solicit their views and inputs. The options paper will be prepared in November, with the aim to hold a consultation of the discussion group in mid December, back-to-back with the 3rd Istanbul Action Plan review meeting in Paris.

Following the invitation of the World Bank Institute to make use of its “global development learning” system with video conference centres in about 100 countries; the ACN Secretariat will explore this proposal and will report to the Steering Group.

The representative of the OECD Development Co-operation Directorate (DCD) informed the meeting about the anti-corruption forum for donors, which will be organised in Paris in December 2004. One of the goals of the forum is to develop anti-corruption principles to be followed by donor agencies.

Attachments:

1. List of Participants
2. Agenda
3. Work Programme presentation
4. Annual Meeting presentation
5. Updated Work Programme
6. Revised Agenda of the Annual Meeting