

## Minutes of the 8<sup>th</sup> Steering Group Meeting 17-19 May 2006, ADB Headquarters, Manila, Philippines

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### Participants

**Endorsing countries:** Australia; Bangladesh; People's Republic of China; Cook Islands; Fiji Islands; Hong Kong, China; India; Indonesia; Kazakhstan; Republic of Korea; Kyrgyz Republic; Macao, China; Malaysia; Mongolia; Nepal; Pakistan; Republic of Palau; Papua New Guinea; Philippines; Singapore; Sri Lanka; Thailand; Vietnam.

**Advisory Group:** American Bar Association – Asia Law Initiative (ABA-Asia); Australian Agency for International Development (AusAID); Transparency International (TI); United Nations Development Programme (UNDP).

**Observer countries:** Brunei Darussalam; Lao PDR.

**Observer organization:** Asia Pacific Group on Money Laundering (APGML).

**Secretariat:** Asian Development Bank (ADB); Organisation for Economic Co-operation and Development (OECD).

**Unable to Attend:** Cambodia; Japan; Samoa; Vanuatu – Pacific Basin Economic Council (PBEC); Swedish International Development Cooperation Agency (SIDA); United Kingdom Department for International Development (DFID); World Bank.

### Summary of Discussion

#### 1. Opening

The meeting was opened by Mrs. Kathleen Moktan and Mr. Frédéric Wehrlé of the Secretariat of the ADB/OECD Initiative for Asia-Pacific. The meeting agenda was adopted.

#### 2. Minutes of the 7th Steering Group meeting

The Group adopted the minutes of the 7th Steering Group meeting held in Beijing, P.R. China, on 26-27 September 2005.

#### 3. New Members to the Steering Group

Sri Lanka and Macao, China endorsed the Anti-Corruption Action Plan for Asia-Pacific on 27 March and 31 March 2006 respectively. Macao, China's endorsement statement was delivered by Cheong U, Commissioner, Commission against Corruption. Sri Lanka's endorsement statement was delivered by Justice Ameer Ismail, Chairman, Commission to Investigate Allegations of Bribery or Corruption. The countries' formal endorsement statements were followed by a confirmation of their commitment to the principles and standards of the Action Plan.



The Steering Group unanimously welcomed Macao, China and Sri Lanka as new members of the Steering Group. The new membership of Macao, China and Sri Lanka was publicized in a press release issued by the ADB/OECD Secretariat (available at <http://www.oecd.org/corruption/asiapacific>).

#### **4. Country reports on recent anti-corruption measures**

The Steering Group heard reports from endorsing countries about recent anti-corruption reforms and progress achieved in the implementation of the Action Plan since the Group's 7th meeting held in Beijing in September 2005. The Group also heard anti-corruption strategies of observer countries to the Steering Group and received information from members of the Advisory Group and the observer organization APGML about their activities in support of Asian and Pacific countries' anti-corruption efforts. A detailed summary of this roundtable is available in the annex to this document.

#### **5. Implementation of the Action Plan through area-specific reform projects**

The Group underlined the utility of the regular reporting about reform projects under the Action Plan's implementation cycles as a means to exchange ideas and experience about anti-corruption reform in the region.

**Self assessment of project implementation under the 2nd implementation cycle:** The Group heard presentations on reforms undertaken under the 2nd implementation cycle by Australia, Fiji Islands, Indonesia, Kazakhstan, Korea, the Kyrgyz Republic, Malaysia, Nepal, and Pakistan and discussed the main findings, achievements and remaining challenges based on the respective countries' self-assessment reports in the implementation of the reform projects.

**Reform projects to be conducted under the 3rd implementation cycle:** The Group heard and discussed presentations on reform projects that countries will undertake to implement the Action Plan under the 3rd implementation cycle (2007-2008). Presentations were made by Bangladesh; P.R. China; Kazakhstan; Korea; the Kyrgyz Republic; Macao, China; Malaysia; Nepal; Palau; Papua New Guinea; Sri Lanka; and Thailand.

The Group agreed to hear reports of the countries that have not yet submitted their self-assessment reports of the implementation under the 2nd implementation cycle and new projects for the 3rd implementation cycle at the 9th Steering Group meeting.

#### **6. Stocktaking of anti-corruption policies in Asia and the Pacific**

The Steering Group welcomed the publication of the second edition of the publication "Anti-Corruption Policies in Asia and the Pacific – Legal and Institutional Reform in 25 Asian and Pacific countries". Member countries confirmed the importance of regularly submitting updates to the Secretariat on reforms and developments of legal and institutional anti-corruption frameworks for incorporation into future editions of the report.

#### **7. Thematic review on public procurement**

In the framework of the thematic review on mechanisms to curb corruption in public procurement, the Steering Group discussed the third draft of the horizontal analytical report and the draft reports on individual countries' legal and institutional frameworks to curb corruption in public procurement. A procurement expert of the ADB assisted the Group in the discussions. The Steering Group

- noted amendments and additions to the document suggested by member countries;
- requested that the Secretariat incorporate this information along with additional information submitted by the member countries within three weeks following the meeting;
- requested that the Secretariat add new or updated information submitted by India and Indonesia based on their self-assessment reports for subsequent approval by the respective countries; and
- decided to adopt the document for publication in written procedure.

## 8. Report by the Secretariat on activities undertaken since the 7th Steering Group meeting

The Secretariat reported the following activities undertaken since the 7th Steering Group meeting:

### Capacity building

Following the call of the Steering Group for capacity building in the area of mutual legal assistance and extradition in corruption matters, the Secretariat prepared and organized the Initiative's 4th Master Training seminar on "Denying Safe Haven to Corruption and its Assets: Enhancing Asia-Pacific Cooperation on MLA, Extradition and the Recovery and Return of the Proceeds of Corruption". The seminar was organized in partnership with the United Nations Office on Drugs and Crime with support from the ABA/Asia Law Initiative and UNDP and hosted by the Anti-Corruption Agency of Malaysia. It was held on the premises of the Malaysia Anti-Corruption Academy in Kuala Lumpur, Malaysia on 28-30 March 2006.

As a background document for this seminar, the Secretariat prepared an overview report on "Frameworks for Extradition and Mutual Legal Assistance in Corruption Matters in 25 Asian and Pacific Countries" based on information provided by the Initiative's member countries and additional research. The Group suggested that this overview report serves as the basis for the Initiative's 2nd thematic review, to be conducted in 2006/2007.

The Group requested the Secretariat to prepare proceedings of the seminar and to disseminate them to a wide audience of practitioners and experts in the region and beyond.

### Policy analysis

- **Stocktaking exercise:** The Secretariat readied and published the 2nd edition of the overview report on anti-corruption policies in Asia and the Pacific entitled "Progress in Legal and Institutional Reform in 25 Countries" to reflect the status of the legal and institutional framework of the 25 endorsing countries as of March 2006. The publication is available in print and on the Initiative's website ([http://www.oecd.org/document/16/0,2340,en\\_34982156\\_34982460\\_35108816\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/document/16/0,2340,en_34982156_34982460_35108816_1_1_1_1,00.html)).
- **Thematic review on public procurement:** The Secretariat amended the "Draft Overview Report on Curbing Corruption in Public Procurement in Asian and Pacific Countries" in light of the discussions that the Steering Group had during 7th Steering Group meeting and based on new information provided by member countries. Upon request by the member countries, the Secretariat also completed the annex of the report that outlines the safeguards against corruption that are in place in the individual member countries.

### Outreach

- The Secretariat prepared and published the **proceedings of the 5th Regional Anti-Corruption Conference for Asia-Pacific** (held on 28-30 September 2006 in Beijing, P.R. China) entitled "Knowledge – Commitment – Action against Corruption in Asia and the Pacific". The proceedings are available in print and from the Initiative's website ([http://www.oecd.org/document/13/0,2340,en\\_34982156\\_34982460\\_36761165\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/document/13/0,2340,en_34982156_34982460_36761165_1_1_1_1,00.html)).
- **Strengthening cooperation between members of the ADB/OECD Initiative and other countries of the region:** The Secretariat liaised with governments of Lao PDR; Macao, China; New Zealand and Sri Lanka to strengthen ties between the Initiative and these countries and economies. Subsequently, Macao, China and Sri Lanka sent delegations to the Initiative's 4th Master Training Seminar and endorsed the Anti-Corruption Action Plan for Asia-Pacific. Lao PDR participated in the 4th Master Training seminar and for the first time sent an observer delegation to a Steering Group meeting.
- **Strengthening cooperation with the Asia-Pacific Economic Council (APEC):** Upon invitation of APEC, the OECD was represented at the Anticorruption and Transparency (ACT) Workshop on Denial of Safe Haven, Asset Recovery and Extradition, held on 24-26 April 2006 in Shanghai, P.R. China in the framework of the APEC Anti-Corruption Course of Action.
- **Dissemination of information about the Initiative and its member countries:** The Secretariat reported on the migration of the Initiative's website to <http://www.oecd.org/corruption/asiapacific> as well as on the continual publication of the ADB/OECD Initiative's newsletter for the purpose of increasing the Initiative's visibility and that of participating countries' anti-corruption efforts. As of May 2006, five newsletters have been published with a circulation of approximately 2,500 each.

## 9. Future activities of the Initiative and Strategy and Work Program 2007-2008

The Steering Group discussed the first draft of the Strategy and Work Program 2007-2008 and agreed on its main orientations.

**Reporting on ongoing reform:** The Group emphasized the importance of the regular reports by member countries on anti-corruption reform at the Steering Group's meetings as a benchmark and means to exchange ideas and experience among member countries. The Group discussed possible ways to structure and strengthen this mechanism in light of the growing number of members. For this purpose, the Group requested the Secretariat to develop a template format for such reports that would be made available on the Initiative's website. The Group decided that each member country would file a report in advance of a Steering Group meeting for circulation; the oral reporting would then focus on key issues or on items where country delegations wish to seek the views or advice from other members of the Group.

**Country reviews:** The Group agreed on the merits of reviewing of individual countries' safeguards against corruption against the standards set by the Action Plan. The Group agreed that such reviews should be conducted on a voluntary basis to ensure the countries' ownership of the process and that the scope of the review should be determined by the country in question to take into account the concerned country's particularities and priorities. The Group requested the Secretariat to develop a review methodology for discussion at the 9th Steering Group meeting; the methodology should duly consider existing review models as well as mechanisms under development to review the implementation of the UN Convention against Corruption. The Group agreed that pilot monitoring would be a useful approach to evaluate the format and refine the methodology as appropriate.

**Capacity building:** The Group emphasized the importance of capacity building in the framework of the Initiative and recognized the Secretariat's limited capacity to organize such events. In light of these limitations, the Group welcomed the proposal to conduct training in close cooperation with partner organizations such as APGML, the APEC Anticorruption and Transparency Task Force (ACT) and UNDP.

The Group explored the possibility of conducting training at subregional level and in the format of country roundtables to meet specific needs identified at subregional or country levels. The Group agreed on the merits of this format and notably on the value of country roundtables conducted at the request of the concerned country. The countries decided to communicate suggestions for priorities for capacity building to the Secretariat for inclusion in the strategy and work program 2007-2008.

**Anti-corruption reform indicator:** The Group discussed the proposal of preparing an anti-corruption reform-indicator based on information collected in the framework of the stocktaking on anti-corruption policies. Delegations acknowledged the utility of the format to access information about ongoing reforms in member countries and to identify capacity building needs. The Group requested the Secretariat to develop the proposed format further and to submit it again for discussion at one of the next Steering Group meetings.

**Horizontal thematic reviews:** The Group agreed to undertake one thematic review per year. It decided to conduct, in 2006/2007, a Thematic Review on Mechanisms for Mutual Legal Assistance, Extradition and Repatriation of Proceeds of Corruption based on the preliminary report drafted by the Secretariat and by means of a questionnaire to be completed by the member countries to provide additional information. The reviews to be conducted in 2007/2008 would tentatively cover certain aspects of either corruption prevention or law enforcement. The Group requested the Secretariat and APGML to explore proposals for a joint review of an issue on the crossroads of anti-money-laundering and corruption.

**Strengthening partnerships and enlargement of the Group:** The Group agreed upon the importance of strengthening partnerships with relevant actors in the fight against corruption in the region and beyond. In that context, the Group

- welcomed the strengthened cooperation between the Initiative and UNDP, expressed notably through UNDP's support of the Initiative's seminars and events, and encouraged the two organizations to deepen this cooperation;
- invited the Asia-Pacific Group on Money Laundering (APGML) to join the Advisory Group as a full member and mandated the Secretariat to liaise with APGML for this purpose;

- invited the Secretariat to formalize relationships with the APEC Anticorruption and Transparency Task Force; the Group suggested inviting a representative of APEC to the Initiative's Steering Group meeting to foster exchange of information on planned events; it mandated the Secretariat to explore who would be the most appropriate representative of APEC for this role; and
- requested the Secretariat to invite other relevant regional and subregional organizations to attend the Initiative's Steering Group meetings as new members of the Advisory Group.

With regards to new member countries, the Group welcomed Brunei Darussalam and Lao PDR as observers to the Steering Group meeting and encouraged them to endorse the Action Plan and join the Initiative as full members. The Group requested the Secretariat to liaise with Bhutan and New Zealand to encourage them to endorse the Anti-Corruption Action Plan and become full members of the Initiative.

**Ensuring the Initiative's financial sustainability:** The Group had a preliminary discussion on approaches to ensure sustainable funding of the Initiative's work beyond 2006. The member countries agreed upon the importance of maintaining and expanding the Initiative's activities. Delegates acknowledged the importance of member countries' ownership of the Initiative which could be further expressed through member countries' financial contributions to the Initiative's activities. However, countries underlined that the user-pays principle might put some countries' participation in the Initiative's events at risk given economic difficulties that some countries face. The Group agreed to explore the issue further, taking into consideration the possibilities to seek bilateral funding to allow policy makers, experts and practitioners to participate in the Initiative's events. The Group called upon the Secretariat to explore additional funding sources including interested private foundations.

The Group requested the Secretariat to amend the draft Strategy and Work Program 2007-2008 in light of the considerations for further discussion and formal adoption at the forthcoming 9th Steering Group meeting.

### 10. Next meeting of the Group

The Steering Group decided to convene the 9th Steering Group meeting in the last quarter of 2006, tentatively planned for the week of the 27 November, and welcomed the proposition of Thailand to host this event.

## Annex: Summary of the roundtable from the 8th Steering Group meeting

### Member countries and economies

#### Australia

Australia has undertaken efforts to combat corruption within and beyond its borders. On 29 March 2006, the Government introduced the Law Enforcement Integrity Commissioner Bill 2006 into Parliament. The Government expects the Bill to be enacted by the end of June 2006. The legislation will establish an independent Australian Commission for Law Enforcement Integrity. The Commission's function will be to investigate corruption issues in the agencies under its jurisdiction, focusing on serious and systemic corruption. Where the Commission finds evidence of corrupt conduct, it will refer the case to prosecuting authorities and to officials who may need to take disciplinary or administrative action. The Commission will initially have jurisdiction over the Australian Federal Police and the Australian Crime Commission, though jurisdiction may be extended to other Federal agencies with law enforcement functions (such as the Australian Customs Service, the Department of Immigration and the Australian Taxation Office).

Australia's efforts to fight corruption also involve its commitments under international conventions. Australia was one of the first industrialized countries to ratify the UN Convention against Corruption (UNCAC) on 7 December 2005. Australia's assessment of its domestic legislation indicates that Australia meets all of the mandatory requirements in UNCAC and many of the optional provisions. In 2005, Australia underwent a mutual evaluation to assess its implementation of the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions. The report of the evaluation, published in January 2006, acknowledges the Government's strong commitment to combating foreign bribery. The report also commends Australia for undertaking a campaign to raise awareness of the foreign bribery offence. This campaign is Australia's reform project under the 2nd Implementation Cycle of the Anti-Corruption Action Plan for Asia-Pacific. The OECD report also makes a number of recommendations for improving Australia's efforts to combat foreign bribery. The Government is considering these recommendations. Australia will give an oral follow-up report on the implementation of the recommendations to the Working Group on Bribery in Paris in October 2006 and a written report by October 2007.

Australia also continues to be active in the fight against corruption within the Asia-Pacific region by providing technical assistance to other countries in the area of anti-corruption. In July 2005, the Australian Government established a specialist Regional Legal Assistance Unit within the Attorney-General's Department to assist Southeast Asian countries develop legislation to implement international counter-terrorism instruments and to improve legal frameworks for international legal cooperation in the region. In December 2005, Australia and Indonesia co-hosted a regional workshop at the Jakarta Centre for Law Enforcement Cooperation on the practical aspects of making and receiving requests for legal assistance using model documents in a scenario-based exercise. Australia sponsored nine developing countries to attend the workshop.

Australia also provided technical assistance in the area of anti-money laundering. Its Anti-Money Laundering Assistance Team – AMLAT – has assisted Pacific Island countries develop systems to counter money laundering and terrorist financing. AMLAT is committed to working closely with partner countries, donors and the private sector to deliver integrated packages of assistance that promote regional knowledge and skill transfer. For example, a recent AMLAT awareness-raising workshop hosted by the Central Bank of the Solomon Islands included speakers from the Asia Pacific Group on Money Laundering, the Pacific Financial and Technical Assistance Centre and Westpac, and financial intelligence unit experts from the Cook Islands.

Australia has also provided technical assistance in the Pacific through the Pacific Legal Knowledge Program. In 2005 the Pacific Islands Law Officers' Meeting welcomed Australia's proposal for a program of workshops on international criminal justice cooperation and legislative drafting for legal officers in Pacific Island countries. The program is focused on improving the knowledge and skills of line officers and junior to mid-

level practitioners within the law and justice agencies of Pacific Island countries. Legal officers from around the South Pacific attended the first workshop on international criminal justice cooperation in Vanuatu in December 2005. A follow-up workshop is planned for later this year, along with the first legislative drafting workshop in July 2006. In addition, the Papua New Guinea (PNG) Enhanced Cooperation Program was implemented in late 2003 to help PNG address key challenges in the areas of policing, law and justice, and economic and public sector management. Seven program officials are currently deployed in the PNG non-policing law and justice sector, including two legal managers, four prosecutors and one corrections (prison) officer. These officials are working to improve governance and help curb corruption.

Australia is currently the Vice-Chair of the Asia Pacific Economic Cooperation (APEC) Anti-Corruption and Transparency Experts Task Force (ACT). Australian representatives participated in a meeting of the Task Force held in Hanoi, Vietnam on 26 February 2006. An Attorney-General's Department officer recently presented a paper on Australia's anti-corruption strategies at the APEC Anti-Corruption and Transparency Workshop on the Denial of Safe Haven, Asset Recovery and Extradition in Shanghai. The presentation focused on prosecuting corruption and strategies to deny safe haven. In 2007, Australia will host APEC and chair the ACT.

## **Bangladesh**

Bangladesh continuously seek to make its government more transparent and accountable. The Anti-Corruption Commission (ACC), created in 2004 to launch and conduct investigations, is also responsible for taking measures to prevent corruption, for research, for public education and for promoting integrity in society. Against this background, it has already inspected several departments, such as the Chittagong Custom House and the ZIA International Airport. It has held dialogs with bodies such as the National Board of Revenue, the Bangladesh Police etc. Several features of the Commission guarantee its independence, including the selection of members by an independent committee, fixed tenure for members and the ability of the Commission to commence prosecution without approval from the executive.

Efforts are also being made to counter corruption in public procurement. The Public Procurement Regulations, passed at executive level, came into force in 2003. To make the procurement rules statutory, Bangladesh has now drafted a new Public Procurement Act. The bill is being studied by a parliamentary sub-committee before being submitted to the National Assembly for discussion and adoption.

To enhance the accountability of government, Bangladesh has created a Standing Committee for each Ministry. The Committees are empowered to review the work of Ministries that fall under their jurisdiction and to inquire or examine any irregularities and complaints. Ministers are directly answerable to the relevant Committee. Additional rules and legislation are also in place to punish corrupt officials. Bangladesh has recently secured convictions against a former minister, a former president and a former prime minister.

Bangladesh has also taken measures to reduce corruption in the tax administration. A Tax Ombudsman Act has been adopted and promulgated. With the assistance of the World Bank, Bangladesh has undertaken efforts to create an effective and efficient tax administration.

Bangladesh recognizes that challenges remain. These range from the public's attitude towards corruption, the lack of supervision on public expenditure, political and bureaucratic interference in anti-corruption activities and delays in the justice system. To address some of these issues, Bangladesh aims to strengthen the capacity of the senior and middle management staff at the ACC. It also intends to improve the operational effectiveness of the ACC in specific sectors.

## **People's Republic of China**

The efforts of P.R. China to fight corruption are guided by the General Guidelines and Strategies of the Chinese Government and the Anti-Corruption Action Plan's three pillars. Thereunder, P.R. China has ratified the UNCAC on 27 October 2005 and stepped up efforts to harmonize China's legal system with the Convention's provisions. To this end, the Law on Anti-Money Laundering was recently submitted to the National People's Congress (NPC) for deliberation and approval. P.R. China also intends to strengthen

capacity-building of anti-corruption institutions and personnel, and to apply strategies and tools embodied in the UNCAC in its anti-corruption practices.

Other major measures to prevent and fight corruption include a roadmap to build and strengthen a system for sanctioning and preventing corruption. The program puts equal emphasis on educational, institutional and supervisory measures; seeks to enhance education efforts; cultivate and raise a culture of ethics; raise consciousness among leading officials; promote anti-corruption laws, regulations and systems and ensure their thorough implementation; intensify supervision; and ensure consciousness of the importance of anti-corruption reforms. The decision to create this plan was made in 2004 and the implementation program was issued in early 2005. The overall objective is to accomplish a basic framework for punishing and preventing corruption by 2010.

P.R. China has taken a broad set of measures to prevent corruption in public administrations. These measures address areas such as administrations' human resource management, public licenses, financial management, and public procurement. It has notably taken steps to strengthen ethics among public servants and passed a set of legislation and regulations to that purpose. The government developed and implemented a series of codes of conduct that address conflicts of interest. In March 2004, the State Council issued the "Implementation Outline for Pushing Forward Administration by Law in an All-Round Way". The Law on Civil Servants came into force on 1 January 2006. Following the entry into force of the Law on Administrative Licensing in July 2004, central departments and local governments have repealed or adjusted one out of two administrative licenses and license procedures. To accelerate reform of the financial management system, the government aims to speed up budgetary reform in state departments and pursues a system of centralized revenue and expenditure by the State Treasury. The Law on Government Procurement of June 2002 has improved specific operational procedures. In departments under the Central Government, 70% of official purchases are now made through government procurement. In the view of the Chinese authorities, implementation of the Law on Tendering and Bidding of 1998 has brought tangible improvements, especially in public construction projects.

To improve the government investment control system, the Central Government issued the Decisions on the Reform of the Investment System to improve the mechanism for making investment decisions. To improve its decision-making system, the government has introduced elements of public participation, expert consultation and collective decision-making. Superior hierarchies in the government must standardize the decision-making procedures, increase transparency, clarify responsibility, reduce mistakes and guard against abuse of power. The government has also tightened supervision over state-owned assets by improving related laws, regulations and management systems. Furthermore, public servants will be recruited through public admission and examination; officials will be appointed and promoted by public selection and competition; and sanctions such as resignation and accountability for dereliction of duty have been widely applied.

P.R. China has also made efforts to investigate and handle corruption cases more effectively. The government deems investigation and dealing with corruption cases as an important means to reinforce anti-corruption education. In 2005, 146,000 cases were filed with the CPC's discipline inspection organs and the supervisory departments at all levels of government. Of these cases, 144,000 were resolved, over 110,000 persons received Party discipline, 47,000 were disciplined administratively, and 1,300 cases were transferred to judicial organs for criminal charges.

P.R. China is encouraging public participation in its anti-corruption efforts. To promote transparency of government affairs, it established the Chinese Government Website (<http://www.gov.cn>) in early 2006 so as to publish government affairs and provide online services. Local governments at various levels have their own websites. Enterprises and villages are also required to use various measures to publicize their affairs.

P.R. China has begun a drive to tackle business bribery. In February 2006, the fourth work conference of the State Council on Building a Clean Government identified the tackling of business bribery as one of the major targets of P.R. China's fight against corruption. Soon after, the central government established a leading group with a general office in the Ministry of Supervision headed by a vice-minister. Special working institutions have been established in more than 30 central departments and 31 provincial authorities. Channels for making complaints are available to all Chinese citizens and foreigners. Looking towards the future, the government has identified six priority areas: tangible construction projects; property right

transactions; land transfer; sales promotion of medicine; resources development and marketing; and other areas, such as finance and credit, securities and futures, commercial insurance, publication and distribution, etc. Six measures are being taken: creating a sound and healthy business culture, and establishing a fair, just, honest and lawful competing environment; rectifying unfair trading practices; investigating and punishing business bribery cases; enhancing the role of supervision; making effective and comprehensive programs; and improving legal systems. P.R. China plans to pursue and intensify its fight against bribery in business and has defined a reform project to address this area under the Action Plan's 3rd implementation cycle.

In the area of international cooperation, P.R. China has intensified cooperation with regional and international organizations such as ADB, AOA, APEC, OECD, TI, and UNDP. In 2006, it completed the "Capacity Building in Clean Government in China", sponsored by UNDP. In April 2006, P.R. China and the United States co-sponsored the APEC ACT Workshop on "Denial of Safe Haven" in Shanghai. It has also established a mechanism for consultation and cooperation with the United States. Bilateral expert meetings were held in Washington, D.C. in June 2005 and in Beijing in February 2006. The parties have agreed to further develop anti-corruption cooperation, strengthen mutual cooperation to deny safe haven, repatriate suspects of corruption and assets, and lay a favorable foundation for cooperation.

### **Cook Islands**

The Cook Islands have undertaken a number of measures to strengthen their legal and institutional safeguards against corruption. Developments in recruitment have focused on individual positions. As the last three appointments to the Public Service Commission were political appointees and hence the Cook Islands have concluded that there is a need to address the appointment process. The Ombudsman is expected to provide input to a draft of the government's code of conduct which was prepared three years ago.

There has been ongoing reform of the state audit process with the objective of reducing the size of the public service. New Zealand and other international partners have provided assistance in the form of forensic accounting.

The Cook Islands have also taken various measures to review and oversee public expenditure. Parliament formed a Committee on Public Expenditure Review that has resumed operation since January 2006. The Committee reviewed the Ministry of Health and will be reviewing the Ministry of Education. The Remuneration Tribunal determined the remuneration of various Parliament officials, including that of the Prime Minister and the Speaker. The report is now in the form of an Order-in-Council. In April 2006, a commission was set up to review whether the Ombudsman's office should be abolished. The Committee recommended that the position be advertised and that the office be monitored thereafter for 18 months because the Committee did not want to abolish the office which has never been filled by an appropriate person. The Cabinet is now considering the proposal.

The government has proposed new anti-money laundering legislation with increased sanctions.

As to prosecution of corruption, the Crown Law Office, the Audit Office and the Police of the Cook Islands prosecuted a former Minister of Police in November 2005.

### **Fiji Islands**

Fiji has engaged in a number of activities in the fight against corruption since the 7th Steering Group meeting in September 2005. In October 2005, it hosted the annual APG Typologies Workshop. A World Bank assessment team on Anti-Money Laundering and Combating Terrorist Financing visited Fiji in February 2006. The team released its Report to the Government of Fiji in March 2006; the final report is expected to be available in July 2006.

In the area of legislative developments, the Attorney General issued the terms of reference to the Fiji Law Reform Commission for a holistic review of the Charitable Trust Act. NZ Aid is assessing and evaluating a project paper for the purpose of funding the review. The professional staff of the Fiji Law Reform Commission is conducting internal legal research on the project. A similar review is being conducted on the Religious Bodies Registration Act. A draft Leadership Code/Code of Conduct Bill has been completed and

awaits consideration by the incoming government. A bill to amend the Capital Markets Development Authority (CMDA) Act is intended to be tabled in Fiji's new Parliament in November 2006 and is expected to be in force by January 2007. The bill will encompass extensive coverage and amendment to prohibited dealings including insider trading and market manipulation. It will give more powers to the CMDA to institute both civil and criminal offences. The bill is also expected to establish a principle of fostering a culture of good corporate governance and replace the present prescriptive laws and regulations. Fiji is also reviewing its Penal Code and Criminal Procedure Code, a project expected to be completed by end 2006.

### **Hong Kong, China**

Hong Kong, China's Independent Commission Against Corruption (ICAC) reports that corruption remains under control. Notably, there is no sign of syndicated corruption on a large-scale, with only petty corruption in the civil service. There is nonetheless an increase in the number of corruption complaints in the business sector.

In 2005, there were about 3,600 complaints of corruption, over 60% of which involved the private sector (including commercial fraud facilitated by corruption). Approximately 5% of the complaints were referred by other government agencies, indicating the government's continuing commitment for a clean public service. Approximately 70% of the complaints were non-anonymous, which reflects the public's confidence in the ICAC. Today, more than half of the cases that the ICAC investigates involve the private sector. These cases are generally rather complex and therefore there is a need to further enhance professional capability in areas such as information technology forensics and forensic accounting.

The ICAC's mission to ensure the public sector is free of corruption requires action to guarantee that policies and procedures are transparent and accountable. The ICAC regularly reviews government procedures, particularly in areas such as public procurement, law enforcement, public works, government regulation and licensing. To properly manage conflict of interest, the ICAC has assisted the Civil Service Bureau to enhance and promulgate guidelines. It has also commented on the review of the arrangements and guidelines for civil service retirees who wish to take up work in the private sector.

With respect to corruption in the business sector, the ICAC conducted a Business Ethics Promotion Programme in 2004 and 2005. It visited over 700 listed companies to convince them to draft codes of conduct; over 65% of which now have such codes. The ICAC also spoke to over 35,000 employees in these companies about anti-corruption legislation and the need for ethical practices.

The ICAC recognizes the importance of public support and participation in the fight against corruption. It has a regional office network to allow citizens to ask questions, make complaints and discuss corruption issues. The mass media is used to promote anti-corruption work. An annual survey conducted by an independent company showed encouraging results and that 99% of those surveyed supported the ICAC's work.

The ICAC successfully held the third ICAC Symposium on Corporate Corruption, Integrity and Governance on 9-11 May 2006.

### **India**

India states that it is committed to zero tolerance against corruption. Prevention of corruption is closely linked to governance reforms and active democratic participation. The legal and institutional framework is largely in place. Further systemic reforms, including equity and access to services, are current key concerns.

India has signed the UNCAC. Some existing legislative provisions already comply with the UNCAC, and a Joint Working Committee is examining what additional legislation is necessary. India will ratify the UNCAC once the implementing legislation is in place.

The Second Administrative Reforms Commission was constituted on 31st August 2005 to prepare a blueprint for revamping the public administration. It will suggest measures to achieve a proactive, responsible, accountable, sustainable and efficient administration. Among other things, it will cover the organizational structure of the government, ethics in governance, strengthening of personnel administration and financial

management systems, promoting of participative service delivery, citizen-centric administration and e-governance.

The Right to Information Act (October 2005) provides for greater transparency, accountability and probity in governance. Citizens can access information relating to all government decisions within the prescribed time frame. NGOs and the media have endorsed - and thus increased public awareness of - the legislation.

India aims to provide "IT for all" by 2008 and has implemented several e-governance initiatives, including: computerization and access to land records; e-sewa; citizen service centers for interface between government; e-enabled office processes and service delivery for treasuries banking operations and commercial taxes; and the Indian Government Tenders Information System for public sector procurement.

The Central Vigilance Commission (CVC), a statutory body, supervises investigations under the Prevention of Corruption Act, 1988 and the vigilance administration of the Central Government. An April 2004 resolution designates the CVC as the recipient of anonymous complaints by whistleblowers. A bill to protect whistleblowers is also under consideration. State Vigilance Commissions have also been set up in some states. Model legislation on the structure of the State Vigilance Commissions has been circulated to State Governments. Lokayuktas or ombudsmen have also been set up in some states to investigate charges of corruption against politicians and officials. The National Common minimum Programme of the Government endorses the institution of Lokpal or Ombudsman at the Centre. The Government is considering the Lokpal Bill.

The Comptroller and Auditor General oversees the accounts of the Union and the States and reports to the legislatures of the respective governments. Various committees in the national and state legislatures oversee executive conduct through detailed examination and hearings. Audits of local bodies are also presented to state legislatures. In addition, there are detailed systems of internal audit and control with Integrated Financial Advisors and audit and accounting standards.

Prevention of corruption in the private sector functions within the framework of the Companies Act, auditing standards and Serious Fraud Investigation Office and the Income Tax Act. India is reforming corporate governance based on OECD recommendations for independent auditors and directors. The Prevention of Money Laundering Act, 2002, sets out anti-money laundering measures including record keeping by financial institutions, suspicious transaction reporting, and freezing, seizure and confiscation of proceeds of crime. The Financial Intelligence Unit collects and analyses information regarding potential money laundering and coordinates anti-money laundering measures.

All public officials are subject to detailed Conduct Rules that contain provisions on conflict of interest and reporting of employment, investments, assets and properties, gifts etc. India is considering amendments to the Discipline and Appeal Rules that will result in the dismissal of a civil servant in case of "serious corruption charges".

### **Indonesia**

Indonesia has engaged in new activities under all three Pillars of the Action Plan since the 7th Steering Group meeting in September 2005. It established the Government Regulations concerning Financial and Performance Report of Government Institutions. These Regulations are expected to enhance transparency by requiring government bodies to report decisions and resource allocations to supervisors and supervisory bodies. Indonesia has also drafted the Government Regulation concerning the Implementation of Internal Control System for Government Institution. The Regulation will oblige government officials to implement internal controls in daily operations. Indonesia plans to revise the Procurement Decree so as to provide e-procurement.

Indonesia's Corruption Eradication Commission (KPK) recently prosecuted high level officials and political persons, and searched the offices of one of the suspects. To build capacity in anti-corruption, the KPK and the Attorney General decided to share training and equipment facilities.

Indonesia has conducted publicity campaigns, including in schools, to raise public awareness of corruption.

## Kazakhstan

Kazakhstan, as a result of on-going and persistent efforts to make the fight against corruption more effective, now has a legal and organizational basis for combating corruption. The Agency on Civil Service has developed a long-term program to strengthen governance. Government officials submit income statements annually and assume restrictions set by the Government. The punishment for corruption violations and crimes has been toughened.

In terms of institutional measures, Kazakhstan has established the Financial Police Agency as a special body for fighting economic and corruption crimes. The Agency was recently given the status of a body that directly reports to the head of state. Kazakhstan has also adopted a Code of Honor for civil servants and the International Code of Conduct for Public Officials. The salaries of public officials have been raised. To reduce patronage and corruption, hiring and promotion within the civil service is now based on the professional skills of officials. On 14 April 2005, the President issued a “Decree on Measures to Strengthen the Fight against Corruption, Discipline and Order in the Performance of Government Bodies and Officials”. The decree creates Disciplinary Councils of the Agency of the Republic of Kazakhstan on Civil Service in all provinces (oblasts) and the cities of Astana and Almaty. The Councils aim to prevent corruption, develop proposals to strengthen discipline, and adjudicate allegations that civil servants have violated anti-corruption laws or the Code of Honor.

Kazakhstan has strengthened its anti-corruption programs by consolidating efforts of all government bodies, non-governmental organizations and mass media. It recently completed the government programs on fighting corruption for 1999-2000 and 2001-2005 and has adopted and begun implementing the program for 2006-2010. Priority areas in the economic sphere include reducing the size of the shadow economy, expanding the small and medium business sector, increasing tax proceeds and strengthening economic performance. In the political sphere, Kazakhstan aims to improve the transparency of political activities and the confidence of civil society in government bodies. Kazakhstan seeks to strengthen the transparency of government decision-making and the citizens’ confidence in law enforcement and internal control of the government. Further, Kazakhstan seeks to extend the dialog on corruption issues among government, political bodies, the business community and civil society by conducting various forums and roundtables. The government also plans to increase involvement of non-governmental organizations in the implementation of anti-corruption education programs and attempts to involve the mass media in promoting anti-corruption. The planned activities will be financed by the state budget. In addition, it will involve representative bodies to develop similar programs to fighting corruption in the regions.

Kazakhstan also seeks to enhance transparency in the private sector. It also implemented the program “Entrepreneur and Official” to reduce corruption in the regions.

These initiatives are handled primarily by the Commission under the President of the Republic of Kazakhstan on Fighting Corruption and Observance of Ethics by Civil Servants (the Commission). The Commission was established by the Decree of the President of Kazakhstan and is an advisory body under the head of state. Its activity is performed by the Administration of the President, Division of Law and Judicial System. The Commission deals with reports that civil servants have violated the law. If necessary, the Commission receives oral and written explanations from government officials and takes measures to eliminate violations. The Commission’s work is transparent. Information on its activity can be found in mass media.

The Commission’s competence also includes supporting the implementation of priority tasks determined by the President in his annual address to the people of Kazakhstan. It ensures coordination in the fight against corruption and devises measures to identify and neutralize conditions that cause corruption. It prepares awareness-raising and confidence-building strategies. It conducts research into new approaches to fight corruption, means to assess the level of the corruption and the role of law enforcement and other agencies in fighting corruption. It assists in developing legislation, especially in regulating economic processes and activities of economic entities and government agencies in the issuance of licenses. It works closely with non-governmental organizations, mass media and other civil society institutions to strengthen cooperation and to support their anti-corruption activities.

Participation of civil society in anti-corruption is demonstrated by the presence of more than 5,000 non-governmental organizations (NGOs) in the country. In 2003, Kazakhstan adopted the Program of State Support of NGOs for 2003-2005. The Program aims to create conditions for sustainable development of NGOs in the country and to strengthen NGOs' role in addressing important issues of the society.

Kazakhstan provides for free development of the mass media. There are now 2,116 mass media outlets of which 80% are private. The mass media enjoy freedom of speech and are allowed wide coverage of the anti-corruption activities of the state. To further improve interaction with mass media, the President of the Republic of Kazakhstan has created the Social Council on Mass Media.

Kazakhstan has also taken account of international measures to fight corruption. It is considering signing the UNCAC. It places great importance to the ADB/OECD Anti-Corruption Initiative for Asia and the Pacific and the Action Plan that Kazakhstan endorsed in 2002. In 2002, Kazakhstan adopted the Action Plan on Fighting Corruption in Asia and the Pacific.

### **Korea**

Korea continues to combat corruption on a number of fronts. In November 2005, it revised the Public Service Ethics Act to introduce the Blind Trust System that aims to prevent conflicts of interest. The provisions apply to 5,800 officials, including the President, the Prime Minister, lawmakers and senior public officials. If these officials or their family members own shares worth more than KRW 30 million in a company that operates in their field of work, they must sell their shares or place them in blind trusts.

The Korean Government deems that there has been a noticeable change in the public's attitude on corruption in the country. The recent media coverage of corruption cases, including the Hyundai slush funds case, demonstrates the effectiveness of the government's efforts to increase transparency and its ability to detect corruption.

Korea has also made efforts towards the ratification of the UNCAC. In February 2005, Korea created an interagency taskforce to expedite ratification. The government is now examining its domestic laws – particularly in the area of locating, confiscating and returning proceeds of corruption – with a view to amending or enacting relevant legislation in the near future. The government will also consider adopting special investigative techniques and advanced technologies for protecting victims and witnesses.

### **Kyrgyz Republic**

The Kyrgyz Republic is fighting corruption within the framework of the UNCAC and the State Strategy for Combating Corruption in the Kyrgyz Republic for 2006-2007 approved by the government in February 2006. Anti-corruption measures in customs and tax inspections have resulted in an increase to the pensions and salaries of certain categories of workers.

The Kyrgyz Republic is bringing national legislation into conformity with the UNCAC. Special working groups have been created in the Office of the Public Prosecutor and the Ministry of Justice to prepare draft amendments and addendums to the Criminal and Criminal Procedure Codes. In particular, Parliament recently approved amendments to the Criminal Code. Accomplices in bribe giving or taking who voluntarily report the case to law enforcement agencies may be exempted from punishment. Other legislative amendments being considered include transferring the power to impose punitive sanctions from prosecutors to judges.

The National Agency of the Kyrgyz Republic for Preventing Corruption was created in October 2005. The decision to create this anti-corruption body was made after a feasibility study and the development of a set of documents by local and international experts to regulate the activity of the agency. The National Agency is responsible for developing and implementing measures to eliminate and prevent conditions that cause corruption. It coordinates, monitors and evaluates the state's anti-corruption policy, with an aim to create an atmosphere of intolerance against corruption in society.

The National Council for Combating Corruption was created at the same time as the National Agency. The Council is tasked with uniting the anti-corruption efforts of state and civil society institutions, and to exercise state and public control over the National Agency. The President of the Kyrgyz Republic has appointed the Head of the Council. The members of the Council have been approved. They come from all branches of government and civil society; representatives of the civil society are in the majority on the council.

In September 2005, the Kyrgyz Republic created the Financial Intelligence Service to strengthen the fight against money laundering and terrorist financing, to promote integrity and transparency in the financial system, and to curb the shadow economy. Parliament is considering various amendments to the bill “On the Fight against Money Laundering and Financing Terrorism”; the bill’s first reading took place in 2004.

The Kyrgyz Parliamentarians against Corruption (KPAC), a public association, was created in late 2005 and is the Kyrgyz chapter of the Global Organization of Parliamentarians against Corruption (GOPAC). KPAC consists of ten deputies of Parliament who conducted a number of anti-corruption activities, such as a conference on anti-money laundering and anti-corruption training for deputies of local assemblies throughout the country.

The Kyrgyz Republic recognizes that challenges remain. Independent research has shown that unofficial payments remain high in regulatory public bodies, health care and education. Causes of corruption include the large number of administrative barriers, lack of transparency in public funding and non-compliance with the law. Lack of funding and inexperience in developing legislation based on international best practices exacerbate the problem.

The Kyrgyz Republic might receive financial support for its anti-corruption work amounting to USD 15million from the US-funded Millennium Challenge Account Program. Under this scheme, a Country Plan was developed which emphasizes anti-corruption in 2006-2007. The Plan consists of three components: supremacy of law with an efficient judicial system; anti-corruption in law enforcement bodies; and increasing the effectiveness of criminal prosecution. In addition, the budget of the National Agency of the Kyrgyz Republic for Preventing Corruption for 2006 has been approved, though the possibility of adding donor funding is being considered. The Kyrgyz Republic asks donor organizations to express their views on providing financial and technical support to the Agency.

### **Macao, China**

Since 1999, the government of Macao, China has continuously sought to optimize its legal mechanisms and engaged in activities under all three Pillars of the Action Plan. Under Pillar 1, the Government has adopted measures to enhance the effectiveness and transparency of the public administration. The “General Regulations Governing the Staff of the Public Administration of Macao” prescribe the general obligations of public servants. The “Administrative Procedures Code” stipulates disqualification requirements to avoid conflicts of interest. On the basis of the existing legal system, the “Guidelines for the Procurement and Acquisition of Public Goods and Services” provide practical suggestions on the operational procedures of public procurement to ensure fairness, transparency and efficiency. The government has promoted the “Guidelines on the Professional Ethics and Conduct of Public Servants” and the “Recommendations on the Formulation of Code of Conduct for Public Services and Institutions”.

Macao, China’s Commission Against Corruption (CCAC) is empowered to fight corruption and carry out ombudsman functions. Its investigative powers, staff and resources correspond to that mandate. CCAC adopts the four-pronged strategy of “anti-corruption, prevention, enactment of normative acts and education”. The CCAC has investigative powers under the existing legislation on bribery and election-related corruption and fraud. The CCAC also carries out research and examines possible improvements to regulatory frameworks. It also carries out similar activities on internal operational procedures of the public services so as to ensure law-abiding administration, enhance efficiency and transparency, and eliminate the causes of corruption and fraud. The government has undertaken to implement the standards set by UNCAC and the law on “Prevention and Repression of Money Laundering”.

Macao, China has regularly launched education and promotion programs to gain the support and participation of all sectors of society, including the general public, community-based organizations, civil

servants and students of primary, secondary schools and universities. The CCAC plans to undertake measures to establish an integrity culture in public service by promoting internal codes of conduct and educational campaigns to develop teenagers' sense of antipathy to corruption.

### Malaysia

The Parliament of Malaysia established the Special Select Committee on Integrity on 8 December 2005. The Committee consists of 12 members from both the ruling and opposition parties and is headed by a Minister. The purpose of the Committee is to examine and discuss issues on ethics and integrity among the public; plan and implement an integrity action plan so as to achieve the five targets of the National Integrity Plan (NIP); recommend improvements to the NIP implementation programs; study and examine existing laws and regulations to strengthen values, ethics and integrity, and to discuss the views and recommendation of the public; submit proposals to Parliament on policy changes, and legislative reviews and amendments; and examine and implement the strategies and integrity agenda outlined in the NIP. Since its inception in early 2006, the Committee met the public four times to receive complaints and to obtain views on ethics and integrity issues.

Malaysia has also undertaken to reform the public sector. On 26 October 2005, the Royal Malaysian Police Force launched a nationwide anti-corruption campaign in which the Inspector-General of the Police directed all police personnel (except undercover officers) to wear a badge that states "I am against corruption". Anti-corruption posters were printed and distributed to all state police headquarters, districts and police stations. Police vehicles and petrol cars also carried stickers with the same message. On 10 March 2006, the Police Complaint Bureau launched the Public Polling System as proposed by the Prime Minister. The initiative aims to provide the public with an opportunity to voice their opinions and suggestions on government projects. On 15 March 2006, the government approved a one-stop center in the Port Klang Free Trade Zone to process applications from investors. The Department of Local Government has also created a one-stop center to process applications for incorporation, so as to reduce red tape and opportunities for corruption. The Department established an Inspection and Monitoring Division to ensure the government's funds allocated to local councils are used appropriately. Finally, at the Prime Minister's direction, a Monitoring Committee was set up in April 2006 to ensure effective implementation of the 9th Malaysian Development Plan 2006-2010.

As regards strengthening anti-bribery actions and promoting integrity in business operations under the Action Plan's 2nd pillar, the Malaysia Anti-corruption Academy commenced operations in December 2005. On 15-20 January 2006, in conjunction with the Crown Agents, a UK-based international development company, the Academy conducted a course on Intelligence-Based Investigations that was attended by 26 local and foreign participants. On 28-30 March 2006, the Academy hosted the ADB/OECD Initiative's 4th Master Training Seminar on: Denying Safe Haven to Corruption and Its Assets: Enhancing Asia-Pacific Cooperation on Mutual Legal Assistance, Extradition and the Recovery and Return of the Proceeds on Corruption. On 20-31 May 2006, the Academy and the American Bar Association/Asia Law Initiative will organize a seminar on Combating Corruption in Criminal Justice Systems for 40 local and foreign participants. The second phase of the construction of the Academy will continue during the 9th Malaysia Plan with a budget of MYR 80 million (USD 21 million). This will include the construction of accommodation for participants, staff quarters, an auditorium and a multi-purpose hall.

Malaysia is also taking legislative measures to ensure that it will meet the standards in the UNCAC upon ratification of the Convention. One of the remaining reforms is a law for witness protection that has been drafted by the Attorney-General's Chambers. The bill is expected to be tabled in Parliament in June 2006. The Attorney-General's Chambers have also prepared a bill to outlaw corrupt practices involving foreign public officials and officials of international organizations.

To improve corporate governance, the Companies Commission of Malaysia introduced the Corporate Directors Training Program in 2005. Conducted at its own training center, the Program promotes good ethics among company directors and consists of modules in six areas: the roles and responsibilities of company directors; law and practices for company meetings; common offences committed by directors; commercial crime; corruption offences and their prevention; and understanding and applying good corporate governance.

Malaysia has also engaged in further involving the public in the fight against corruption. The Ministry of Finance has allocated almost MYR 900,000 (USD 236,000) to the Anti-Corruption Agency for a corruption perception survey to be undertaken in 2006. This is in accordance with the government's directive to conduct such nationwide surveys every five years. Researchers from the National University of Malaysia have been appointed to conduct the survey. The survey will sample 8,000 respondents in the public and private sectors, agencies exposed to anti-corruption campaigns, members of the public and students. A concept paper has been presented to the Chief Secretary of the government. A pilot study to test the survey will be carried out in June 2006. The actual survey is expected to be completed in August 2006.

### **Mongolia**

Mongolia has engaged in legislative reform to fight corruption over the past months. It ratified the UNCAC in November 2005 and is now amending its laws to meet the requirements and standards of the Convention. The process will likely concern the Criminal Law, the Criminal Procedure Law and the Law on Procurement. In its spring session, Parliament will discuss the Anti-money Laundering Law and amendments to the Law on Anti-corruption that will create an anti-corruption body. Recent changes to the Election Law limit the financing of political parties and ensure transparency of a candidate's bank account. Parliament recently rejected proposed amendments to the Law on Public Service that would have prohibited civil servants from being a member of a political party. The public service oath requires public servants to refrain from corrupt practices.

### **Nepal**

Nepal continues its efforts to fight corruption amid a changing political environment. The Supreme Court dismantled the Royal Commission for Corruption Control (RCC) that operated in parallel to the CIAA.

Since September 2005, continuous efforts have been made in the area of corruption prevention. They include the passing of the Public Procurement Act and, in that respect, technical audits of major projects. The procurement Act ensures transparency and competitiveness in public procurement. Penalties have been prescribed for the violation of the procurement procedures. Nepal has also updated the websites of its ministries and departments. It has produced working guidelines for departments and has assigned the National Vigilance Centre to monitor the operation of the guidelines. The Citizens' Charter is given wide publicity. To prevent corruption, complaint boxes have been placed at every ministry. CIAA holds monthly meetings with focal points and frequent interaction with regulatory bodies.

Preventive measures have also targeted businesses and as a result of this, the Nepalese business community has formulated a code of conduct. The Federation of Nepalese Chambers of Commerce and Industry (FNCCI) has produced a film related to anti-corruption and business ethics.

To prevent corruption, Nepal has engaged well-known artists to prepare anti-corruption folk songs and slides for display in theatres and cinemas. It has also produced and distributed calendars, posters and pamphlets with anti-corruption messages. Training was provided to officers of district, regional, and national levels. The participants are drawn from CIAA, NVC, Special Court, Department of National Investigation etc. CIAA has operated outreach programs and formed anti-corruption coordination committees at the district level which includes local NGOs. Efforts are being made to add anti-corruption courses to the syllabi of schools and colleges. CIAA commissioners and staff conduct frequent field visits. It has organized essay and speech competition among college students and provided awards to the best journalists on corruption issues. It further plans to train 300 field-level government officers and contact 500 business persons concerning anti-corruption issues.

To ensure effective investigation of corruption cases, Nepal has prepared checklists and guidelines for investigations of varying nature. CIAA has established a training section, produced basic and advanced training modules and organized training on investigation techniques. In addition to an Intelligence Unit at the CIAA, it has established special groups to investigate corruption-prone areas. CIAA field officials have been appointed at the regional and district levels. To improve the effectiveness of prosecutions, the CIAA has increased interaction with courts, government attorneys and other stakeholders. It provided training and support services for prosecutors and monitored the performance of attorneys in court. Prosecution manuals

are being prepared. These efforts have culminated in a conviction rate of 92% in corruption cases in 2005. Nepal's CIAA has resolved 78% of the 4,759 complaints received in 2005. The CIAA has now moved into its 75,000 square foot secure building that is equipped with conference and training facilities, separate interrogation and detention rooms and a 25,000 square foot residence and guest house.

Nepal has received significant donor support in its fight against corruption. The CIAA has signed a MoU with the National Planning Commission for assistance from the World Bank for support services for the next three years. Support areas include consultant services on legal, financial, media and management information system; training; etc.

Under Pillar 3, Nepal has improved access to information by sensitizing the media and holding periodic press conferences, particularly when special issues emerge. It has launched a webpage that is periodically updated with charge sheets of major corruption cases. It has produced a weekly radio program on corruption. Access to information has been improved with a new MIS system and the hiring of an MIS specialist. A society of investigative journalists has been established. There are training programs for investigative journalism. CIAA also produces various publications, which included special court verdicts on six major corruption cases.

To increase public participation, Nepal encourages civil society groups to monitor public sector programs and activities. It organized regional seminars to enhance participation and launched an anti-corruption action plan of civil society organization. Women organizations have been formed for anti-corruption activities.

In the future, Nepal expects to undertake several activities, including training on various fields of activities; strengthening the CIAA's MIS; establishing a capable intelligence section; conducting research; soliciting feedback; providing institutional and logistical support; working with regulatory and other bodies; forming an alliance with the media; gaining public and political support; working with civil society; improving the regulatory regime in the context of UNCAC; engaging in institutional reforms such as the establishment of outreach offices; and institutional reorganisation.

### **Pakistan**

Until recently, Pakistan had emphasized enforcement in its anti-corruption efforts. This resulted in bureaucrats remonstrating to the Prime Minister that their decision-making has been hindered, and a solution to resolve this impasse is being devised.

The Pakistani cabinet has approved an anti-money laundering bill which is now being studied by the Standing Committee of the National Assembly. The draft law criminalizes money laundering and creates an institutional infrastructure for monitoring and tracking suspicious transactions.

The emphasis of Pakistan's efforts is to prevent corruption. It has increased its awareness-raising activities by targeting the young through art, essay and declamation contests. Awareness-raising activities on public governance have been stepped up since the ethics retreat of the federal cabinet organized by the National Accountability Bureau (NAB) last year. A draft code of conduct for politicians and parliamentarians that includes penal measures has been prepared. Rules of Business for the civil service have been reviewed to make it more result oriented. The administrative system and the local government system are both being reformed.

The NAB and the Public Procurement Regulatory Authority are reviewing the procurement regime. Integrity pacts have been introduced into defense procurements. The provinces have been encouraged to adopt the federal Public Procurement Rules 2004.

Efforts have also been made to reduce corruption in government bodies that are perceived by the public as being corrupt. The Central Board of Revenue has eliminated personal contact between tax officials and taxpayers by automating custom clearance at major ports, and allowing electronic filing of sales and income tax returns. The Islamabad Capital Territory is being revamped following the successful experiment of the motorway police.

Pakistan has taken steps to prevent corruption in the reconstruction activities in earthquake-devastated areas. The Auditor General of Pakistan has formed a dedicated directorate to enhance fiscal propriety in

relief efforts. The NAB and the Pakistan chapter of Transparency International held an international conference on “Transparent Utilization of Earthquake Rehabilitation and Reconstruction Funds”. Stakeholders who attended the conference suggested some very valuable measures for implementation by NGOs and the public and private sectors.

In the past six months, the NAB has been restructured to make it more focused and result-oriented. Emphasis was placed in the areas of organization, operational methodology, decentralization, job descriptions etc.

For the Third Implementing Cycle under the Initiative’s Action Plan, Pakistan hopes to further enhance the scope of awareness-raising and prevention activities in general. It will increase interaction with various sectors, such as health, education and housing, so as to improve the quality of life in Pakistan. It will continue with reform activities in procurement, prepare a good governance and anti-corruption handbook for civil servants, review the Government Servants Conduct Rules (last revised in 1964) and upgrade the NAB’s information management system.

### **Palau**

Palau is engaging in reform under all three pillars of the Action Plan. To curb patronage, nepotism and favoritism in the hiring and promotion of employees, the Congress will likely pass new laws to provide more independence in the administration of the public service system. The government hopes to establish a Civil Service Commission that will (1) review hiring decisions for elements of nepotism, favoritism or political patronage and (2) review existing jobs with to eliminating phantom jobs created as a result of political patronage or nepotism.

Palau also plans to increase transparency in the procurement process. Procurement Officers will work with Congress to address deficiencies in the Procurement Act and to simplify procedures and guidelines for the procurement process. The Procurement Officers will initiate awareness programs to ensure all agencies comply with procurement rules and regulations.

Palau hopes to pass new anti-money laundering (AML) legislation under Pillar 2. In 2001, Palau passed the Financial Institutions Act of 2001 and the Anti-Money Laundering and Proceeds of Crime Act of 2001 (AMLPCA). However, this legislative scheme contains significant shortcomings, which led the Asia Pacific Group on Money Laundering to find the scheme non-compliant with the 40 Recommendations and the 8 Special Recommendations of the Financial Action Task Force (FATF). The FATF has since added Special Recommendation 9, leaving Palau’s legislation even further below international norms. Consequently, the Palau government has drafted revisions to the AMLPCA to address these deficiencies. Additionally, the government drafted a Cash Courier Disclosure Act (CCDA) to curb corruption and money laundering through cross-border cash movement. The passage of these two pieces of legislation will increase Palau’s ability to counter money laundering and detect proceeds of corruption. Unfortunately, enactment of the legislation has experienced significant difficulty. The Senate finally passed the CCDA and the AMLPCA after one and two years respectively. While the government is pleased with this development, it unfortunately appears that the legislation may again face similar problems in the House of Delegates. The government therefore plans to educate the National Congress on the importance of these laws in the global fight against corruption. The government will also seek assistance from international organizations in this regard.

Under Pillar 3, Palau hopes raise awareness of corruption by amending the Public Auditing Act to provide copies of the annual report of the Public Auditor to local media and relevant NGOs. In addition, the Office of the Public Auditor, the Office of the Attorney General, Government Procurement Officers and the Public Service System plan to partner local NGOs (i.e. Palau Chamber of Commerce) to educate them on government Procurement Rules and Regulations, Code of Ethics Act, Civil Service System and other policies that deal with corruption issues. To this end, Palau will need technical assistance from ADB/OECD or other member countries that have implemented similar programs. Palau also needs financial assistance as start-up capital to set up the system and to implement the first program initiative.

## Papua New Guinea

In February 2006, Papua New Guinea enacted a law to reduce the discretion of the Attorney General and the Solicitor General to settle cases by requiring the approval of the Ministry of Finance or Treasury for such decisions. The new Proceeds of Crime legislation came into force in March 2006. Four constables have been sent for training in the area. The Government of Papua New Guinea also hopes to hold a seminar on the UNCAC to reduce the lack of understanding of the Convention that is preventing its ratification. A bill to give the Public Accounts Committee more power to refer cases for prosecution is in its first reading. Cabinet is considering an Initiative for Partnership with Civil Society. Finally, a Parliamentary Committee will examine proposals to create an anti-corruption agency.

## Philippines

In an effort to ensure effective and transparent systems for public service, the Philippines has made an unprecedented increase in the budget of the Ombudsman (OMB). The 2006 budget includes PHP 936 million (approximately USD 17.5million) and 2,341 staff, an increase from PHP 480 million (USD 9million) and 1,088 staff in 2003. Various training programs have been designed to train the new staff.

The Government Procurement Reform Act 2003 has resulted in a simplification of the procurement process; establishment of an electronic procurement system and non-discretionary selection criteria; observance of bidding processes by civil society organizations; presence of clearly defined protest mechanisms; and the availability of sanctions for law enforcement. The Government Procurement Policy Board's instituted a national training program which covered 16% of national government agencies and 83% of Local Government Units (LGU). There are also customized manuals in nine agencies that account for 60-70% of government procurement.

The Department of Finance has created the Revenue Integrity Protection Service and filed nine Run After Tax Evaders cases with the Office of the Ombudsman. The Run After The Smugglers program of the Bureau of Customs has resulted in the indictment of a major general in the Armed Forces for tax evasion. The OMB, the European Commission and DAP are partners in the Institutionalization of the Integrity Development Review (IDR) which covers the Bureau of Customs, Bureau of Internal Revenue, Department of Public Works and Highways, Land Transportation Office and Philippine National Police. The IDR identifies areas vulnerable to corruption and determines whether safeguards are present. As evidence of these efforts, the 2005 Social Weather Station Enterprise Survey on Corruption reported a sharp decline in bribery from 52% in 2001 to 36% in 2005.

Under Pillar 2, the Philippines has filed 50 "big fish" cases before the Sandiganbayan, including cases against military officers. The conviction rate at the Sandiganbayan for cases that went to trial rose from 13% in 2003 to 34% in 2005. Convicted officials in 2005 include a former health secretary, a governor, 11 mayors and directors of national offices. Administrative penalties for high-ranking officials in 2005 include 19 dismissals and 31 suspensions from office. Despite repeated challenges, the Supreme Court has upheld the OMB's power to impose administrative sanctions.

In the area of legislative reform, the Philippines has pending legislation to improve anti-corruption law enforcement, including the protection and reward to whistleblowers; forfeiture of assets to the OMB; criminalization of ill-gotten wealth; requiring private lawyers to assist in corruption prosecution; provision of access to bank documents for financial investigation; and ratification of the UNCAC. To accomplish these goals, the Philippines received donor assistance from ADB, UNDP, USAID/ROLE, World Bank, the European Commission, the Philippines-Australia Human Resource Development Facility (PAHRDF), USAID through the Asia Foundation (USAID/TAF), Japan International Cooperation Agency (JICA) and the British Embassy.

Under Pillar 3, the Philippines has created the National Anti-Corruption Program of Action (NACPA). This is a multi-sector, high-level coordinating mechanism that involves the executive, legislative and judicial branches of government, Constitutional Commissions, local government units and civil society. A Covenant of Commitment was signed on 17 March 2006 and the Plan will provide consultation and coordination in fighting corruption.

Philippines believes that its government and the various sectors of the Philippine society are cooperating in fighting graft and corruption. The government stated that it has allowed for private sector participation in anti-corruption and governance reform initiatives. It has recognized and is tapping public sector support, private sector and donor community resources, and organizations and structures in the fight against graft and corruption. Thus, the OMB is attempting to establish the NACPA to convince public officials and employees, private citizens and civil society organizations to not just complain or criticize the government, but to also take part in anti-corruption initiatives and programs. The Philippines seeks the cooperation and support of the international donor community to make the NACPA a reality.

### **Singapore**

Singapore's Corrupt Practices Investigation Bureau (CPIB), the country's body in charge of curbing corruption, has taken various initiatives in the areas of anti-corruption education, institutional reviews, and training of its staff.

In the area of education, the CPIB is partnering the national Civil Service College in the education of Singapore's civil servants. The partnership includes training new administrative officers - a Senior Executive Programme for director-level officials and a Manager Leadership Programme for middle management. The College has an international wing that provides training for foreign participants in governance and public administration. The CPIB participates by providing anti-corruption training modules and conducting study visits within the international programs. The CPIB also conducts regular talks on corruption-prevention for officials of various Singaporean government departments and statutory boards. In addition, the CPIB takes part in ethics seminars organized by ministries and departments, including the annual Ethics Seminar of the Police Force.

The CPIB also conducts reviews of ministries and departments to identify procedural vulnerabilities to corruption. The CPIB recently produced a review paper with the Ministry of Home Affairs and Immigration Authority which identified such vulnerabilities in immigration procedures.

The CPIB has increased its outreach activities with the private sector. Awareness of corruption in the private sector has increased, as evidenced by an increase in the number of requests by private companies and organizations to the CPIB for talks and visits on corruption prevention. In November 2005, the CPIB joined the Corporate Governance Conference organized by the Commercial Affairs Department. The conference was attended by public and private sector participants. The CPIB gave a presentation on corporate governance and corruption, and how corrupt practices can be curbed in the private sector. The papers presented at the conference, including that of the CPIB, were compiled and published as a book.

The CPIB has also increased its outreach to Citizens Consultative Committees. These are grass-root volunteer community groups in local constituencies aimed at fostering community spirit and helping their constituents to solve problems. The CPIB talks to these groups to spread the anti-corruption message.

With the increased outreach, the CPIB has found a need to review the materials and resources for education and prevention. For example, the CPIB is considering acquiring mobile exhibition materials for use in off-site talks and visits. It has revamped its website to make it a tool for outreach to the public and an education and prevention resource. The website is also used to provide electronic services to the public, such as allowing the public to book talks and permitting defense lawyers to procure documents from the CPIB.

To assess the quality of its outreach initiatives, the CPIB conducts annual customer surveys. The CPIB also conducted a public perception survey in December 2005 and January 2006 through an independent research company. The survey showed that the public continues to have high confidence in the CPIB in its ability to curb corruption, and confirmed the perception of a low level of corruption in Singapore.

With regards to its own enforcement capacity, the CPIB has expanded its efforts in building its forensic computer capability and its staff's skills in financial investigation. Many of CPIB's cases nowadays involve computer materials and electronic evidence, and CPIB had to resort to electronic evidence in several cases. The CPIB has also built other investigation expertise, especially in financial investigation, since corrupt offenders use increasingly sophisticated methods.

The CPIB also maintains and expands its efforts to strengthen ties with foreign counterparts and officials. To that effect, it hosted numerous visits, study trips and attachment programs for foreign government officials and officers of counterpart agencies. CPIB's officers in turn attend seminars and conferences overseas to learn from the experiences of their foreign colleagues. CPIB is an active member of the MoU amongst ASEAN anti-corruption agencies that meet annually.

Singapore has signed the UNCAC in November 2005. An interagency government group is examining ratification of the Convention. Singapore recently joined the APEC Anti-Corruption Task Force and attended the Task Force's meeting in Hanoi in February 2006.

### **Sri Lanka**

By joining the ADB/OECD Anti-Corruption Initiative for Asia-Pacific and endorsing the Anti-Corruption Action Plan, Sri Lanka seeks to boost its efforts in the fight against the corruption at both domestic and regional levels. Sri Lanka signed and ratified the UNCAC in March 2004. It believes that it meets the obligations under the Convention to criminalize direct and indirect bribery of public officials and to prevent corruption in the public sector.

The Public Service Commission (PSC) ensures accountability and transparency in recruitment in the public sector. The PSC's decisions can be challenged in the Administrative Appeals Tribunal. In addition, Sri Lanka seeks to promote transparency in public procurement through the National Procurement Agency. The Agency is mandated to revise and adopt procurement procedures. Cabinet recently approved the Government Procurement Guidelines 2006 which replace the previous rules and enhance transparency.

In Sri Lanka, the Commission to Investigate Allegations of Bribery or Corruption (CIABC) has the power to investigate and prosecute corruption. The two previous Commissions experienced long periods with vacant positions after the resignation and death of Commissioners. The present CIABC has also experienced difficulties with financial independence, since it depends on the Treasury for funds and its staff and officers are loaned from other government departments. In August 2005, the then Prime Minister launched a program to build the capacity of the CIABC. The UNDP provided some funds to support the project. Though the CIABC only investigates bribery in the public sector, its jurisdiction extends to a wide range of statutory corporations, boards, tribunals, officials and all companies in which the government holds more than 50% of the shares. The CIABC has also conducted programs to raise the awareness of corruption among the police, local government officials, farmer organizations and local groups. More recent activities include working with the Legal Aid Commission to curb corruption in tsunami relief operations by monitoring those efforts and raising awareness among the civil society organizations involved.

Additional recent legislative reforms include the enactment of the Prevention of Money Laundering Act and the Financial Transactions Reporting Act. These statutes deal with the collection of data relating to suspicious transactions and provide for prevention, detection, investigation and prosecution of money laundering and terrorist financing. Sri Lanka is a member of the Asia Pacific Group on Money Laundering.

The CIABC has completed a study on the need to enact legislation relating to whistleblower protection and access to information. It is now studying the need to introduce amendments to the Bribery Law and the Declaration of Asset and Liabilities Law.

### **Thailand**

Thailand has adopted a three-prong approach to combat corruption: the enactment of relevant legislation, institution building, and awareness-raising. The Constitution and the Organic Act on Counter Corruption are the cornerstones to combating corruption. It has created independent bodies such as the Ombudsmen, National Counter Corruption Commission (NCCC), State Audit Commission, and the Criminal Division for Persons Holding Political Positions of the Supreme Court of Justice and the NCCC. It has criminalized corruption under the Criminal Code and has enacted provisions to freeze, seize and forfeit assets involved in corruption. It has also created law enforcement authorities such as the Anti-Money Laundering Office (AMLO) and the Department of Special Investigation (DSI).

In accordance with the three Pillars of the Action Plan, Thailand has seen recent developments in the following nine areas:

1. The introduction of e-Government;
2. Draft legislation to establish the “Office of the Counter Corruption in Public Sector” under the Ministry of Justice;
3. Amendments to the Government Procurement Act and Regulations, the Civil Service Act and the Act on Extradition;
4. Awareness-raising programs;
5. The UNCAC;
6. Joining the APEC Anti-Corruption and Transparency (ACT) Experts Task Force;
7. Implementing international standards and practices for regulation and supervision of financial institutions;
8. Capacity-building and regional seminars; and
9. Developing a “Transparency Index”.

To ensure more transparent, efficient, speedy and cost-effective government operations, Thailand created the “Government Fiscal Management Information System” (GFMS) to serve as the back office of the administration. GFMS is designed to ensure efficiency, accountability and transparency through on-line real time surveillance of the Government’s entire financial process.

Thailand has drafted legislation to establish the “Office of Counter Corruption in Public Sector” under the Ministry of Justice. The Office is responsible for allegations against government officials, particularly those in the mid-level of government. Other legislative reforms include modernizing rules and regulations on government procurement according to principles in UNCITRAL. There are proposed amendments to the Civil Service Act, including revising the basic salary scale and establishing a “Merit Protection Board”. Proposed amendments to the Extradition Act will improve and speed up the extradition process.

To raise awareness, Thailand has launched the “I AM READY” campaign to promote honest, active, moral, relevant, efficient, accountable and democratic government. The Foundation for a Clean and Transparent Thailand was set up to cultivate morality and ethics of all Thai people, to urge the suppression of corruption and to promote transparency. “Jai Thai Sai Sa-ard” was launched to widen awareness and to urge Thais to fight corruption for a better Thai society. “Raising Awareness and Building up a Wide and Strong Network Countrywide” has been proposed as a priority area and reform project under the ADB/OECD Initiative’s 3rd Implementation Cycle.

Thailand signed the UNCAC in December 2003 and the ratification process is underway. Preliminary findings indicate that the Thai legal and regulatory regimes comply with key principles and commitments of the UNCAC, though some areas require further consideration.

Thailand has participated in several activities of the APEC Anti-Corruption and Transparency (ACT) Experts Task Force. It took part in the World Bank / IMF ROSC program, including an assessment of Thailand in the area of international standards and practices for regulation and supervision of financial institutions in corporate governance. The report was cleared for publication in late September 2005. Part of the assessment examined compliance with the OECD Principles of Corporate Governance. Thailand is also applying for the Financial Sector Assessment Program (FSAP) as part of the ROSCs and the FATF’s 40+9 Recommendations.

To build capacity to fight corruption, Thailand and the UNODC organized a “High-Level Seminar for the Asia-Pacific Region to Promote the Ratification and Implementation of the UNCAC” in early 2006. As well, the Office of the Civil Service Commission will soon introduce a “Transparency Index” as a benchmark to assess the government’s actions and performance.

## Vietnam

Since the last meeting of the Initiative's Steering Group in September 2005 in Beijing, Vietnam has adopted the Anti-corruption Law on 28 November 2005. The Law includes the following chapters:

1. General provisions defining corrupt behavior, the rights and duties of citizens, and the responsibility of the mass media, authorized agencies, organizations and individuals;
2. Corruption prevention measures, including regulations on publicity and transparency in the operations and activities of agencies and organizations; formulation and implementation of regimes, norms and standards; devising an Ethical Code for Public Employees; rotation of position among civil servants; publication and transparency of assets, property and incomes; defining the responsibility of the heads of agencies, organizations and units in cases of corruption; and proposals for administrative reforms, technology management and methods of payment;
3. Measures to detect corruption, including concrete stipulations for inspecting and examining agencies and organizations; additional measures for inspection, investigation and prosecution; and receipt and handling of corruption complaints;
4. Dealing with corruption behavior and other violations through disciplinary and criminal proceedings; and treatment of corrupt assets, including the responsibility of legal persons;
5. Organization and coordination measures among state agencies responsible for inspection, audit, investigation, prosecution, adjudication etc.;
6. The role and responsibility of society at large in preventing and fighting corruption, including the Vietnam Fatherland Front and its affiliates, the mass media, the business community, association, the people's inspection boards and the general citizenry;
7. International cooperation, including general principles and responsibilities for implementing international cooperation; and
8. Provisions on enforcement, effectiveness, assessment and detail regulation and guidelines for implementation of the Law.

With the entry into force of the Law on 1 June 2006, Vietnam will have created a comprehensive legal framework to prevent and fight corruption, with a view to fostering social-economic development and achieving prosperity, equality, democracy and civilization.

To implement the Anti-corruption Law, the government has devised the "Course of Action of the Government Implementing the Anti-corruption Law". This plan considers fighting corruption as one of five focal points of government policy in 2006 and beyond. The plan's main objectives include minimizing and reducing corruption in all aspects of social and economic life, raising awareness among all parties of anti-corruption, and providing guidance to all agencies to implement the Plan. The Plan identifies five main issues:

1. Issuing legal documents to provide guidance on implementing the Anti-corruption Law;
2. Reviewing, amending and replacing institutions and policies;
3. Disseminating the Anti-corruption Law;
4. Involving the citizenry, such as by closely coordinating with the mass media and the Vietnam Fatherland Front and its affiliates; and
5. Enhancing the inspection, examination, investigation of bad practices and corruption cases.

The Government Inspectorate of Vietnam has also established the "Course of Action of the Government Inspectorate to Implement the Anti-corruption Law and the Law on Thrift Practice and Anti-Wastefulness". The Plan's objectives are to raise awareness among the Inspectorate's staff and to develop a sense of thrift. The Plan will also encourage inspection organization to devise their own action plans to implement the Anti-corruption Law and the Law on Thrift Practice and Anti-Wastefulness. The Plan includes the following components:

1. Preparing a detailed regulatory and instruction document on the Anti-corruption Law;
2. Enhance the dissemination of the Anti-corruption Law and the Law on Thrift Practice and Anti-Wastefulness;
3. Closely coordinate with the media and the Vietnam Fatherland Front (including its affiliates) to implement the Course of Action; and
4. Conduct social-economic inspections and handle complaints.

Vietnam has taken additional actions for the purpose of combating corruption:

1. In the area of legislative and institutional reform, the Government and the Prime Minister issued the “Master Programme on State Reform from 2001-2010” and the “Decision on the Programme to Build and Improve the quality of Public Servants Period I (2003-2005)”. In its annual resolutions for administrative reform, the government aims to establish a culture of leadership and management. This is reflected in the responsibilities and behavior of public servants in handling citizens’ affairs. Vietnam has also engaged in administrative reform on the handling of affairs among agencies, and between state agencies and citizens so as to reduce bureaucracy.

2. The National Assembly and People’s Councils of all levels have spent much time to respond to questions from citizens. The mass media has actively exposed many corruption cases, which has helped government agencies to investigate cases.

3. The government has directed efforts to receive and investigate complaints towards anti-corruption and anti-wastefulness. Focus was placed on corruption-prone areas such as construction, land use management, implementation of projects and finance.

4. Major corruption cases have been exposed and sanctioned recently with the view of deterring and preventing corruption. Reports from 47 provinces and cities and 20 ministries showed that 8,851 corruption cases involving 12,438 persons were dealt with. These crimes resulted in damage of VND 2,422 billion (USD 6.9 million), 4,865 hectares of land and many other valuable assets.

Vietnam has assumed the Chair of the APEC Anti-corruption Task Force (ACT) and hosted the ACT’s second meeting on 26 February 2006. The meeting is described in more detail below.

## Advisory Group

### American Bar Association – Asia Law Initiative

On 30-31 May 2006 at the Malaysia Anti-Corruption Academy, the American Bar Association – Asia Law Initiative will produce a two-day seminar entitled “Combating Corruption in the Criminal Justice System” with the support of the ADB/OECD. The seminar will be offered to a group of national judges, prosecutors and investigators as well as an international audience composed of like professionals from countries in Asia. The general theme of the seminar will deal with the experiences of various countries in treating the investigation and prosecution of corruption cases found in components of the criminal justice system, i.e. the judiciary as well as the prosecutorial and investigative services. It is hoped that the program will be well received and that it will worthwhile to repeat in the future. Equally, if there is sufficient interest in one of the core principles in one of these components, that topic will be expanded and a more detailed program dealing with that element can be produced. In general, the program will consist of six segments and will feature expert speakers from the U.S., Europe and several Asian countries.

During the course of the APEC Conference held in Shanghai during April 2006, several recommendations for capacity building and training were voiced as a result of the discussion sessions following each of the presentation panels. Amongst these was the notion that the Central Authorities mandated by the terms of many international corruption conventions including the UNCAC may well serve a greater general purpose than that outlined in those instruments. Along those lines, one of the Member Economies suggested that a closer relationship between those bodies could serve as an impetus for improved performance in the

execution of denial of safe haven strategies. Thus, APEC will explore the possibility of forming an organization of central authorities among the group's economies. The purpose of such an organization would be to increase cooperation and efficiency of operation in matters involving extradition, mutual legal assistance and asset recovery. The following matters, among others, will be studied to determine whether or not there is merit to such a proposal:

- scheduled meetings between members of the central authorities of interested APEC economies;
- the encouragement of informal agreements between all economies or those that have particularly close relationships to promote more efficient practice between those economies;
- cross-training between the members of such an organization; and
- the publication and circulation of updated personnel and procedural directories among the members.

### **Australian Agency for International Development**

The Australian Agency for International Development (AusAID) embeds anti-corruption work throughout Australia's aid program. For example, a recent AusAID review of its Pacific (excluding PNG) good governance efforts noted that 51% of AusAID's programs and 61% of total Australian aid is focused on good governance activities. AusAID also strongly supports the efforts of local reformers in partner countries, recognizing that positive change must come from within. The importance of the role of civil society, community organizations and NGOs cannot be overstated in this context.

Australia recently released the White Paper on the Australian Government's Overseas Aid Program. The White Paper emphasizes Australia's continuing involvement in regional anti-corruption initiatives and forums such as the ADB/OECD Initiative. It also outlines an increasingly whole-of-government approach to anti-corruption. In practice, Australia's development aid program will link its anti-corruption efforts with the expertise in other Commonwealth Agencies, thereby increasing the reach and effectiveness of Australia's anti-corruption assistance to its development partners. For example, the Australian Federal Police and the Attorney-General's Department are contributing expertise in regional anti-corruption investigation and enforcement in Papua New Guinea and the Solomon Islands. This has led to broader understanding across the Australian Government of the challenges of development, as well as raising the profile of the aid program's existing work. The whole-of-government emphasis is intended to sharpen, rather than dilute, Australian efforts to harmonize with donor partners. Most importantly, it seeks to provide coherent assistance to partner countries in driving their own anti-corruption agendas. The White Paper will direct the delivery of Australia's aid over the next 10 years. It outlines how the Government will approach the projected doubling of Australia's aid budget from its 2004 level to around AUD 4 billion (USD 2.95 billion) annually by 2010. This is to be subject to "the effectiveness of the application of additional resources" and "conditional on strengthened governance and reduced corruption in recipient countries". Anti-corruption is one of four key strategies that Australia is adopting in order to ensure that additional resources are effectively spent. Another of the four key strategies is integrating with and broadening Australia's engagement with the Asia-Pacific region.

### **Transparency International**

The recent efforts by Transparency International (TI) in the fight against corruption include capacity-building and conducting national studies. TI participated in capacity-building workshops in public procurement in Pakistan in 2005 and in Indonesia and Malaysia in 2006. The focus was on local government procurement, particularly in major cities such as Karachi and Kuala Lumpur. A regional meeting is planned for 28-29 June 2006 in Bali followed by the production of a handbook. TI is also working in P.R. China on procurement issues with the Ministry of Supervision.

In the area of humanitarian relief, TI followed up its work with the ADB/OECD Initiative on tsunami relief with a national workshop on earthquake relief in Islamabad, Pakistan in February 2006. The workshop was opened by Prime Minister Shaukat Aziz.

TI had conducted National Integrity studies of over 60 countries, including some in South Asia and the Pacific Islands. These studies are conducted by independent researchers that use a common template but identify special features in the target country. TI is planning 10 studies in Southeast and East Asia including P.R. China; Hong Kong, China; and Singapore that should be completed in 2006. It also plans a workshop in late August 2006 to discuss the results of the studies. Once finalized, the studies will be published on CD ROM, on the internet and in print in English with summaries in the language of the examined country.

TI values its relationship with the ADB/OECD Initiative, but hopes to do more at the national level and interact effectively with government anti-corruption agencies. In this vein, it has conducted regional meetings, such as the one in Delhi, India in December 2005 that was opened by the President of India, and the one for the Pacific Islands in March 2006 in Papua New Guinea in which the Chief Secretary of Government and the Foreign Minister took part. Finally, TI will be the Secretariat for the IACC Conference in Guatemala on 15-17 November 2006.

### **United Nations Development Program**

The Regional Centre in Bangkok (RCB) of the United Nations Development Program (UNDP) has a mandate that covers 25 countries. Its Democratic Governance Group covers a number of areas including parliamentary support, electoral systems, access to justice and human rights, local governance and decentralization, public administration reform and corruption, aid effectiveness, and e-governance.

Despite a significant budget cut in 2006, the UNDP RCB continues its efforts to assist countries of the region in anti-corruption activities:

1. UNDP will launch an Asia-Pacific Community of Practitioners (CoP) on integrity, transparency and anti-corruption, an internal network of UNDP practitioners who seek to learn about new developments and good practices. The CoP seeks to assist in satisfying the demand for UNDP Country Office Services on anti-corruption issues, especially in light of the number of countries that wish to ratify the UNCAC. The RCB will hold a meeting in Lao PDR at the end of September 2006 to launch the CoP.
2. The UNDP Regional Bureau for Asia-Pacific decided that the 2007 Regional Human Development Report for Asia-Pacific will be devoted to corruption. It will be produced jointly by the RCB and its sister center in Colombo. The report will address links between corruption and health and education as key human development indices; such a link between corruption and deteriorating health service is suggested by a Transparency International report. UNDP will also assess possible links between education and corruption and show the impact of corruption on the Millennium Development Goals (MDG). UNDP will consult the Steering Group and the Initiative's Secretariat on the substance of this work.
3. Through its parliamentary support service line, the UNDP supported the Southeast Asian Parliamentarians Against Corruption (SEAPAC), a regional arm of the Global Organization of Parliamentarians Against Corruption (GOPAC). This regional initiative may grow, and a South Asian body of parliamentarians against corruption is in preparation.
4. The RCB will continue supporting the ADB/OECD Initiative's activities by sponsoring participants from UNDP country offices or member governments, notably for the participation in the Initiative's Training Seminars. It hopes to continue doing so in 2006 and be even more active in 2007.
5. The Millennium Declaration pledges countries to meet the eight Millennium Development Goals (MDGs). Recently, Mongolia approached the UNDP to seek assistance in its efforts to meet the ninth MDG on good governance by 2015. Over the next 12 months, UNDP will visit Mongolia to support the definition of the scope of MDG 9 and the establishment of indicators.
6. UNDP's parliamentary support service line has begun researching codes of conduct for parliamentarians in Asia. UNDP hopes to report on its initial findings and recommendations at the Initiative's next Steering Group meeting.

Finally, the RCB, Transparency International and BASE/GOV have requested funding from the UN Democracy Fund (UNDEF) to support a project to promote parliamentary oversight in Afghanistan, Cambodia, Mongolia, Nepal, and Vietnam.

## Observer countries

### Brunei-Darussalam

Brunei Darussalam stated that it has implemented its initiative to incorporate corruption prevention education in the curriculum of all primary and secondary schools nationwide. The various phases of implementation will continue until 2011. It is also negotiating and engaging in preliminary work to extend the program to universities.

To increase private sector involvement in the fight against corruption, the Anti-Corruption Bureau began a partnership with business associations and chambers of commerce in October 2005. The purpose of the program is to create a forum for exploring effective and coordinated actions and remedies to prevent corruption in business dealings in the public and private sectors. The forum has resulted in constructive discussions on various issues, including red tape in government and the non-compliance of procedures and regulations by the private sector. The discussions have allowed the government to identify loopholes in its operations that create opportunities for abuse. The government intends to continue this dialog with the private sector in the future.

Brunei Darussalam has extended its outreach program among anti-corruption agencies. The Anti-Corruption Agencies of Malaysia and Brunei Darussalam formally agreed to cooperate in December 2004. They have since been joined by their counterparts in Singapore and Indonesia. The group held its first annual meeting in Malaysia in 2005 and will hold the next meeting in Brunei Darussalam in July 2006. More anti-corruption agencies are expected to attend the meeting as observers.

In the area of anti-money laundering, Brunei Darussalam is setting up the Anti-Money Laundering Office and Financial Intelligence Unit. Australian experts are expected to arrive in Brunei the following week to provide technical assistance on this matter.

As for legislative reform, Brunei Darussalam has recently enacted the Finance Companies Act 2006, the Banking Order 2006 and the Insurance Order 2006.

### Lao PDR

Lao PDR submitted the ADB/OECD Initiative's Action Plan to the government for endorsement. It also signed the UNCAC in December 2003 and is in the process of ratifying it. On the whole, Lao PDR believes that its laws are consistent with the standards set by UNCAC.

In June 2001, Lao PDR established the State Inspection Authority, the country's anti-corruption body. In May 2005, the National Assembly adopted the Law on Anti-corruption. More recently, it adopted the Law on Complaint and Denunciation. The Prime Minister has issued a decree on Anti-Money Laundering.

Lao PDR believes that the greater challenge in its fight against corruption is in the enforcement of its laws and the coordination of law enforcement agencies. The country also believes that more international cooperation is necessary. With the support of UNDP, Lao PDR is also developing a code of conduct for senior public officials and will organize a workshop on this subject jointly with Vietnam.

## Observer organization

### Asia Pacific Group on Money Laundering

The Asia Pacific Group on Money Laundering (APG) notes that anti-money laundering (AML) and anti-corruption often involve similar activities. Hence, in their joint plenary in October 2005, the APG and the Financial Action Task Force (FATF) decided to investigate the links between corruption and money laundering. This includes not only the money laundering of the proceeds of corruption, but also how corruption affects the effectiveness of AML regimes. The bodies decided to establish a project group

consisting of 6 members each from the FATF and the APG. Several FATF-style Regional Bodies also expressed interest, including the Eurasia Group, the Eastern and Southern Africa Anti-Money Laundering Group and the Middle East and North Africa Financial Action Task Force. The project group formally assembled in the FATF's October plenary. In February 2006, it suggested three major areas for further work: (1) to take into account anti-corruption in mutual evaluations by changing the methodology, i.e. assess the anti-corruption activities of a country under evaluation, e.g. in the context of Article 14 of the UNCAC; (2) to conduct a survey of members (comprising of 120 jurisdictions) of ethical standards for investigation and judicial authorities (though the FATF may not be involved in this area of work); (3) to produce a study on corruption and money laundering (e.g. by examining issues such as politically-exposed persons and international cooperation).

The APG has also prepared a paper entitled "The Common Goals of Anti-corruption and AML/CFT Efforts" which examines the overlap in AML and anti-corruption. The paper stresses the need for more cooperation and coordination in the efforts of these two areas. The APG therefore looks forward to strengthening cooperation with the ADB/OECD Initiative.

### **APEC Anti-Corruption and Transparency Task Force**

Vietnam, chair of the APEC Anti-corruption and Transparency Task Force (ACT) in 2006, provided the Steering Group with information about the activities of ACT in support of APEC economies' fight against corruption: The APEC ACT held its second meeting in Hanoi on 26 February 2006. The ACT developed a work plan for 2006 that reiterated its expectation to cooperate with regional and international organizations and initiatives including the ADB/OECD Anti-corruption Initiative for Asia and the Pacific, the World Bank, the Inter-American Convention against Corruption, Transparency International and the Global Forum on Fighting Corruption. The purpose is to avoid overlap and to create comprehensive anti-corruption efforts. In addition, the work plan covered eight key areas:

1. Implementation of the UNCAC and other anti-corruption initiatives by member economies;
2. Implementing domestic initiatives for denying safe haven to corrupt individuals and their assets;
3. Fostering public-private partnership on fighting corruption and poor governance by promoting integrity and implementing codes of conduct for public officials;
4. Reviewing members' capacity-building efforts in anti-corruption and transparency, so as to share experiences;
5. Coordinating anti-corruption work across all relevant fora within APEC (e.g. CITI, GPEG, SCCP, IEGBM etc.) to promote synergy and to avoid duplication;
6. Developing means to enhance collaboration on APEC COA activities to strengthen regional cooperation on mutual legal assistance and denying safe haven to corrupt officials and embezzled assets;
7. Enhancing effective implementation of APEC anti-corruption commitments, and complying with UNCAC even before ratification; and
8. Raising public awareness and encouraging active involvement of people in Asia-Pacific in anti-corruption.

ACT has developed a framework to take stock of completed, on-going and future anti-corruption activities in the APEC region. ACT members were encouraged to provide input to the matrix. The ACT will also take stock of all existing anti-corruption and criminal agreements of member economies, including international, regional and mutual legal assistance agreements. The revised matrix will be submitted to ACT's next meeting in September 2006.

ACT has agreed to fund two projects. First, Hong Kong, China will hold the Third ICAC International Anti-corruption Symposium in June 2006. The theme of the Symposium is on corporate corruption, integrity and governance. Second, Vietnam will hold the APEC Public-Private Dialog on Anti-corruption and Ensuring Transparency in Business Transactions in September 2006. This Dialog aims to exchange views and ideas of experts on best practices in promoting public-private partnership to reduce business transaction costs by

fighting corruption; assist APEC developing economies to consolidate measures that enhance public-private partnership in the fight against corruption; and call for inputs from the private sector to define its future work program.