



ASIAN DEVELOPMENT BANK



ORGANISATION FOR ECONOMIC
CO-OPERATION AND DEVELOPMENT

ADB/OECD WORKSHOP ON COMBATING CORRUPTION IN ASIA/PACIFIC ECONOMIES

Conclusions and Recommendations

In a bid to counter the malign influence of corruption, the Asian Development Bank (ADB) and the Organisation for Economic Co-operation and Development (OECD) organised a workshop on "COMBATING CORRUPTION IN ASIA AND PACIFIC ECONOMIES" in Manila, Philippines, on 29 September - 1 October 1999. Over 160 senior officials and leading business and civil society representatives from more than thirty ADB and OECD countries shared views and experiences on efforts to fight corruption on the national and international level. Associated partners in the Workshop included the Konrad-Adenauer-Stiftung, the Pacific Basin Economic Council, Transparency International, the United Nations Development Programme, the United States Agency for International Development, and the World Bank Institute.

The workshop reflected a strong consensus to fight corruption. The OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, which entered into force on 15 February 1999, is designed to stem the flow of bribe money in international business by criminalising bribery of foreign public officials, improving accounting and auditing practices, increasing transparency in public procurement procedures, and denying tax deductions for bribe payments. Moreover, the OECD adopted the Recommendation on Improving Ethical Conduct in the Public Service in April 1998.

In July 1998, the ADB Board unanimously adopted a tough anti-corruption policy targeted at ensuring sustainable and equitable development. The ADB's objective is to combat corruption through its general work on market liberalisation and public sector reform; by providing explicit support for selective anti-corruption initiatives; and by ensuring that its own staff and projects adhere to the highest levels of integrity.

The objective of the Workshop was to raise awareness of the seriousness of the corruption problem and to identify effective anti-corruption strategies. Workshop participants:

- **Noted** the pernicious effects of corruption: corruption erodes confidence in political institutions and endangers public sector reforms; exacts a disproportionate cost on the poor who may be deprived of basic public services; distorts the allocation of resources and

undermines competition in the market place. Empirical evidence demonstrates that corruption has a devastating effect on investment, growth, and development.

- **Agreed** on the necessity to fight all types of corruption on all levels and recognized progress made in some countries to develop effective anti-corruption programmes.
- **Recognised** the need to address the international dimension of corruption, organised crime and money laundering.
- **Identified** priority measures to fight corruption including:
 - strengthening state institutions by improving enforcement and monitoring;
 - providing for transparency and accountability;
 - enabling independent investigative and judiciary bodies;
 - building public/private partnerships and networks to monitor anti-corruption activities and underpin reform efforts;
 - establishing participatory and proactive s
 - +trategies to enhance anti-corruption efforts of all parties concerned;
 - empowering civil society and media to galvanize community action, generate political commitment and create a pattern of honesty in business transactions;
 - improving basic education and literacy levels, and educating society to the costs of corruption.
- Agreed that anti-corruption programmes must be supported by political will and that building private/public sector coalitions is critical to developing and sustaining reform measures.
- Noted the need for changing the business environment because corruption interferes with competition on the basis of price, quality, and service and erodes the integrity of managers and employees.
- Stressed the importance of promoting ethical standards in business and good corporate governance.
- Recognised the value of international instruments to encourage and strengthen anti-corruption programmes at national and regional levels and to provide a benchmark of best practices.
- Encouraged donor organisations to develop synergies in programme design and implementation on the basis of long-term partnership.

Implementation strategies: Public Sector

Participants reached consensus on the need to:

- develop comprehensive national strategies for combating corruption;
- strengthen law enforcement mechanisms, including the role of the judiciary and provide witness protection programmes;
- increase transparency through the establishment of competitive public procurement procedures and encourage the adoption of international rules in this area;
- improve conditions for international investment through simplification of government procedures,

- improve transparency and accountability in budget preparation, execution, and oversight of expenditure,
- develop codes of ethics in public administration to be enforced by strong sanctions;
- strengthen procedures for an effective and merit-based civil service, particularly recruitment, promotion and pay,
- adopt "Freedom of Information" laws and provide access to public information,
- strengthen parliamentary oversight, independent audit and investigative bodies to be backed by sufficient human and financial resources.

Implementation Strategies: Private Sector

Workshop participants stressed the need for:

- establishing public-private partnerships to develop anti-corruption strategies, goals and processes;
- promoting good corporate governance on the basis of international standards and principles;
- strong commitment by top management of companies to implement anti-corruption strategies;
- developing and implementing codes of ethical conduct and ensuring their effectiveness through internal control mechanisms, training of personnel and sanctions;
- accounting and auditing rules and standards to ensure transparency in business transactions;
- building coalitions for business integrity, including business ethics centers.

Implementation Strategies: Media and Civil Society

Participants recognised the urgency of:

- mobilising civil society (media, NGOs, business, labour, and professional associations) to monitor good governance;
- creating an anti-corruption network of NGOs to share information on regional/country anti-corruption initiatives;
- conducting surveys of businesses, consumers and public opinion to provide feedback for delivery of public services and fostering competition;
- implementing education programmes aimed at fostering an anti-corruption culture in society;
- enabling the media to effectively exercise public scrutiny;

- improving ethical and professional standards of journalists and promoting training in investigative journalism.

Follow-Up

Participants called upon the conference organizers, partner institutions, and other donors and/or interested parties to consider ways for advancing a regional anti-corruption agenda, including the possibility of organizing a regular forum on anti-corruption activities in Asia and the Pacific. This forum could:

- exchange information and experience on national, regional and international programmes to measure progress and encourage further actions;
- analyze issues relating to anti-corruption activities and develop recommendations;
- monitor the progress achieved in the implementation of these recommendations.

Participants urged that another meeting be held within one year to review progress on the basis of country reports. The participants also urged the conference organizers, partner institutions, and other donors and/or interested parties to actively pursue bilateral contacts, strategies and programmes of mutual assistance for advancing integrity and combating corruption. These recommendations and the proceedings will be widely disseminated to all parties concerned with the fight against corruption.