Supporting the fight against corruption in Asia and the Pacific

ADB/OECD Anti-Corruption Initiative for Asia and the Pacific

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Annual Report 2007
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The Asian Development Bank (ADB)/Organisation for Economic Co-operation and Development (OECD) Anti-Corruption Initiative for Asia-Pacific supports its currently 28 member countries and jurisdictions in their efforts to establish sustainable safeguards against corruption as set out in the Anti-Corruption Action Plan for Asia and the Pacific. For more information, please visit www.oecd.org/corruption/asiapacific or contact the Secretariat:

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Executive summary

In 2007, the ADB/OECD Anti-Corruption Initiative for Asia-Pacific supported its member countries in implementing the standards of the Anti-Corruption Action Plan for Asia-Pacific. This work was guided by the Action Plan’s Implementation Plan as well as the Strategy and Work Program 2007–2008 that sets out in detail the support that member countries have called for and that the Secretariat and the Advisory Group have committed to provide. This support is mainly provided through three mechanisms: fostering policy dialogue and measuring progress; policy analysis in support of this dialogue; and capacity building. The mechanisms are reinforced by partnerships with relevant regional and international actors.

► Progress in anti-corruption reform in Asia-Pacific facilitated through the Initiative

The results of the policy dialogue and assessments over time suggest that the Initiative and its work have catalyzed much of the reform progress that many of the countries that participate in the Initiative have made. Approaches and substance of reforms indicate that many achievements result from a common learning process under the umbrella of the Initiative, and that the dialogue triggered bilateral and sub-regional partnerships and cooperation of experts and policymakers among member countries.

A revised methodology for assessment of anti-corruption reform that the Initiative applies since 2006 makes progress visible and measurable. Information on developments in each area relevant to the fight against corruption is now accessible publicly in greater detail for both individual countries and the Asia-
Pacific region. A thematic review on mutual legal assistance, extradition and recovery of proceeds of corruption that the Initiative’s member countries finalized in 2007 analyzes this area of region-wide priority; it highlights good practices and also provides recommendations to encourage and guide policy reform. This thematic review underscores anew that the open dialogue that takes place in the context of the Initiative has turned the members of the Initiative into pioneers in addressing emerging priorities in the fight against corruption: the 2007 review of frameworks and mechanisms for mutual legal assistance, extradition and recovery of proceeds of corruption is recognized as the first comprehensive regional effort in this domain worldwide, and the approach is emulated by other regional processes, notably APEC.

The Initiative’s work also increasingly impacts on the policy design of its member governments: experts from relevant departments participate in events and discussions of the Initiative and provide input to assessments and discussions. The use of the Initiative’s outputs—events as well as publications—at country level has also increased, as documented by the increasing number of participants in the Initiative’s regional seminars, growing demand for its publications, and by requests for permission to translate reports into the Initiative’s countries languages.

► Strengthening the Initiative and its mechanisms

At the same time as countries progress in bolstering their frameworks and practices against corruption, the Initiative as a process further matures and strengthens its mechanisms to continue to provide effective support to its ever increasing number of participating countries. Growing membership in the Initiative’s Steering Group shows its appeal to countries and partner institutions; in mid-2007, Bhutan joined the Initiative as its 28th member, and Afghanistan and Brunei Darussalam have indicated their interest in joining the Initiative. Cooperation with international bodies such as the OECD Working Group on Bribery, UNODC, and the Commonwealth Secretariat has been substantially deepened. Australia and Japan have renewed their financial support. In 2007, Germany joined these countries and Sweden as donors that support the Initiative’s work financially. Korea committed in-kind support to the Initiative’s Secretariat at the OECD.

The approach that the Initiative has developed and the outcome of its work have earned strong recognition in the region as well as from donors and relevant
international bodies. Approaches for reviews and assessments that the Initiative’s member countries have developed are emulated by other bodies and they stand model for proposals to review progress of the implementation of the UN Convention against Corruption (UNCAC).

► Supporting Asia-Pacific countries in meeting international anti-corruption standards

Reform obligations under UNCAC have further increased the Asian-Pacific countries’ demand for support. The Initiative’s members have naturally called on the Initiative to provide this assistance, as the ambitious Strategy and Work Program 2007–2008 documents. To meet this demand, the Initiative in 2007 conducted three regional technical seminars on implementing international anti-corruption standards as set out in UNCAC and the OECD Anti-Bribery Convention.

The responsiveness of the Initiative to meet the demands of its member countries in Asia and the Pacific gives proof of the maturity of the Initiative and its capability to support Asian and Pacific countries in their efforts to fight corruption and to support its growing membership in joining global anti-corruption efforts.
Pursuant to the Action Plan’s principle of country ownership, the activities that the Initiative conducted in 2007 were driven by the demand of its member countries, as laid out in the Strategy and Work Program 2007–2008.

The Strategy and Work Program establishes, in line with the Action Plan, mechanisms to support the Initiative’s now 28 member countries in their efforts to adopt and implement international anti-corruption standards. These standards are primarily set forth in the OECD anti-bribery instruments and the UN Convention against Corruption. The support mechanisms include:

► fostering policy dialogue and measuring progress of anti-corruption reform;
► providing analysis in support of policy dialogue; and
► capacity building.

To facilitate and underpin the implementation of the work program, the Initiative closely cooperates with donors and international organizations, as well as with civil society and the Asia-Pacific business sector. Strengthening these ties is an underlying principle of the Initiative’s work and is enshrined in the Action Plan and the Strategy and Work Program 2007–2008.
► Fostering policy dialogue and measuring progress

Policy dialogue and measuring progress in anti-corruption reform are at the core of the Action Plan’s implementation mechanism. They are key means to foster the establishment of strong and sustainable safeguards against corruption in Asian and Pacific countries.

Policy dialogue takes place during Steering Group meetings, held about twice yearly, and regional conferences, held every three years. The Steering Group meetings bring together the member countries’ contacts (the Steering Group) and the Advisory Group, consisting of constituencies that support the Initiative’s work. Experts on specific issues that are to be discussed at the Steering Group meetings accompany the delegates.

During the Steering Group meetings, delegates discuss their countries’ efforts to implement the Anti-Corruption Action Plan for Asia-Pacific, assess developments and progress, and exchange experience about successes, challenges, and failures in the design and implementation of reforms. Thanks to the trust that the Initiative has generated among its members, this exchange is conducted in a frank and constructive manner.

The Initiative held its 10th Steering Group meeting in Bali, Indonesia on 3-5 September 2007.
The policy dialogue has come to fruition, and countries’ reports document that the exchanges during the Steering Group meetings increasingly inspire reforms in other member countries, lead to mutual support, and trigger further bilateral cooperation. With the UN Convention against Corruption in force since December 2005, the Steering Group meetings notably provide opportunities to exchange experience on how mandatory provisions of UNCAC can be implemented, e.g. criminalization of foreign bribery, legal assistance, and asset recovery. The Steering Group’s access to the vast experience of the OECD Working Group on Bribery in this and related areas is of particular value.

Since early 2006, the Group uses a special format for reporting reform efforts and achievements; it increases the visibility of progress and makes achievements measurable over time. Countries now report their efforts and achievements in anti-corruption reform since the preceding meeting under each element of the Action Plan. This reporting format shows in detail for each of the Initiative’s member countries in which areas reform has taken place and how the efforts evolve over time. The reports are publicly available, country by country, on the Initiative’s website.

Policy dialogue and countries’ reform efforts are supported through continual stocktaking on anti-corruption policies and legal and institutional frameworks in Asia-Pacific. This exercise assembles information on policies and arrangements that countries have developed at a certain point in time and highlights achievements, emerging trends and remaining challenges that the Initiative’s member countries face in their fight against corruption.

The stocktaking process is based on progress reports and reform plans presented at the Steering Group meetings; this information is enhanced and completed by research conducted by the Secretariat on a continual basis. Work in 2007 focused on research to keep abreast of emerging trends and priorities, as well as reform efforts and achievements. The result of this work will flow into the third edition of the stocktaking report “Anti-Corruption Policies in Asia and the Pacific”, which is expected to replace the current second edition, published in 2006.

www.oecd.org/corruption/asiapacific/stocktaking
Providing analysis in support of the policy dialogue

The policy dialogue among the Initiative’s members is supported and underpinned by policy analysis in areas of regional priority. These priorities emerge from Steering Group discussions and the outcomes of the stocktaking exercise.

Since 2005, the Initiative has conducted thematic reviews to provide in-depth analysis of legal and institutional settings and practices in its member countries. The reviews are conducted in three phases: collection of information about the member countries’ frameworks and practices in a given area on the basis of a questionnaire developed by the Secretariat, preparation of a draft overview report, and discussion of the report with experts in the course of two Steering Group meetings.

Thematic review on mutual legal assistance, extradition and recovery of proceeds of corruption

Following the completion in early 2006 of the Group’s first thematic review, the Initiative’s members immediately began work to address the next pressing issue on their anti-corruption agenda: weaknesses in granting and requesting mutual legal assistance (MLA), extradition and recovery of proceeds of corruption.

Mutual legal assistance and extradition are critical to effectively deter corruption. Existing mechanisms for international cooperation among law enforcement agencies and prosecutorial authorities are often too weak to gather evidence and bring fugitives to justice. Both the UN Convention against Corruption and the OECD Anti-Bribery Convention recognize the importance of judicial cooperation and define standards and obligations.

The Initiative’s 2nd thematic review seeks to enhance member countries’ understanding of strengths and weaknesses in their frameworks that regulate this area by pointing out reform needs and by disseminating good practice.

The review cycle started in mid-2006 when the Initiative’s members began to take stock of their frameworks and practices in requesting and granting mutual legal assistance, extradition, and recovery of proceeds of corruption. Based on this information and additional research, the Initiative’s Secretariat prepared the
draft of an analytical report that was reviewed at a one-and-a-half day expert discussion during the 9th Steering Group meeting in November 2006.

The preliminary report that resulted from this discussion was published in early 2007 under the title “Mutual Legal Assistance, Extradition and Recovery of Proceeds of Corruption in Asia and the Pacific”. The strong demand for this report from law enforcement institutions and experts in the region and beyond, requiring two reprints of the publication within months, documents the high value of this work for the fight against corruption in Asia-Pacific and globally. The APEC Anti-Corruption and Transparency Task Force (ACT) promptly decided to conduct a similar study for APEC member jurisdictions in 2007 and to adopt the Initiative’s approach in this undertaking. The Initiative offered its support and information on the methodology to the APEC ACT to facilitate this work.

The draft final report, enhanced and complemented with country-specific reports and recommendations, was discussed and adopted at the 10th Steering Group meeting in September 2007 and was published in early 2008. Full texts of legislation and treaties that govern mutual legal assistance and extradition in the member jurisdictions of the Initiative are available on the Initiative’s website and on electronic media included in the publication. The National Counter Corruption Commission (NCCC) of Thailand will translate the report into Thai to make it available to domestic experts and officials.

►www.oecd.org/corruption/asiapacific/mla
Building capacity

Capacity building is a central element of the mechanisms to support the Initiative’s member countries in their efforts to achieve international anti-corruption standards and to implement thoroughly the reforms they have undertaken. Following a call by its member countries, the Initiative has conducted training seminars since early 2003. The seminars bring together senior experts from the Initiative’s member countries with experts from OECD member countries and the OECD Working Group on Bribery.

Reform obligations under UNCAC have significantly increased the Initiative’s member countries’ demand for support and capacity building. In order to enable them to make reforms and implement frameworks in light of international standards, the Initiative has in 2007 conducted three regional technical seminars on implementing international anti-corruption standards.

The three seminars addressed both preventive and repressive mechanisms in the fight against corruption in areas of regional priority. The first seminar focused on ways to identify, prevent and manage conflicts of interest, a crucial area to prevent corruption risks. It was held in Jakarta on 6–7 August 2007, hosted by the Government of Indonesia and opened by the President of the Republic of Indonesia. 140 participants from the Initiative’s member countries, observer countries from Asia-Pacific as well as experts from the region and OECD member countries attended the seminar and shared their experience in developing and implementing policies to detect, avoid and manage conflict of interest situations.

The second seminar addressed asset recovery and mutual legal assistance, and complemented the thematic review finalized at the 10th Steering Group meeting that immediately preceded the seminar. This seminar was organized in partnership with the United Nations Office on Drugs and Crime (UNODC) and the Basel Institute on Governance. The seminar took place in Bali on 5–7 September
2007 and gathered 170 experts from the Initiative’s member countries and observer countries, as well as experts and practitioners from numerous OECD member countries.

The third regional seminar organized in cooperation with the Government of Indonesia was dedicated to the fight against bribery in public procurement. 140 practitioners from Asian and Pacific countries and OECD member countries attended the seminar in Bali on 5–7 November 2007.

A priority of reform of the Initiative’s member countries, this area was the subject of a capacity building seminar in 2005 and the Initiative’s first thematic review in 2005/2006. Although significant progress has been achieved in many member countries of the Initiative in Asia-Pacific, further reforms and adjustments to the sophisticated frameworks and practice are required to meet international standards in this corruption-prone domain.

Proceedings of all three events will make the exchange of experience available to a wide audience in the Asia-Pacific region and beyond. These proceedings are expected to be available by mid-2008.

All three seminars received additional financial support from the Australian, Canadian and German governments, as well as in-kind contributions from the Indonesian Government, the host of the events. This additional financial support testifies to the seamless integration of the Initiative’s support mechanisms in the priorities and work programs of the wider donor community.

►www.oecd.org/corruption/asiapacific/capacitybuilding
Members of the ADB/OECD Anti-Corruption Initiative believe that partnerships are crucial to fight corruption successfully. Forging alliances among governments, business communities, civil society organizations, and international constituencies and donors dedicated to the fight against corruption is hence a priority for the Initiative’s members.

In 2007 the Initiative, itself a result of the quest for partnerships, expanded its regional and international network: Bhutan joined the Initiative as its 28 member, and Afghanistan and Brunei Darussalam reiterated their interest in membership; both countries sent high-level delegations to the regional seminars.

The Initiative also enhanced its ties with relevant international and regional organizations as well as donors involved in the fight against corruption. Such partnerships are of particular value to the Initiative’s members and to donors themselves, as they help coordinate anti-corruption efforts of development agencies and international organizations in Asia-Pacific, and help prevent duplication of efforts.

The Initiative notably strengthened its cooperation with the OECD Working Group on Bribery, the APEC Anti-Corruption and Transparency Task-Force (ACT), the Basel Institute on Governance, the Commonwealth Secretariat, and the United Nations Office on Drugs and Crime. Participation in relevant events goes both ways: the ADB/OECD Initiative is represented – by its Secretariat or by experts from the ADB or OECD and its Working Group on Bribery – at relevant events of these partners to facilitate cooperation, to coordinate activities and work programs, and to enhance the understanding of Asian-Pacific countries’ efforts to fight corruption in the framework of the Initiative.

Thanks to its institutional ties at the ADB and the OECD, the Initiative also serves to link its member countries’ work to the ADB’s and OECD work programs. In this respect, the Initiative facilitated the engagement of P.R. China in the work of the
OECD Working Group on Bribery in International Business Transactions, the body that monitors how the Parties implement the Convention on Combating Bribery of Foreign Public Officials in International Business Transactions. In January 2007, for the first time a delegation of experts from P.R. China attended a meeting of the Working Group on Bribery and delivered a presentation on P.R. China’s strategy, efforts, and instruments to fight bribery in domestic and international business transactions. In May 2007, OECD Ministers offered P.R. China, India and Indonesia enhanced engagement programs with the OECD, and expressed interest in expanding relations with South-East Asian countries. The Initiative’s role in facilitating relations between its members and the OECD Working Group on Bribery is thus bound to grow.

The Initiative also enhanced its ties with the donor community. In 2007, the German Government joined the donators that support the work of the Initiative through the Federal Ministry for Economic Cooperation and Development and the German technical cooperation (gtz). Australia and Japan renewed their financial support, and Sweden was considering extending its financial support to the Initiative. The Korean Government contributes to the Secretariat’s work by seconding, in the first half of 2008, a senior expert on anti-corruption to the OECD Secretariat. Strengthened cooperation between the Initiative’s Secretariat and the OECD Development Assistance Committee’s (DAC) Governance Network GOVNET ensures mutual information about priorities and approaches as well as coordination of efforts.

As part of its efforts to enhance partnerships and increase the impact of its work, the Initiative raised its visibility by disseminating information on its member countries’ reform efforts through newsletters and the Initiative’s website. The website features information on the Initiative’s goals and work, its members’ reform efforts and priorities, and the outcome of its capacity building seminars, reviews and conferences.

Adopted by the Steering Group on 30 November 2006
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Introduction

Over the past decade, concern about the negative impact of corruption on political stability, welfare, and economic prosperity has grown worldwide. In the Asia-Pacific region, the Asian financial crisis in the end-90s and widespread poverty in many countries of this region pushed the fight against corruption particularly high on many societies’ agenda. In 1999, a group of Asian and Pacific countries resolved to address corruption more proactively and launched the Anti-Corruption Initiative for Asia-Pacific jointly with the Asian Development Bank (ADB) and the Organisation for Economic Co-operation and Development (OECD).

In the framework of this Initiative, countries from the region developed the Anti-Corruption Action Plan for Asia-Pacific that sets out their goals and standards for sustainable safeguards against corruption in their economic, political and social spheres. The Action Plan and its implementation mechanisms embody the results of an
ambitious undertaking that began in the late 1990s with the development of recommendations issued by governmental anti-corruption experts and representatives of civil society, trade unions, businesses from the region in the framework of three regional workshops and symposia organized by the Asian Development Bank (ADB) and the Organisation for Economic Co-operation and Development (OECD). These recommendations led to the launching of the ADB/OECD Anti-Corruption Initiative for Asia-Pacific in 2000 in Seoul and to the formal establishment of the Steering Group in December 2001 at the Third ADB/OECD Asia-Pacific Anti-Corruption Symposium in Tokyo as a regional anti-corruption body mandated to follow-up the implementation of the Action Plan and work against corruption in the Asia-Pacific region.

The Action Plan represents a landmark in regional cooperation to fight corruption. For the first time, Asia-Pacific countries agreed to act together to combat corruption more effectively through the establishment of high anti-corruption standards, a mechanism to assess progress, a dialogue with business and civil society, and strong regional partnerships. By encouraging continual anti-corruption reform, the Action Plan enjoys significant and growing recognition from governments, international and donor organizations, civil society, and the private sector.

In 2001, 17 countries from Asia and the Pacific endorsed the Action Plan and agreed on implementation mechanisms to achieve its standards. Five years later, membership of the Initiative had grown significantly. At the end of 2006, 27 governments of the Asian and Pacific region had endorsed the Anti-Corruption Action Plan and committed to its goals: Australia; Bangladesh; People’s Republic of China; Cook Islands; Fiji; Hong Kong, China; India; Indonesia; Japan; Kazakhstan; Korea; Kyrgyz Republic; Macao, China; Malaysia; Mongolia; Nepal; Pakistan; Palau; Papua New Guinea; Philippines; Samoa; Singapore; Sri Lanka; Thailand; Vanuatu; and Vietnam.

Since the Initiative’s inception, its members have engaged in a broad range of reforms to strengthen their safeguards against corruption and to achieve the standards they committed to under the Action Plan. These achievements are documented in the stocktaking of anti-corruption policies in the Initiative’s member countries that the Group has completed, for the second time, in mid-2006. The Initiative supports the member countries in their efforts by a variety of means: It provides a forum for policy dialogue and measuring progress; it conducts capacity-building seminars; it carries out policy analysis; and it initiates and strengthens partnerships among member countries and with relevant constituencies.

In line with the principle of country ownership enshrined in the Action Plan, the support that the Initiative provides is defined and requested by the Initiative’s member countries based on their priorities and needs. This program of work is laid down in a Strategy and Work Plan, covering the biennium of the Action Plan’s corresponding implementation cycle.

The Strategy and Work Plan 2007/2008 builds on the approach that the Group pursued over the past years. The strategy articulates the Initiative’s role and goals for 2007/2008. It takes account of the changes that have reshaped the landscape for the fight
against corruption in the Asia-Pacific region in the recent past to provide targeted assistance to member countries in their efforts to fight corruption in the coming years. It was adopted at the 9th Steering Group meeting held in Bangkok, Thailand, on 30 November 2006.

1. Ensuring continual reform and review of progress under the Action Plan

Measuring progress in anti-corruption reform has proven crucial to ensure effectiveness of efforts to implement the Action Plan, to assist countries in evaluating achievements in their fight against corruption, and to identify weaknesses and challenges that require further action.

Continual review of progress has been a hallmark of the ADB/OECD Anti-Corruption Initiative for Asia-Pacific. Seven rounds of country reporting, two comprehensive rounds of stocktaking of anti-corruption policies, two rounds of review of reform projects designed to tackle the countries’ selected priorities for reform, and one thematic review have been conducted since the establishment of the Steering Group in December 2001. The Steering Group’s discussions and the resulting reports have been a powerful impetus for change. The vast majority of the Initiative’s member governments have significantly strengthened their anti-corruption systems since the Initiative came into existence through both legislative and institutional reform.

However, much remains to be done to ensure the effective implementation of the Action Plan’s standards. The findings of the self-assessment, the second round of stocktaking, and the first thematic review demonstrate that major legal gaps and loopholes persist, and that the capacity of anti-corruption institutions remains insufficient in many jurisdictions. Given these circumstances, members see a strengthened review mechanism as essential to improve policies and ensure their effective implementation. Country-specific reviews will henceforth complement country self-reporting, thematic reviews and reviews of countries’ individually selected priorities for reform.

a. Country self-reporting

Since the establishment of the Steering Group on 2001, the country self-reporting and the stocktaking exercise have been the Group’s main means to assess progress in implementing the standards and overall policy objectives of the Action Plan. The country reporting has proven to be of great value as it gives members an opportunity to present to the whole Group their respective country’s policies, institutions and regulations, and exchange experience. It is also a unique and regular horizontal survey of steps taken by countries to implement the Action Plan. The rich information that countries provide flows into the stocktaking report on anti-corruption policies in Asia and the Pacific and helps assess the members’ capacity building needs. In 2007–2008, the countries’ reporting to the Steering Group will remain one of the primary means to
assess members’ progress in implementing the standards and objectives under the three pillars of the Action Plan.

To facilitate the exchange of experience on policies and their implementation, members will continue to use the template that the Secretariat has developed in 2006 to assist them in the exercise. Using this template, each member will be required to file a report prior to any upcoming Steering Group meeting for circulation. The oral report delivered during the Steering Group meeting will focus on key issues or on items for which delegations seek the views or advice from other members of the Group. This approach will ensure adequate time for detailed presentations and encourages focused follow-up questions. The template format will also facilitate the consolidation of information for the biennial stocktaking of progress in legal and institutional reform.

b. Country-specific reviews

Country-specific reviews, to be conducted on a voluntary basis as from 2007, will complement the Initiative’s self-reporting mechanism. Country reviews will serve the ultimate objective of supporting the reviewed countries improve their policies and enforcement. It will further stimulate the exchange of experience, encourage emulation among other member countries, ensure transparency and publicity of anti-corruption practices and procedures, and help identify capacity building needs. Country-specific reviews will also provide due recognition where the Action Plan’s standards and policy objectives are met; allow to identify good practice and shortfalls; assess the level of corruption risk in the country subject to review; and, where relevant, offer specific guidance for improvement. Country specific reviews, like country self-reporting, also bear potential to support the thorough implementation of the UN Convention against Corruption. Several regional initiatives, such as the Anti-Corruption Network for Transition Economies1 and the Asia Pacific Group on Money Laundering (APG)2 have conducted country reviews and recognize their value.

In the context of the ADB/OECD Asia-Pacific Anti-Corruption Initiative, country reviews will consist of a technical assessment of a given country’s anti-corruption policies by the Secretariat and other experts. In line with the principle of country ownership, the country that volunteers to benefit from such a review will define the scope of the review, i.e. decide whether the review of its policies and enforcement mechanisms will be done on the basis of the principles and standards of each of the Action Plan’s three pillars of action or will relate to one or more of the Action Plan’s specific subject areas.

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1 Kazakhstan and the Kyrgyz Republic are members of both the Network and the ADB/OECD Anti-Corruption Initiative for Asia-Pacific.

2 Out of the 27 member countries of the ADB/OECD Anti-Corruption Initiative, 22 are members of APG: Australia; Bangladesh; Cambodia; Cook Islands; Fiji Islands; Hong Kong, China; India; Indonesia; Japan; Republic of Korea; Macao, China; Malaysia; Mongolia; Nepal; Pakistan; Palau; the Philippines; Samoa; Singapore; Sri Lanka; Thailand; and Vanuatu.
Policies and practices will be reviewed on the basis of a standard methodology developed by the Secretariat. This will ensure that the reviews are consistent across countries and will enable the Secretariat to consolidate information easily. The review will include an on-site visit conducted by the Secretariat assisted by a team of relevant experts from other members of the Initiative and additional experts from institutions that are members of the Advisory Group (international organizations such as UNDP, donor agencies) and, where applicable, from the OECD Working Group on Bribery. During the on-site visit, interviews will be conducted with relevant government ministries and agencies, representatives of non-governmental organizations and the business sector to assess the performance of policies and enforcement as well as the level of corruption risk. Based on the standard methodology and on the outcomes of the interviews, the Secretariat will then prepare a report for discussion by the Steering Group that will highlight accomplishments and spell out areas where further efforts might be required.

c. Region-wide thematic reviews

In 2007–2008, the Steering Group will continue to conduct horizontal thematic reviews to analyze particular issues identified by the Group as being of region-wide priority. In 2005, the Steering Group conducted a first horizontal thematic review. As the outcome of the first thematic review has shown, such region-wide reviews bring about useful and comprehensive reports on specific issues associated with the implementation of the Action Plan that cover all member countries at once.

Two horizontal thematic reviews will be undertaken in 2007-08, addressing issues that the Group has identified as being of common priority. Thus, in 2007, a review on effective mechanisms for mutual legal assistance and extradition in the prosecution of corruption and recovery of proceeds of corruption will be completed. The topic of the thematic review to be conducted in 2008 will be determined by the Group and could address issues such as the role and functioning of centralized anti-corruption agencies and other oversight bodies that fulfill similar tasks, or effective measures and institutions to deter the giving of bribes to domestic and foreign public officials in business transactions including criminal liability of legal persons and other measures aimed at ensuring business integrity.

As for the first thematic review undertaken in 2005, the resulting reports will contain region-wide and country specific policy guidance for improvement in the fight against corruption in the subject area covered by the respective review. Within two years of the Steering Group’s approval of the Thematic Review Report, members will be invited to provide an oral report of steps taken to fulfill the policy advice of the Steering Group.

In addition to thematic reviews on the above subjects, the Initiative will endeavor to undertake a thematic review jointly with the Asia-Pacific Group on Money-Laundering (APG) in the framework of the recently launched FATF/APG Project Group on the links between anti-corruption and anti-money laundering and terrorist financing. One component of this project is to assess the impact of corruption on the implementation
of the international Anti-Money Laundering / Financing of Terrorism standards by anti-money laundering institutions. The thematic review would focus on strengths and vulnerabilities to corruption of member countries’ anti-money laundering mechanisms and make suggestions for improvement. This thematic review will be carried out jointly by APG and the ADB/OECD Initiative to complement the research and analysis planned by the FATF/APG Project Group. A joint workshop on protecting anti-money laundering institutions and in particular Financial Investigation Units against corruption would complement the review, and a joint capacity building program with APG would be considered to address the identified challenges.

d. Identifying country priorities

The periodic identification, design and implementation of concrete reforms are core mechanisms that member countries use to achieve tangible progress in strengthening safeguards against corruption in priority areas. Over the past two implementation cycles, member countries have identified various areas for reform under the three pillars of the Action Plan. They have defined reform projects to tackle these areas in a workable time frame and implemented these projects. Countries’ reports on implementation at the respective ends of the implementation cycles have shown that the overwhelming majority of these projects have been implemented successfully and within the planned timeframe. The reports and the following exchange of experience have provided stimulating discussions on the priorities that different countries have identified and on ways to address them; they have assisted countries in reassessing their priorities and inspired reform programs among member countries.

Building on past practice, countries will report on the implementation of the projects selected for the third implementation cycle (2007–2008), assess their outcome and share the experience in implementing the projects with the members of the Group at the end of the implementation cycle, i.e. towards the end of 2008. Mid-term assessments on the implementation will be conducted by the Group at the beginning of 2008 to learn about each member’s progress and difficulties encountered.

e. Strengthening civil society’s role in the implementation of the Action Plan

The Action Plan acknowledges the important role that civil society plays in supporting governments’ anti-corruption efforts. The stocktaking of anti-corruption policies in the Initiative’s member countries has shown the extent to which civil society actors assume this role and the great variety of activities that civil society has developed to contribute to the governments’ efforts in curbing corruption. Partnerships between governments and civil society organizations have brought about significant progress in a number of countries, and the will to further intensify such partnerships has been expressed by governments and civil society actors alike.

In support of such partnerships between governments and civil society, the Initiative will provide such joint efforts greater visibility and more room to exchange experience
about examples for cooperation. In analogy to the reform projects that governments design for each implementation cycle, governments and civil society actors will be invited, on a voluntary basis, to define joint anti-corruption programs that will be implemented in partnership throughout the two-year implementation cycles.

Governments that wish to conduct such joint anti-corruption programs will define and implement such projects in partnership with civil society actors active in the fight against corruption in their country. In analogy to the format of the existing Action Plan implementation projects, government and civil society representatives will jointly present the project during a Steering Group meeting, and report back to the Group on its outcome at the end of an implementation cycle.

2. Strengthening and expanding partnerships in the fight against corruption

The trans-border aspects of corruption require strong partnerships among Asian and Pacific countries and with countries beyond the region. In 2007–2008, the Initiative will thus continue its efforts to systematically strengthen ties with countries of the region that are not yet members of the Initiative for the benefit of its member governments and potential future members.

Partnerships with institutions dedicated to fight corruption are equally important for the Initiative. The Initiative is itself a result of the pursuit of partnerships in the fight against corruption. New or strengthened partnerships with relevant organizations, institutions and groups will further reinforce the Initiative’s performance and the benefit it can bring to its members.

a. Extending membership in the Initiative

As suggested by the continuous expansion of membership in the Steering Group, Asia-Pacific countries have a strong interest in the Anti-Corruption Initiative’s work. Since the formal adoption of the Action Plan in Tokyo in 2001, 10 countries and jurisdictions (Australia; Cambodia; P.R. China; Hong Kong, China; Kazakhstan; Macao, China; Palau; Sri Lanka; Thailand; and Vietnam) have endorsed the Action Plan and submitted formal requests to the Secretariat to participate in the activities of the Steering Group; all of them have become full members of the Steering Group. Recently, Brunei and Lao PDR were invited to attend the Initiative’s Steering Group meetings as observers. Additional requests for joining the Steering Group as either observer or full participants are expected to arise in 2007–2008.

Pursuant to the decision taken by the Steering Group in July 2004, the Secretariat will continue its proactive approach in encouraging Asian and Pacific countries to join the Group, provided they subscribe to the goals and principles of the Action Plan. In 2007–2008, the Secretariat will strengthen its contacts with countries such as Bhutan and New Zealand.
b. Forging alliances with regional and international actors in the fight against corruption

Forging strong alliances with regional and international actors in the fight against corruption is essential to coordinate efforts towards the common goal of curbing corruption and to avoid duplication of efforts in today’s ever more diversified landscape of anti-corruption efforts and actors. Such alliances serve different purposes: They ensure coordination of efforts to avoid duplication; allow conducting joint programs in areas that concern linked topics, that require the expertise of different organizations and benefit both; strengthen information about trends and activities that are beneficial to each others’ work.

Cooperation and partnerships are at the core of the Initiative, and the Steering Group’s Advisory Group is a prime example of this feature. At the time of the 9th Steering Group meeting in November 2006, membership in the Group included the American Bar Association/Asia Law Initiative, the Asia-Pacific Group on Money Laundering, the Australian Agency for International Development, the Pacific Basin Economic Council, the Swedish Agency for International Development Cooperation, Transparency International, the United Kingdom Department for International Development, the United Nations Development Programme, and the World Bank. As the Steering Group agreed at its 8th meeting, a first step towards stronger partnerships with regional and international organizations consists in inviting relevant organizations to join the Initiative’s Advisory Group. As a result of this decision, the Asia-Pacific Group on Money Laundering (APG) joined the Advisory Group in July 2006.

In 2007–2008, the Initiative will continue these efforts to enhance and formalize its partnerships with relevant constituencies in order to contribute to their efforts, to render them fruitful for the Initiative’s members, and to avoid duplication of efforts by groups and institutions with similar goals. To this aim, it will endeavor to formalize the relationship with the APEC Anti-Corruption and Transparency Task Force and the Pacific Islands Forum Secretariat. It will also continue to participate to the largest extent possible in relevant international and regional fora concerned with corruption, including in the meetings of the APEC Anti-Corruption and Transparency Task Force and in annual meetings of the Asia-Pacific Group on Money Laundering (APG).

The Initiative will also strengthen its partnership with the OECD Working Group on Bribery to enhance participation of signatories to the Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (OECD Anti-Bribery Convention) in, and contribution to, the Initiative’s member countries’ efforts to combat solicitation of bribes by public officials and the giving of bribes by companies. So far, experts from the OECD Working Group have contributed to the Initiative’s capacity building program. A stronger partnership will boost these exchanges with

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3 The status of observer in the Asia-Pacific Group on Money Laundering (APG) was formally granted to the Initiative in August 2006.
OECD countries and other parties to the OECD Anti-Bribery Convention, inter alia through participation of Working Group members in the meetings of the Steering Group and participation of Initiative’s members in the meetings of the OECD Working Group meetings on an ad hoc basis. The stronger partnership will also facilitate a transfer of the unique know-how in designing and implementing effective anti-bribery mechanisms that the OECD Working Group has gained through the monitoring of the implementation of the OECD Anti-Bribery Convention. Finally, the closer cooperation will enable members of the Steering Group to more systematically participate in OECD policy dialogues on global anti-corruption issues. The regular OECD Global Forum on Governance/Public Procurement and Corruption is an example for such dialogues on issues that concern both OECD member countries and the members of the ADB/OECD Anti-Corruption Initiative.

The Initiative will also seek to expand cooperation and partnerships with UN agencies, notably the UN Office on Drugs and Crime (UNODC), the United Nations Development Program (UNDP), and the United Nations Asia and Far East Institute for the Prevention of Crime and the Treatment of Offenders (UNAFEI) to ensure the thorough implementation of the UN Convention against Corruption in Asia-Pacific in line with the decisions of the Convention’s States Parties, as well as with regional organizations such as ASEAN and the Commonwealth Secretariat to boost the performance of the Initiative through programs that directly support member countries’ anti-corruption reforms under the Action Plan.

c. Enhancing dialogue with business, trade unions, civil society, and donors

Pursuant to the Action Plan’s principle of involving all stakeholders in the fight against corruption, the Initiative will also enhance its cooperation with business, trade unions, and civil society. Hitherto, policy dialogue with business, trade unions, and civil society has taken place during the Steering Group’s regular meetings and during the Initiative’s regional conferences. The latter provide opportunities for extensive discussions among these actors and with government representatives about the concrete impact of policies, ways for fruitful cooperation and areas that need to be addressed jointly.

The regional Anti-Corruption Conference will remain a prime forum for the dialogue between governments, business, trade unions, civil society, and donors to review achievements and challenges of the Asia-Pacific region’s fight against corruption. It will be held in 2008.

To create further opportunities for dialogue with major stakeholders, the Initiative will conduct, as part of the Conference, a special business-government forum that will bring together representatives of governments and business, as well as selected representatives of trade unions and civil society. The forum will provide for wider consultations and more comprehensive exchange of views on areas of common interest and will promote responsible corporate citizenship so that the private sector can
be part of the solution to the challenges of corruption. The Initiative’s conference will also comprise a special dialogue between governments and delegates to the OECD DAC (Development Assistance Committee) Network on Governance (GOVNET)\(^4\) to discuss how donors can best support members’ anti-corruption reform efforts.

d. Increasing the dissemination of information about the Steering Group

Partnerships in the fight against corruption and dialogue at national, regional, and global levels rely on effective communication. Therefore, the Initiative will further step up its efforts to inform constituencies concerned with corruption – public officials, public interest groups, business, trade unions, and the public in general – about the Steering Group’s activities and achievements.

The Initiative will thus continue to make available to both practitioners and the general public the proceedings of its conferences and training seminars, its policy reviews, and country self-assessments through its website and in print. In this regard, the stock-taking report on “Anti-Corruption Policies in Asia and the Pacific” will be further enhanced to ensure that it covers all the Action Plan’s subject areas; it will also include a matrix that mirrors the Action Plan’s dimensions and standards, which, by providing a comprehensive overview of anti-corruption reforms undertaken by its members, will serve the triple objective of making readily available information as to the impact of the Initiative on its members’ work, of encouraging further the reform process, and of being a communication tool on reforms undertaken by each member.

The Initiative will also continue to regularly issue its newsletter on the Initiative’s and its partners’ activities and on members’ achievements in the fight against corruption and will continuously expand its website which features comprehensive information on resources of members’ fight against corruption, including anti-corruption actors, laws and regulations.

3. Capacity building and capacity development

Since the Initiative’s inception, training and capacity building have been major elements of the Initiative’s support of members’ efforts to implement the Action Plan. Pursuant to the Implementation Plan, one of the purposes of the Initiative is to “provide the assistance required to enhance the capacity of participating countries to achieve progress in the priority areas [for reform] and to meet the overall policy objectives of the Action Plan”.

\(^4\) The GOVNET anti-corruption mandate is to strengthen the means by which donors collectively support recipient countries fight corruption and ensure that international aid is delivered and used optimally to achieve poverty reduction objectives. The GOVNET focuses on supporting the development of capacity to implement international and regional anti-corruption standards.
Since its launching, the Initiative’s capacity building and technical assistance program has served four key purposes:

– to raise awareness of new challenges, effective policies to curb corruption and ways to reinforce coordinated action across the region;
– to provide technical guidance, expert advice and assistance in the establishment of an effective legislative, regulatory, and law enforcement framework to counter corruption;
– to enhance the professional skills of anti-corruption law enforcement personnel in members; and
– to establish and enhance professional networks; the training seminars allow experts with similar responsibilities to establish informal networks that facilitate future cooperation and information exchange, particularly in areas with distinct international characteristics.

In 2007–2008, the Initiative will maintain and enhance its assistance to members through capacity building events tailored to the specific needs that members identify during the Steering Group’s meetings. In delivering relevant activities, it will pursue two complementary approaches involving partnerships with technical assistance and capacity building providers: a regional approach, which focuses on the delivery of assistance on issues that are of common interest to the entire group of members; and a sub-regional approach, which focuses on the provision of assistance that are of interest to a specific group of countries. Targeted partnerships with technical assistance providers at country level may complement and reinforce the Initiative’s activities at regional and sub-regional levels.

a. Capacity building at regional and sub-regional levels

In 2007–2008, the Initiative will continue its efforts to provide training seminars at regional level. The Steering Group has identified a number of areas where capacity building at regional level would be particularly beneficial, and has called upon the Initiative’s Secretariat to provide seminars to meet these needs. Possible areas identified as priorities concern issues such as: establishing and empowering centralized anti-corruption agencies and agencies with a similar enforcement function; building capacity of government institutions involved in mutual legal assistance and extradition; establishing public-private partnerships to prevent the giving of bribes to public officials in domestic and international business transactions and promote business integrity; and countering deficiencies in anti-money-laundering mechanisms arising from corruption of their institutions. The Secretariat will seek to deliver, in 2007–2008, two regional capacity building seminars, one per year.

Consistent with the Steering Group’s desire for reinforcing co-operation between neighboring member countries that encounter common challenges given their similar socio-economic, political, and historical context, the Secretariat will also seek to conduct, in 2007-08, one or more sub-regional capacity building seminars, subject to partnerships with, and financial support by, interested technical assistance and
capacity building providers. The Group considers this format to be particularly beneficial for topics linked to cross-border characteristics of corrupt practices as it could contribute to promote stability between neighboring countries. Sub-regions that are likely to benefit particularly from sub-regional capacity building include the Mekong Delta, South Asia (SAARC), and the Pacific islands. The sub-regional training seminars will address topics that are related to specific groups of countries’ reform efforts and where capacity building is crucial for implementing policy reform.

Further to members’ call upon the Secretariat for obtaining support at country level, the Initiative will also seek to provide, subject to partnerships with, and financial support by, interested technical assistance and capacity building providers, one or more country capacity-building roundtables in 2007-08 as long as such country roundtables can benefit to other member counties. The Group is of the opinion that such country capacity building roundtables could further assist member countries in identifying trends and in reviewing legislation and policies. Such roundtables would, in consultation with the requesting country, bring together national experts from the country having requested the roundtable, interested delegates of the Steering Group, experts suggested by the Advisory Group and representatives of bilateral and multilateral agencies, as well as representatives of parties to the OECD Anti-Bribery Convention with relevant expertise. Representatives of parties to the OECD Anti-Bribery Convention would notably be invited to roundtables that address issues of relevance to the fight against bribery of foreign public officials in international business transactions.

b. Capacity building in partnership with regional initiatives

In 2007–2008, stronger partnerships will enable the Initiative to meet the growing demand for capacity building that countries express. These partnerships will also avoid duplication of training efforts in the Asia-Pacific region, and will enable the Initiative and its partners to reach a wider audience. The enhanced cooperation that the Initiative has developed in the region will also enable government officials and experts from members to take part in seminars organized by partner organizations.

The strong ties established with UNDP and the pledge made by the UNDP Regional Centre in Bangkok to support capacity building conducted by the Initiative will allow the Initiative to deliver its program to a wider audience in collaboration with UNDP. The cooperation should also allow a better coordination of the technical assistance programs delivered by UNDP and the ADB/OECD Initiative.

The partnership with the Asia-Pacific Group on Money Laundering (APG) opens the way to conduct a joint training with APG on issues of common interest, such as the administration and enforcement issues for seizure, confiscation and management of proceeds of crime, or, as a complement to the joint thematic review, on the links between corruption and money-laundering to assist member countries in developing appropriate safeguards against corruption in their AML/CFT structures.

The expected formalization of the Initiative’s partnership with the APEC Anti-Corruption and Transparency Task Force (ACT) should also open the way to conduct joint
capacity-building seminars on issues of common interest, for example as regards the issue of corruption in international investment and trade and the role of the business sector in the fight against bribery of public officials.

4. Funding of the Initiative’s activities

The Steering Group recognizes that the implementation of this work program, and in particular the capacity of the Secretariat to assist member countries in their anti-corruption efforts, depends on the availability of sufficient financial resources. Until now, the Initiative has been primarily funded by voluntary contributions to the OECD and ADB grants, and some of the Initiative’s members have contributed in kind to the Initiative’s work program through hosting meetings such as Steering Group meetings, capacity-building seminars and regional Conferences. ADB and OECD have also contributed in kind to the conduct of various activities.

a. Funding the Initiative’s core activities

The Group agrees that certain activities are essential elements of the Initiative’s support towards the implementation of the Action Plan. These activities include—over a two year implementation cycle—the regular meetings of the Steering Group; the continuous reporting on anti-corruption reform efforts and the biennial stocktaking of progress in legal and institutional reform; two capacity building seminars and two thematic reviews; a Regional Anti-Corruption Conference every three to four years; and efforts to communicate member countries’ achievements in their fight against corruption through the Initiative’s website and newsletters.

The Secretariat will approach donors to seek their further financial support of the Initiative’s core activities. The Initiative will also continue to rely on members’ in-kind contributions, especially through hosting events. At the beginning of the implementation cycle on 1 January 2007, the Initiative’s Secretariat has secured approximately USD 602,000 for the implementation of the core activities. Given the estimated overall expenditure of USD 1,009,000, an amount of USD 407,000 remains to be secured to enable the Secretariat to implement the core activities in 2007/2008.

b. Support for additional activities to support the implementation of the Action Plan

As outlined above, the Initiative’s members wish that the Secretariat further expands the activities in support of their anti-corruption efforts. This includes the country peer reviews, the capacity-building program at subregional level, and the conduct of country roundtables. Such activities, that require approximately USD 540,000 for their implementation, will be carried out subject to additional funding. The Secretariat will approach donors both within and beyond the Group, partners and other sources such as public foundations that may have a particular interest that the Initiative’s members benefit from these additional activities to support the implementation of the Action Plan.
policy dialogue
policy analysis
capacity building
partnerships
to support Asian and Pacific countries fight corruption