



FIGHTING CORRUPTION AND IMPROVING TRANSPARENCY

Last year in Evian we committed ourselves to act together, and with developing country partners and the international community, to fight corruption and improve transparency. We will do still more to help cut away the burden of corruption on economic growth. What follows is a report on follow-up to the commitments we made in Evian.

COUNTRY-LED TRANSPARENCY COMPACTS LAUNCHED

G-8 governments are working with a number of developing countries with a view toward building voluntary partnerships to assist their efforts to increase transparency and thereby to use public resources wisely. These efforts will focus on transparency in public budgets, including revenues and expenditures, government procurement, the letting of public concessions and the granting of licenses. Special emphasis will be given to cooperation with countries with large extractive industries sectors. These partnerships will be put in place through voluntary compacts that lay out commitments on both sides in support of country-owned strategies and in full complementarity with ongoing initiatives and programs.

- The Governments of Georgia, Nicaragua, Nigeria and Peru have come forward with the first such compacts to achieve these important goals. Other interested countries are actively pursuing compacts. We task our relevant ministries to develop in partnership with these countries implementation plans.
- Partner governments have specified, in concrete terms, what they intend to do to bring greater transparency and accountability to the management of public resources.
- Participating G-8 countries will support them by providing bilateral technical assistance and political support. With each compact partner, participants will develop action plans that set forth our joint efforts to achieve measurable improvements in these areas.
- Participating G-8 governments will work with partner countries to enlist the support and engagement of private companies, organizations and civil society, as well as international institutions.
- For partner countries rich in oil, natural gas, and mineral resources, the compacts will pay particular attention to the transparency of revenue flows and payments in these sectors, while protecting the necessary confidentiality of business operations. Our shared goal is to help combat the harmful effects on development when

national resources and revenues are misused. Complementary efforts to promote transparency are also taken forward by countries participating in the Extractives Industry Transparency Initiative.

UN CONVENTION AGAINST CORRUPTION AGREED

G-8 governments met their Evian goal of seeing conclusion of the UN Convention Against Corruption, which establishes high international standards of public integrity, transparency and accountability, and facilitates the recovery of illicitly acquired assets that have been transferred abroad. To ensure that this important new international agreement is implemented effectively, we will:

- Remain committed to become parties to the Convention and call for rapid signature and completion of all necessary steps to ratify and implement the Convention, and support the convening in Vienna of a multilateral “Friends of the Convention” process for promoting active and effective implementation.
- We are committed to translating the words of this Convention into effective actions and assisting third countries, particularly developing countries, in accomplishing the objectives of the Convention.
- We welcome the agreement of Justice and Home Affairs Ministers on recovering proceeds of corruption.
- We support our Ministers’ determination to detect, recover and return these illicitly acquired assets, including by:
 - establishing G-8 accelerated response teams;
 - enhancing G-8 asset recovery case coordination; and
 - holding G-8 asset recovery workshops.
- To meet these goals, we will ensure that:
 - each of our countries has rules in place by Summer 2005, where possible, to require due diligence for “politically exposed persons” accounts;
 - each of our countries has rules in place, preferably by 12/31/04, to require wire transfer originator information;
 - we create G-8 best practices for modalities of disposition and return; and
 - we explore effective measures to recover assets in corruption cases.

DENYING SAFE HAVEN TO OFFICIALS GUILTY OF CORRUPTION

We reaffirm our commitment at Evian to seek in accordance with national laws to deny safe haven to public officials guilty of corruption, by denying them entry, when appropriate. We will direct our experts to examine and improve efforts to achieve this objective and review progress at our next Summit.

PUBLIC FINANCIAL MANAGEMENT AND ACCOUNTABILITY STRENGTHENED

We welcome the real progress to strengthen public financial management and accountability programs in the International Financial Institutions (IFIs). The IMF agreed to publish its program documents and surveillance reports effective July 2004.

The Inter-American Development Bank also agreed on an improved disclosure policy. We will encourage countries to meet the high disclosure and transparency standards set by the IFIs and to:

- Achieve agreement on full disclosure of the World Bank International Development Association's (IDA) Country Policy and Institutional Assessment results, with disclosure to start with the 2005 ratings;
- Seek full disclosure of performance evaluations in the regional development banks;
- Maintain solid G-8 support for mandatory publication of country assistance strategies at the World Bank and the Asian Development Bank this year, and at other regional banks in the future.
- Encourage IMF members to complete and publish IMF reports/diagnostics that examine each country's budget procedures to determine the level of transparency and accountability;
- Support the efforts of the Public Expenditure and Financial Accountability (PEFA) program at the World Bank to help developing countries achieve accountability in public finance and expenditure and to extend harmonized approaches to the assessment and reform of their public financial and accountability systems; procurement should follow a strong, parallel track to ensure that it is not subsumed or marginalized by the streamlining; and
- Invite developing countries to prepare anti-corruption action plans to implement their commitments in regional and international conventions.

OECD ANTI-BRIBERY CONVENTION REVIEWS ACCELERATED AND CORPORATE COMPLIANCE PROGRAMS ENCOURAGED

We made good progress to fulfill the G-8's Evian pledge to strengthen OECD monitoring of the Anti-Bribery Convention. The OECD Council approved a reform package on in February, 2004, including a mechanism to fund the Working Group on Bribery (WGB). It achieves stable funding through 2007 to complete a full round of important peer reviews that examine member country's enforcement track record.

- We will adhere rigorously to our updated 2004-2007 enforcement review schedule, honour our pledges to serve as lead examiners or examinees, and send our prosecutors and other law enforcement officials to participate in peer reviews.
- We will encourage efforts of our private sectors to develop and implement corporate compliance programs to promote adherence to laws against foreign bribery, and welcome the positive steps already taken by certain industries to develop specific principles relevant to their specific activities to promote such compliance.

FRAMEWORK STRENGTHENED FOR FIGHTING FINANCIAL CRIMES, MONEY LAUNDERING AND THE FINANCING OF TERRORISM

All G-8 countries committed to implement the Financial Action Task Force (FATF) revised 40 recommendations adopted in June 2003.

We are promoting implementation of the UN Transnational Organized Crime (TOC) Convention. We will develop a diplomatic strategy to urge speedy consideration of ratification of the TOC Convention and coordinate with others, including donors to the UN Office on Drugs and Crime, to provide technical assistance to promote implementation of the Convention.

We strongly support the broad international effort undertaken by the IMF/World Bank, the FATF and other international organizations to assess jurisdictions' compliance with the anti-money laundering and combating of the financing of terrorist (AML/CFT) standard. We urge all jurisdictions to move with dispatch to address shortcomings in their regimes. As part of the international effort, we look forward to delivery of technical assistance to help jurisdictions address identified shortfalls in their AML/CFT regimes.

TRANSPARENCY FOCUS IN TRADE AGREEMENTS REAFFIRMED

We reaffirm our pledge at Evian to “work towards including in our regional and bilateral trade agreements provisions requiring transparency in government procurement, the awarding of concessions, as well as provisions on trade facilitation.”

REVIEW OF OFF-SHORE FINANCIAL CENTERS CONTINUES

We reaffirm our commitment to further enhance transparency and supervisory standards in financial markets in particular non-compliant off-shore centers. We ask our Finance Ministers to carry this work forward. In this regard, we welcome the IMF's regular monitoring and assessment of offshore financial centers' compliance with international standards. We also urge all financial centers, both off-shore and on-shore, to adopt high standards of transparency and exchange of information in all tax matters.