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TRANSPARENCY INTERNATIONAL
the global coalition against corruption

G8 PROGRESS REPORT

Assessment of the G8's fight against corruption

Rhetoric exceeds action

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INTRODUCTION

"Corruption keeps schools from being built. It saps resources for fighting HIV / AIDS and improving maternal health care. It distorts government decision-making in innumerable ways. Reducing the damaging impact of corruption on lives, democracies, and economies is critical to the world's long-term prosperity and stability, and to lifting millions out of poverty." **Huguette Labelle**, Chair of Transparency International

Corruption is a pernicious problem with global implications. It impedes foreign investment and development, erodes public institutions, distorts competition and undermines the rule of law and public trust. And while corruption hurts everyone, it harms the poor the most. Corruption has dire global consequences, trapping millions in poverty and misery, and breeding social, economic and political unrest. Corruption is both a cause of poverty, and a barrier to overcoming it. These consequences of corruption are what drive our efforts and create a pressing need for action.

In the past decade, a global consensus has emerged that the fight against corruption must be placed high on the agenda. Since the 2002 Kananaskis Summit, the leaders of the Group of Eight (G8) have recognised that, unless they confront corruption, they cannot achieve their goals, including the Millennium Development Goals or specific objectives on national and energy security, increasing the benefits of trade and investment, economic development and growth in Africa, and environmental protection. The G8 must promote and implement principles of transparency, accountability and integrity in public life and do so within the context of strengthening core democratic values such as freedom of speech and association.

Since the 2002 Summit, they have committed to specific measures to fight corruption and increase good governance. These include:

- Strengthening enforcement of anti-bribery laws enacted pursuant to the OECD Convention on Combating Bribery of Foreign Public Officials (OECD Convention);
- Strengthening requirements for export credit support to promote compliance with anti-bribery laws;
- Ratifying and implementing the United Nations Convention against Corruption (UNCAC)
- Ensuring greater transparency of revenue flows from the oil, gas and mining sectors through support of the Extractive Industries Transparency Initiative (EITI); and
- Preventing misuse of financial institutions and markets by increasing transparency and strengthening oversight of capital flows and markets.

This Report assesses G8 progress on these commitments which were selected according to the following criteria:

1. Express commitment by the leaders to take specific action;

2. Importance to the anticorruption agenda;

3. Capacity to measure progress.

The Report's findings, based on input from locally-based TI national chapters in each of the G8 countries, conclude that rhetoric still largely exceeds real action. With far-reaching consequences, this failure undermines G8's credibility in calling on others to improve governance.

The onus is on the G8 Leaders, meeting for the 2007 Summit on 6-8 June in Heiligendamm, Germany, to move the agenda forward. They must demonstrate how they will improve on their performance to date, and commit to take prompt action and to report back on their progress when they meet again at the 2008 Summit in Japan.

EXECUTIVE SUMMARY

Since the 2002 Kananaskis Summit, the G8 leaders have committed to take specific actions to fight corruption and promote good governance at home and abroad. Their commitments include:

- Strengthening enforcement of anti-bribery laws enacted pursuant to the OECD Convention on Combating Bribery of Foreign Public Officials (OECD Convention);
- Strengthening requirements for export credit support to promote compliance with anti-bribery laws;
- Ratifying and implementing the United Nations Convention against Corruption (UNCAC);
- Ensuring greater transparency of revenue flows from the oil, gas and mining sectors through support of the Extractive Industries Transparency Initiative (EITI); and
- Preventing misuse of financial markets and institutions by increasing transparency and strengthening oversight of capital flows and markets.

In making these commitments, the G8 leaders recognised the importance of action against corruption to the success of their broader agenda -- achieving the Millennium Development Goals; ensuring national and energy security; opening markets and increasing the benefits of trade and investment; encouraging economic development and growth in Africa; and strengthening environmental protection. The G8 must promote and implement principles of transparency, accountability and integrity in public life and do so within the context of strengthening core democratic values such as freedom of speech and association.

This Report assesses the progress that G8 governments have made to date on each of these important commitments and finds that rhetoric still exceeds real action. It is a "call to action" for the G8 to do more and to report back on the progress they have made at the 2008 Summit.

ENFORCE ANTI-BRIBERY LAWS:

Enforcement of transnational anti-bribery laws under the OECD Convention remains negligible in several countries that play a major role in international trade.[1] Canada and Japan have brought only one minor case each. The UK has brought none at all. Italy, however, has two cases, including one against a major multinational. On the other hand, enforcement is increasing in France and Germany with nine and four cases respectively, while the US is seeing significant enforcement with 67 cases.

[1] These numbers are based on assessments by national experts in each country selected by TI national chapters who responded to a questionnaire after consulting with government officials and other knowledgeable persons in their country. These numbers are preliminary; final numbers will be published in July with the release of the 2007 Transparency International Progress Report on OECD Convention Enforcement.

Foreign bribery will continue unless all parties vigorously enforce their laws. Rigorous on-site monitoring of the convention's implementation must be continued and the necessary funding provided. Outreach to the private sector should be enhanced to encourage companies to enforce effective anti-bribery programs.

Russia is not yet a party to the OECD Convention but should become one promptly. In the interim, Russia should implement and enforce anti-bribery prohibitions as required by the UN Convention against Corruption.

LEVERAGE EXPORT CREDIT AGENCY FINANCING TO REDUCE CORRUPTION:

All export credit agencies (ECAs) except for the EXIM Bank of Russia indicate they have taken a first step, enacting rules to encourage customers to comply with anti-bribery laws and to engage in enhanced due diligence when necessary.

All G8 ECAs must demonstrate they are putting these commitments into practice. In addition, they should require customers to certify that effective corporate anti-bribery compliance programs are in force and to fully disclose information relating to the use of agents.

RATIFY AND IMPLEMENT THE UN CONVENTION AGAINST CORRUPTION:

France, Russia, the UK and the US have ratified the UN Convention against Corruption. Canada, Germany, Italy and Japan should do so immediately.

To realise the full benefit of this global legal framework, the G8 should move forward with implementation and provide technical assistance to developing countries seeking to implement the convention. The G8 should assist in creating and funding a robust monitoring mechanism to ensure the convention has a practical impact and they must cooperate in the recovery of stolen assets.

PROMOTE REVENUE TRANSPARENCY THROUGH THE EITI

Canada, France, Germany, the UK and the US provide financial support to the Extractive Industries Transparency Initiative (EITI). Overall support needs to be increased, and Italy, Japan and Russia should contribute as well.

All G8 countries should provide financial support and safeguards for civil society organisations engaged in monitoring and advocating implementation and progress.

Those G8 countries with substantial energy resources -- Canada, Russia, the UK and the US -- should set an example for others by implementing the EITI in their own countries.

LOOKING TO THE FUTURE: INCREASE TRANSPARENCY OF FINANCIAL SYSTEMS:

The G8 have made many commitments to prevent the misuse of financial markets and institutions for illicit purposes by increasing transparency and strengthening oversight. While this Report does not assess progress in this area, it does call for prompt implementation of these commitments and makes the following recommendations:

Stress the responsibility of and strengthen regulatory oversight of financial institutions and markets in the fight against public and business-related corruption; close loopholes allowing the anonymous transfers of funds to offshore centres and to less regulated territories; endorse private sector initiatives to enhance transparency in international wire transfers and provide regulatory support; coordinate regulation and information resources for the global tracking and seizure of the proceeds of corruption; and strengthen mutual legal assistance and cooperation to ensure that financial centres assist in the responsible repatriation of illicitly acquired assets.

The challenge for the G8 Leaders meeting this week in Heiligendamm, Germany is to demonstrate how they will move the agenda forward. The recommendations in this Report are intended to support this process. In 2008, Leaders should report on progress made in fulfilling their commitments to fight corruption.

–ADDRESSING CORPORATE COMPLICITY IN CORRUPTION – THE OECD CONVENTION ON COMBATING BRIBERY OF FOREIGN PUBLIC OFFICIALS

"Every year there are more and more investigations of foreign bribery. And the number of convictions is increasing. Yet the number of countries that can show results … is still far too low, and some others are stepping back… Clearly the political will of our members, collectively and individually, is of very critical importance…" **Angel Gurria**, OECD Secretary-General

WHAT HAVE THE G8 COMMITTED TO DO?

The G8 have committed to vigorous enforcement of the OECD Convention. Specifically, they have committed to:

- Strengthen and assist the implementation and monitoring of the OECD Convention (Kananaskis 2002; Gleneagles 2005; St. Petersburg 2006);
- Strengthen enforcement of anti-bribery laws, accelerate peer reviews, complete a first cycle of reviews by 2007, and ensure stable, long-term financing for these reviews (Evian 2003);
- Adhere rigorously to the updated 2004-2007 enforcement review schedule (Sea Island 2004);
- Continue support for peer review (Gleneagles 2005; St. Petersburg 2006);
- Encourage the private sector to develop, implement and enforce anti-bribery compliance programs (Evian 2003, Sea Island 2004, Gleneagles 2005); and support voluntary private sector anti-corruption initiatives (Kananaskis 2002).

WHY IS THE OECD CONVENTION IMPORTANT?

Just ten years ago, paying bribes in foreign jurisdictions to secure contracts, licenses or favourable judicial decisions, or to avoid taxes or environmental regulations, was legal and even tax deductible in the home countries of many major multinationals based in the industrialised world (with the exception of the US, where the Foreign Corrupt Practices Act has prohibited transnational bribery since 1977). In 1997, the rules of the game changed with the adoption of the OECD Anti-Bribery Convention by its members, who comprise most of the world's major exporting nations. The 36 signatories to the Convention, including 5 non-OECD members, account for more two-thirds of global exports.

The OECD Convention is of signal importance because it criminalises foreign bribery and, importantly, simultaneously imposes this prohibition on most competitors, promising to end the "race to the bottom." It says to companies from industrialised countries that their complicity in corruption through paying bribes must end.

Its importance is underscored by the World Bank's finding that $1 trillion in bribes are paid annually, and by the Volcker Committee's Report on the UN Oil for Food scandal, alleging that over 2,200 companies in 58 countries were involved in bribery, kickbacks and fraud. Foreign bribery continues to be a serious problem as is amply demonstrated by recent allegations of bribery - on an unprecedented scale - by Siemens AG, Europe's largest engineering group.

Ultimately, the credibility of the G8 to promote good governance in emerging markets and Africa is undermined unless they address the conduct of their companies. Each G8 government has a special responsibility to ensure that its laws and policies do not permit its companies to contribute to corruption. Weak enforcement by some will undermine enforcement by all, including significant emerging exporters that are not yet party to the OECD Convention, including G8 member Russia and others, such as China and India.

WHAT ACTIONS HAVE THE G8 TAKEN TO DATE?

Since the Convention's entry into force in 1999, all parties have enacted laws making it a criminal offence to bribe foreign officials. Preliminary evidence, however, from the upcoming 2007 TI Progress Report on OECD Enforcement[2] indicates that only three of the G8 have taken meaningful action, while others have taken little to none at all.

On the positive side of the ledger, enforcement has increased in France, Germany and the US. France has brought nine prosecutions, Germany has brought four, and the US has brought 67. Significantly, many of these cases involve major multinational companies. Although Italy has only brought two cases, one is against a major multinational.

Contrast this trend to the dismal performance of Canada, Japan and the UK -- countries that play a major role in international trade. Evidence indicates that Canada and Japan have each brought only one minor case while the UK has brought none.

Given this picture, it is particularly troubling that the UK Serious Fraud Office halted an investigation into foreign bribery allegations concerning BAE Systems Plc. in the Al Yamamah defense contract between the UK and Saudi Arabia. With no prosecutions to date, the UK assertion that national interest overrides the rule of law and foreign bribery enforcement calls into question the commitment of one of the world's major exporting nations to address bribery of foreign public officials and may have set a dangerous precedent. In doing so, it threatens the future effectiveness of the Convention in stemming foreign bribery and undermines the UK's

[2] These numbers are based on assessments by national experts in each country selected by TI National Chapters, who responded to a questionnaire after consulting with government officials and other knowledgeable persons in their country. These numbers are preliminary; final numbers will be published in July with the release of the 2007 Transparency International Progress Report on OECD Convention Enforcement.

credibility in promoting good governance and the rule of law in the developing world, standing in stark contrast to the country's expressed anti-poverty goals.

WHAT MUST THE G8 DO NOW?

Given the competitive nature of global trade, foreign bribery will continue unless there is a credible threat of enforcement and adequate sanctions in all major exporting nations. Governments that have brought cases may diminish their efforts if their exporters appear to be losing orders to competitors that are free to win orders by paying bribes.

- All parties should vigorously enforce their foreign bribery laws;
- All parties should support continuous, vigorous, on-site monitoring, providing the necessary funding beyond 2007;
- All G8 governments should increase outreach to the private sector to encourage implementation of effective anti-bribery programs and compliance cultures;
- Russia has been invited to accede to the Convention by 2010 and should do so promptly to demonstrate its commitment to fight bribery. In the interim, Russia should implement foreign bribery prohibitions pursuant to its UNCAC commitment; and
- G8 diplomatic missions in developing countries engaged in advocacy on behalf of companies should promote anti-bribery compliance.

-LEVERAGING FINANCING TO REDUCE CORRUPTION-
EXPORT CREDIT AGENCIES

WHAT HAVE THE G8 COMMITTED TO DO?

- In 2005, the G8 committed to help reduce foreign bribery by the private sector by strengthening requirements for companies applying for export credit support.

WHY IS EXPORT CREDIT AGENCY ACTION IMPORTANT?

ECAs provide government-backed loans, guarantees and insurance to companies that do business abroad, often in financially and politically risky environments. Today, ECAs are among the largest sources of *public* financial support for domestic companies operating in a fiercely competitive export market, underwriting between US $50 to $70 billion dollars in transactions.[3] ECA support encourages additional private financial resources. As such, ECAs have an important role to play in ensuring that companies and projects they support are not tainted by bribery and corruption.

WHAT ACTIONS HAVE THE G8 TAKEN TO DATE?

Since the 2006 adoption of an OECD Council Recommendation on Bribery and Officially Supported Export Credits, all G8 ECAs except the EXIM Bank of Russia indicate they have taken steps to amend their rules and policies to reduce bribery in officially supported projects by:[4]

- Requiring exporters to certify they will not engage in bribery and to disclose bribery charges, convictions and administrative sanctions;
- Requiring exporters to provide, upon demand, the names of agents and the size of payments made;
- Verifying whether exporters appear on publicly available debarment lists;
- Conducting enhanced due diligence of the exporters' business practices and contract terms in specified cases;
- Verifying that internal corrective measures are in place for exporters convicted of foreign bribery;
- Suspending approval of credit where evidence of bribery is found, denying credit and seeking indemnification and refunding where bribery is proven; and disclosing evidence of bribery to law enforcement authorities.[5]

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[3] ECA Watch http://www.eca-watch.org/eca/ecas_explained.html; Turning a Blind Eye, Corruption and the UK Export Credits Guarantee Department, http://www.thecornerhouse.org.uk/item.shtml?x=52007.
[4] SACE, Italy's ECA, did not respond to a request for information.
[5] To access the OECD Council Statement *see* http://www.oecd.org/document/62/0,2340,en_2649_34169_37858750_1_1_1_1,00.html.

WHAT MUST THE G8 DO NOW?

While adoption of these measures is a step forward in enhancing the role of the ECAs in reducing corruption, it is not evident that they are being applied. ECAs should report annually on all steps taken to enforce these measures.

They should strengthen the measures taken to expand coverage to other participants in the transaction, including the exporters' joint venture and consortium partners and major sub-contractors and require that all participants (1) certify that they will not engage in bribery and will implement an effective anti-bribery program; and (2) disclose information related to agents as well as to charges, convictions or administrative sanctions.

Russia should fulfil its G8 commitments by adopting and implementing immediately the measures called for in the OECD Council Recommendation.

-GLOBALISING THE FIGHT CORRUPTION-
THE UNITED NATIONS CONVENTION AGAINST CORRUPTION

"The adoption of the United Nations Convention against Corruption sends a clear message that the international community is determined to prevent and control corruption … If fully implemented, this new instrument can make a real difference to the quality of life of millions of people around the world." **Kofi Annan**, former United Nations Secretary-General

WHAT HAVE THE G8 COMMITTED TO DO?

Every year since 2002, the G8 have committed to promoting the adoption and implementation of the UN Convention against Corruption (UNCAC), the global anti-corruption convention. Specifically, they have committed to:

- Contribute to the completion of the UNCAC, to include effective preventive measures, mechanisms for international cooperation, an implementation follow-up mechanism; and technical assistance for implementing its provisions (Evian 2003);
- Become parties to the UNCAC (Sea Island 2004);
- Work for early ratification; establish effective mechanisms for the recovery and return of assets and encourage rules to deny entry and safe haven for officials and individuals guilty of public corruption, with similar prohibitions for their assets (Gleneagles 2005);
- Support global ratification and implementation; target assistance to prevent corruption through transparency and accountability, while enhancing the capacity to detect, prosecute, and recover the proceeds of corruption. Promote effective implementation of commitments; vigorously enforce laws against foreign bribery (St. Petersburg 2006).

WHY IS THE UN CONVENTION IMPORTANT?

The UNCAC, which entered into force in 2005, provides a comprehensive, global framework for confronting the transnational challenge of corruption. It has been signed by more than 140 countries and ratified by more than 90, raising the prospects of truly global cooperation and impact. If implemented, the UNCAC will help promote rule of law, good governance and accountability worldwide.

Its most significant provisions include:

- Preventive measures including codes of conduct and conflict of interest rules for public officials; transparent procurement and public finances;
- Transnational bribery prohibitions which will apply to major exporters, such as China and Russia, currently not parties to the OECD Convention;
- Internal controls and enhanced accounting and auditing provisions for the private sector;
- Criminalisation of bribe solicitation;

- Mutual legal assistance and cooperation on extradition, to assist in investigating and prosecuting transnational crimes; and
- Procedures to trace and recover stolen assets, to assist developing nations in recovering such assets, and to prevent "kleptocrats" from retaining illicitly acquired assets.

WHAT ACTIONS HAVE THE G8 TAKEN TO DATE?

To date, only France, Russia, the UK and the US have ratified the UNCAC. Canada, Germany, Italy and Japan have signed but have not ratified it.

WHAT MUST THE G8 DO NOW?

Canada, Germany, Italy and Japan should ratify the UNCAC immediately. In addition, all G8 countries should:

- Fully implement the UNCAC;
- Assist in creating and funding a robust monitoring mechanism with opportunities for civil society participation;
- Provide technical assistance to assist countries with ratification and implementation; and
- Cooperate on asset tracing and recovery, and encourage all countries to promulgate rules to deny entry and safe haven to officials and individuals guilty of public corruption, with similar prohibitions on their assets.

-Ensuring Transparency of Revenue Flows-
The Extractive Industries Transparency Initiative

"Natural resources present enormous development opportunities, provided that they are managed well. By requiring transparency in payments from oil, gas and mining companies to host governments, EITI critically contributes towards good governance and to ensuring that local populations benefit from what are, after all, their natural resources." **Peter Eigen**, Chairman, EITI and founder of Transparency International

WHAT HAVE THE G8 COMMITTED TO DO?

Since the 2003 Evian Summit, the G8 have committed to promoting transparency of financial flows – both company payments and corresponding government revenues – from the oil, gas and mining sectors. Since the creation of the EITI in 2002, they have committed to providing financial and technical support to the EITI and the countries implementing it. Specifically, they have committed to:

- Encourage governments and companies to disclose, to the International Monetary Fund (IMF) or another agreed independent third party such as the World Bank, revenue flows and payments from extractive sectors; work with participating governments to develop and implement agreed action plans for establishing high standards of transparency with respect to all budget flows (revenues and expenditures) and with respect to the awarding of government contacts and concessions; encourage IMF and World Bank to give technical assistance (Evian 2003);
- Increase support to EITI and countries implementing EITI through financial and technical measures (Gleneagles 2005); and
- Promote governance and greater fiscal transparency by supporting the implementation of EITI (St. Petersburg 2006).

WHY IS REVENUE TRANSPARENCY IMPORTANT?

Financial flows from natural resources, such as oil, gas and mining are a significant source of income – and sometimes the only one – for many developing countries. When properly managed, these revenues should lead to economic growth and poverty reduction. When good fiscal management, transparency and accountability are lacking, however, extractive revenues may instead contribute to poverty, corruption and conflict – the so-called "resource curse."

The EITI -- a multi-stakeholder initiative comprised of exporting countries, countries offering financial support for the programme, companies, and civil society -- was created to enhance transparency and thus accountability in resource rich countries through full publication and verification of company payments and government revenues from the oil, gas and mining sectors.

Responsibility for implementing the EITI rests with implementing countries, but a Secretariat also performs important functions. The success of the EITI depends on securing political, financial and technical support for the Secretariat, the Multi-Donor Trust Fund (Fund), managed and administered by the World Bank, the countries implementing the initiative, and civil society monitoring implementation. Companies must also play an active role.

WHAT ACTIONS HAVE THE G8 TAKEN TO DATE?

Canada, France, Germany, the UK and the US have each made substantial financial contributions to the EITI Secretariat and to some participating countries to help implement EITI provisions.

Germany, the US and the UK are currently serving on the EITI board and others are expected to rotate onto the board over time.

WHAT MUST THE G8 DO NOW?

The EITI will only fulfil its promise if it is implemented broadly. Therefore, the G8 should:

- Encourage all major extractives exporting countries worldwide, including those in the G8 and newly industrialised countries such as China to implement the EITI;
- As a major supplier, Russia, and especially Russian state and state-controlled companies, should implement the EITI and disclose relevant information;
- Provide financial and technical support for governments implementing the EITI;
- Encourage companies headquartered or listed in G8 jurisdictions to express support for the EITI in countries where they operate and to work constructively with governments, companies and civil society to ensure its successful implementation;
- Remind companies that corrupt payments are illegal and will be investigated, and encourage non-G8 members to rigorously enforce their laws with respect to their companies operations abroad;
- Provide financial support and work actively to provide safeguards for people in civil society organisations monitoring progress in countries implementing the EITI so they can work effectively; and
- Work to ensure that the agreed validation mechanism for assessing compliance with the EITI principles and criteria is applied rigorously and effectively.

LOOKING TO THE FUTURE: PREVENTING MISUSE OF FINANCIAL INSTITUTIONS AND MARKETS

Too often, corrupt actors misuse financial institutions to further their acts of bribery or corruption. A customer may direct or collect funds for the payment of a bribe and those who receive bribes or embezzle funds from state coffers may deposit those funds with financial institutions.

The Wolfsberg Group, a group of leading international banks,[6] has recently issued a statement against corruption, outlining measures for banks to protect themselves against the misuse of their institutions for corrupt practices and suggesting methods to prevent corruption internally.

They and the Clearing House Association LLC[7] have also recently endorsed measures to enhance the transparency of international wire transfers, which would enable information regarding the originator and beneficiary to be included in all payment messages. If adopted, these measures would assist financial institutions in their efforts to avoid their facilities being used for illicit purposes, such as money laundering and terrorist financing.

These are important steps, but more must be done. As home to the world's most significant financial centres, G8 nations should act now to enhance the role of the financial industry in the fight against corruption and to ensure that their institutions and markets are not complicit in or exploited for corrupt ends.

This is not new ground for the G8. At past summits, they have committed to:

- Require financial institutions to establish procedures for enhanced due diligence on Politically Exposed Persons (PEPs); support issuance of revised Financial Action Task Force (FATF) recommendations (Evian 2003);
- Commit to implement the FATF revised recommendations; further enhance transparency and supervisory standards in financial markets in particular non-compliant off-shore centres; urge all financial centres to adopt high standards of transparency (Sea Island 2004);
- Encourage all countries to require enhanced due diligence for financial transactions involving PEPS and press all financial centres to obtain and implement the highest international standards of transparency and exchange of information (Gleneagles 2005);

[6] Members of the Wolfsberg Group are ABN AMRO, Banco Santander Central Hispano, Bank of Tokyo-Mitsubishi UFJ, Barclays, Citigroup, Credit Suisse, Deutsche Bank, Goldman Sachs, HSBC, JPMorgan Chase, Societe Generale and UBS. They developed the Wolfsberg Principles which are anti-money laundering guidelines for private banking including know-your-customer rules.

[7] Members of the Clearing House Association LLC are Bank of America, National Association; The Bank of New York; Citibank, N.A.; Deutsche Bank Trust Company Americas; HSBC Bank USA, National Association; JP Morgan Chase Bank, National Association; LaSalle Bank, National Association; UBS AG; U.S. Bank National Association; Wachovia Bank, National Association; and Wells Fargo Bank, National Association.

- Take concrete steps to ensure that financial markets are protected from criminal abuse, including bribery and corruption, by pressing all financial centres to attain and implement the highest international standards of transparency; fight vigorously against money laundering, including by prosecuting money laundering offences and by implementing the revised recommendations of the FATF-related customer due diligence, transparency of legal persons and arrangements which are essential to tackling corruption (St. Petersburg 2006).

WHAT MUST THE G8 DO NOW?

G8 governments should accelerate implementation of their commitments to fighting financial crimes and money laundering and to ensure transparency in onshore and offshore centres. In particular, G8 governments should:

- Stress the responsibility and strengthen regulatory oversight of financial institutions and markets in the fight against public and business-related corruption.
- Close loopholes allowing the anonymous transfers of funds to offshore centres and to less regulated territories;
- Endorse the private sector initiatives to enhance transparency in international wire transfers and provide the necessary regulatory support;
- Coordinate regulations and information resources for the global tracking and forfeiture of the proceeds of corruption; and
- Strengthen mutual legal assistance and cooperation to ensure that financial centres assist in the responsible repatriation of illicitly acquired assets.

CONCLUSION

"Corruption is the reason there has been a perpetual collapse of structures and institutions. It is the cause of the endemic poverty in Africa. It is the reason for the underdevelopment and the cyclical failure of democracy to take root in Africa. Corruption can be as destructive as terrorism." **Nuhu Ribadu**, Chairman, Economic and Financial Crimes Commission, Nigeria

As the world's leading economies, G8 countries have a special responsibility to promote accountability, starting at home. It is vital that the G8 move forward in 2007 with stronger and more concerted action, in partnership with civil society, in the key areas outlined in this Report. Taking action in these areas will support progress on other issues on the G8 agenda.

By 2008, each G8 country must demonstrate concrete progress. Therefore, the G8 Leaders should report at the 2008 Summit on progress made on the anti-corruption commitments made since Kananaskis.

Since TI was founded, there has been a sea change in attitude about the need for concerted international action to fight corruption. Failure to take action means too many will continue to pay the price for poor governance. It is time for the G8 to turn its commitments into action.

# # #

Transparency International (TI) is the global civil society organisation leading the fight against corruption.

Through more than 90 chapters worldwide and an international secretariat in Berlin, Germany, TI raises awareness of the damaging effects of corruption and works with partners in government, business, the private sector and civil society to develop and implement effective measures to tackle it.

TI national chapters are active in every G8 country.

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