



Fighting Corruption and Improving Transparency – A G8 Action Plan

FIGHTING CORRUPTION AND IMPROVING TRANSPARENCY A G8 DECLARATION

We emphasise our determination to fight corruption and mismanagement of public resources in both revenue raising and expenditures. Transparency inhibits corruption and promotes good governance. Increased transparency of government revenue and expenditure flows, as well as strengthened enforcement efforts against bribery and corruption, will contribute to achieving these goals and to increasing integrity in government decision-making – thereby ensuring that resources, including development assistance, achieve their intended purposes.

We recall the significant decisions we took last year at the Monterrey Conference on Financing for Development to increase international development assistance. We reaffirm that the decisions we take over how this money is spent will be informed by judgements we have made regarding countries' commitment to transparency, good governance and related performance.

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1. Urgent progress must be made in improving public financial management and accountability (PFMA) to ensure that public and donor resources are used efficiently and effectively. This requires action by recipient countries, donors and the IFIs, including greater transparency by all and more coherent and sustained efforts to build capacity in developing countries. We will:

1.1. focus bilateral assistance on countries demonstrating commitment to improve performance on transparency, good governance and rule of law;

1.2. require fiduciary assessments before countries can access budgetary support (as already done with the World Bank Poverty Reduction Support Credit program); work to ensure that all fiduciary and governance diagnostics are made public; and improve coordination and harmonisation of our administrative procedures;

1.3. encourage all developing countries to create, as part of their poverty reduction strategies, plans for concrete action on PFMA setting measurable and timebound targets, and call on the IMF and World Bank to strongly support these efforts in the context of their own assistance;

1.4. develop with donors and governments a PFMA performance assessment based on the HIPC Tracking exercise;

1.5. work with others to: achieve full disclosure of multilateral development bank (MDB) performance allocation systems; require publication of all MDB Country Assistance Strategies; urge presumptive publication of Article IV staff reports; and require publication of staff reports for all exceptional access cases, including a report for each that lays out clearly the related justification;

1.6. encourage participation in and publication of fiscal policy transparency ROSCs by all IMF members, including making this standard practice for exceptional access cases;

1.7. call on developing countries to implement their commitments in regional and international conventions on corruption through anti-corruption action plans, underpinning Poverty Reductions Strategy Papers (PRSPs). These action plans should be supported by the IMF, World Bank and other donors; we call upon them to join us in further increasing support and assistance in this regard.

2. We will strengthen the enforcement of our Anti-Bribery Laws and will encourage the private sector to develop related compliance programs. We will:

2.1. accelerate peer reviews of each country's implementation of the OECD Convention on Combating Bribery of Foreign Public Officials, accompanied by the public release of these results, so as to complete a first cycle of reviews by 2007. We will work together with our OECD Convention partners to ensure stable, long-term financing for these reviews;

2.2. encourage the private sector to develop, implement and enforce corporate compliance programs relating to our domestic laws criminalizing foreign bribery.

3. We are committed to actively contributing to the completion of a UN Convention against Corruption. This should include effective preventive measures, effective mechanisms for international cooperation in criminal matters and asset recovery and it should provide an effective follow-up mechanism for monitoring implementation of the Convention. We encourage technical assistance for this purpose.

We will each seek in accordance with national laws to deny safe haven to public officials guilty of corruption, by denying them entry,

when appropriate, and using extradition and mutual legal assistance laws and mechanisms more effectively.

4. We reaffirm our commitment to fight financial abuses and to:

4.1. encourage wider accession to and ratification of the U.N. Convention on Transnational Organised Crime so that money laundering, corruption and other relevant crimes are universally criminalized and that all countries have the power to identify, trace, freeze or seize and ultimately confiscate and dispose of assets from the proceeds of these crimes.

4.2. require that our own financial institutions establish procedures and controls to conduct enhanced due diligence on accounts of "politically exposed persons", and thereby to detect and report transactions that may involve proceeds of foreign official corruption.

4.3. support issuance in June by the Financial Action Task Force (FATF) of a revised 40 Recommendations that includes strong customer due diligence provisions, enhanced scrutiny for politically exposed persons and a requirement to make corruption and bribery a predicate offence for money laundering.

4.4. encourage all countries to work to come into compliance with the revised FATF Recommendations, and to apply the Basel Committee's guidance on customer due diligence for their banking sectors;

5. We recognise the importance of promoting Transparency in Government Procurement and the Awarding of Concessions. To this end, we will:

5.1. work towards including in our regional and bilateral trade agreements provisions requiring transparency in government procurement and the awarding of concessions, as well as provisions on trade facilitation;

5.2. at the Ministerial meeting in Cancun, in accordance with the Doha Development Agenda, commence negotiations aimed at achieving an inclusive multilateral agreement on transparency in government procurement. An agreement on Transparency in Government Procurement should include, among others, rules on publication of laws, procurement opportunities, qualification requirements, technical specifications and evaluation criteria.

5.3. ensure that transparency also constitutes a core element of a trade facilitation agreement.

6. Consistent with these principles and recognizing the importance of revenues from the extractive industries (oil, gas and mining), we have agreed to pilot on a voluntary basis an intensified approach to transparency. To this end, we will:

6.1. encourage governments and companies, both private and state-owned, to disclose to the IMF or another agreed independent third party such as the World Bank or Multilateral Development Banks, in a consistent fashion and common format, revenue flows and payments from the extractive sectors. This information should be published at an aggregated level, in accessible and understandable ways, while protecting proprietary information and maintaining contract sanctity.

6.2. 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 contracts and concessions

6.3. assist those governments that wish to implement this initiative with capacity building assistance;

6.4. encourage the IMF and the World Bank to give technical support to governments participating in the initiative and to develop linkages with other elements of this Action Plan.