

5<sup>th</sup> Steering Group meeting  
Manila, 5-7 July, 2004

## Minutes of the 5<sup>th</sup> Steering Group Meeting 5-7 July 2004, Manila, Philippines

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### Participants

**Endorsing countries:** Australia; Bangladesh; Cambodia; Cook Islands; Fiji Islands; Hong Kong, China; India; Indonesia; Republic of Korea; Malaysia; Mongolia; Nepal; Pakistan; Republic of Palau; Papua New Guinea; Philippines; Singapore; Vanuatu, Vietnam.

**Absent:** Japan; Republic of Kazakhstan; Kyrgyz Republic; Samoa; United Nations Development Programme (UNDP).

**Observers:** PR China.

**Secretariat:** Asian Development Bank (ADB); Organisation for Economic Co-operation and Development (OECD).

**Advisory Group:** American Bar Association-Asia Law Initiative (ABA-Asia), Australian Agency for International Development (AusAID), Transparency International (TI), United Kingdom Department for International Development (DFID), United States Agency for International Development (USAID), World Bank.

### Summary of Discussion:

#### 1. Opening

The meeting was opened by Messrs. Jak Jabes and Frédéric Wehrlé of the Secretariat of the ADB/OECD Initiative for Asia-Pacific. The meeting agenda was adopted.

#### 2. Minutes of the 4th Steering Group Meeting

- The Group approved the minutes of the 4th Steering Group meeting.
- **Business following from the minutes:** The Secretariat noted that Japan and Samoa had not participated in the last two (Japan) and four (Samoa) meetings of the Steering Group and were not represented at the Group's 5<sup>th</sup> meeting. The group at the same time noted that both countries have participated in the stocktaking exercise and Japan has submitted priority areas for reform under the Action Plan's second implementation cycle. The Steering Group requested the Secretariat to send a letter to the Governments of Japan and Samoa on behalf of the Group to encourage their continuous and active participation in the Initiative.

#### 3. New members to the Steering Group

Viet Nam and the Republic of Palau endorsed the Action Plan on 16 and 18 June 2004 respectively. Viet Nam's endorsement statement was delivered by Mr. Tran Quoc Truong, Permanent Deputy State Inspector General of Viet Nam. Palau's endorsement statement was delivered by the Secretariat on Palau's behalf. Both countries' formal endorsement statements included a brief overview on the countries' legal and



institutional frameworks to combat corruption, thereby confirming the countries' commitments to the principles and standards of the Action Plan. The Steering Group unanimously welcomed the Republic of Palau and Viet Nam as the Steering Group's 22<sup>nd</sup> and 23<sup>rd</sup> members.

The accession of the Republic of Palau and Vietnam to the Steering Group was publicized in a press release issued by the ADB/OECD Secretariat which was made available to the Steering Group.

#### 4. "Tour de Table": Report on recent anti-corruption measures:

The Steering Group heard reports from endorsing countries about recent anti-corruption reforms and achievements since the group's 4th meeting in Kuala Lumpur, Malaysia, and information from members of the Advisory Group about their activities in support of Asian and Pacific countries anti-corruption efforts. A detailed summary of this tour de table is available in Annex I (Tour de Table).

#### 5. Report by the Secretariat on activities undertaken since the fourth Steering Group meeting in December 2003:

The Secretariat reported the following activities undertaken since the last Steering Group Meeting:

- Preparation of **proceedings from the Initiative's fourth regional anti-corruption conference** (Kuala Lumpur, Malaysia, 3-5 December 2003). The proceedings will be published in the course of autumn 2004. Copies of the book will be sent to the Steering Group members and available through the Initiative's website ([www1.oecd.org/daf/asiacom/publications.htm](http://www1.oecd.org/daf/asiacom/publications.htm)) free of charge;
- **Amendment to the first draft stocktaking report** on anti-corruption policies in Asia and the Pacific in order to incorporate country self-assessment reports from Australia, India, Mongolia, and Samoa, and up-dated information, including with regards to the adoption of the UN Convention Against Corruption, gathered during the fourth Steering Group meeting (Kuala Lumpur, December 2003).
- Preparation of **training seminar on "Curbing Corruption in Public Procurement"** (Manila, Philippines, 7-9 July 2004);
- Drafting of the **Initiative's strategy and work plan 2004-06** for discussion at the Steering Group's fifth meeting (see 8 – Strategy and work plan 2004-2006);
- Regular **consultation with members of the Advisory Group and donor institutions** to enhance support from the international donor community and other interested partners towards countries' efforts to implement the Action Plan and the Initiative's overall regional work program.
- Continuous **consultation with non-member countries** interested in joining the Initiative, in particular the People's Republic of China, the Republic of Palau, Thailand, and Viet Nam.
- **Outreach activities** to enhance the visibility of the region's efforts to combat corruption in the framework of the ADB/OECD Initiative and to exchange experience with similar groups in other regions of the world, including the active participation in the conference on the UN Convention against Corruption organised by the Government of Pakistan in April 2004 and the participation in an anti-corruption forum for the Middle East organised by the OECD in Jordan in June 2004.

#### 6. Stocktaking Report:

The Steering Group:

- praised the Stocktaking Report as a useful instrument to gain an overview of the countries' legal and institutional frameworks to fight corruption, and an important tool to identify gaps and loopholes in existing anti-corruption strategies and to inspire potential remedies in participating countries;
- welcomed the submission by Bangladesh of its stocktaking self-assessment report during the meeting, and mandated the Secretariat to include this information in the stocktaking publication without further approval from the group;
- noted amendments and additions to the document requested by Australia; Bangladesh; Cambodia; Hong Kong; China; India; Indonesia; Malaysia; Nepal; the Philippines; Pakistan; Papua New Guinea and

Singapore, and with these changes adopted the document. The Group requested the Secretariat to amend the report for publication with an executive summary;

- decided to issue a press release at the time of the publication of the final report so as to further promote the stocktaking report and enhance the Initiative's visibility.

## 7. Country reform priorities and projects under the second implementation cycle

The Steering Group:

- discussed and made recommendations on priority areas for reform and implementation projects submitted by endorsing countries, including:

**Australia** – Promoting awareness of and compliance with the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions and Australia's supporting legislation

**Fiji Islands** – Reform of anti-money-laundering legislation

**Japan** – Promoting effective implementation of the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions and Australia's supporting legislation (*no discussion due to absence of Japan at meeting*)

**Korea** – 1) Corruption assessment; 2) Clean City Project; 3) Business Ethics Center

**Nepal** – CIAA capacity building

**Pakistan** – 1) Monitoring of asset declarations of government servants; 2) NACS linkages with the education system

**Philippines** – Formulation of the Office of the Ombudsman's Medium-Term Anti-Corruption Plan and Investment Program for 2004-2009

**Papua New Guinea** – Establishment of a National Anti-Corruption Alliance

**Singapore** – Consolidating and Reinventing Singapore's 40 years of anti-corruption efforts: Review of internal operations and training; Identification of loopholes and deficiencies in existing anti-corruption legislation; Development of investigative framework on tenders and procurement

**Vanuatu** – Elimination of corruption in Vanuatu

- noted that not all endorsing countries have submitted priorities for reform under the Action Plan's second cycle, and encouraged those that have not yet submitted their second set of priority projects to do so as soon as possible to allow a discussion of these projects by the Group at its next meeting.

## 8. Strategy and work plan 2004-2006:

The Steering Group discussed and agreed on the strategy and work program 2004-2006 as submitted by the Secretariat. During discussion of this document, in particular the following points were highlighted and decided by the group:

### Policy dialogue:

- The group agreed to hold the next Steering Group meeting in the first quarter of 2005 and to plan the Initiative's fifth regional anti-corruption conference in the fourth quarter of 2005, back to back with a Steering Group meeting.
- The group invited the Secretariat to increase the involvement of OECD countries in the ADB/OECD Initiative, and in particular to continue involving OECD experts in the Initiative's training seminars, to arrange upon request bilateral contacts, and to establish a database on professionals in OECD countries responsible for mutual legal assistance.
- The group agreed that publicising its work that is widely recognized in Asia as successful to other organisations and other regions would be beneficial to the group itself as well as to other regional groups which might wish to engage in a similar process.

**Capacity building:**

- The Steering Group welcomed the proposal made by Malaysia to make use of the newly established Malaysian Anti-Corruption Academy for the purpose of holding the Initiative's training seminars once the academy is operational. The Steering Group invited the Secretariat and the Government of Malaysia to explore terms of cooperation in order to ensure some ownership by the Steering Group in this academy in the context of the Initiative's training seminars.
- The group selects the following themes for the forthcoming training seminars: UN Convention, conflicts of interest in the public sector, whistleblower protection, mutual legal assistance, money laundering, forensic accounting, public opinion surveys.
- India, Nepal and Pakistan have offered to host training seminars.

**Thematic reviews:**

- The group decided that the first two sets of thematic country reviews should address the themes of "preventing and sanctioning conflicts of interest in the public sector" and "preventing and sanctioning of corruption in public procurement".
- The Steering Group agrees that each of its meetings should discuss a selection of country thematic review reports so as to ensure the feasibility of both the drafting and the in-depth discussion of these reports.

**Enlargement:**

The Steering Group:

- agreed on the need for a comprehensive approach to enlargement so as to ensure the prevailing positive atmosphere in the group without at the same time excluding countries from the group that show interest and commitment to implement the Action Plan;
- expressed particular interest in the joining of the group by Afghanistan, Sri Lanka, Thailand, and, on the basis of the one-china principle, the People's Republic of China; and
- confirmed that decisions on new applicants to the Steering Group are taken based on the consensus rule.

## Annex I – Tour de Table from 5th Steering Group meeting:

### Steering Group

**Australia** has reported about the decision by the Commonwealth Government in June 2004 to establish an independent body to address corruption amongst law enforcement officers at federal level with extensive powers including for telephone intercept.

In **Bangladesh**, an independent Anti-Corruption Commission (ACC) has been established by an act that entered into force on 9 May 2004. The ACC will have full responsibilities for investigation, prosecution, prevention and education in anti-corruption matters and is expected to become operational in September 2004. Once the ACC will be operational, an ACC commissioner will be designated to serve as the ADB/OECD Initiative's contact point. Bangladesh is currently also drafting a National Integrity Strategy (NIS) and implementing measures to enhance accountability and transparency in public financial and fiscal management, including the monthly publication of fiscal reports on the internet. A Pay Commission to be operational at the end of July 2004 will be tasked to regularly review the public service pay scales. In an effort to enhance transparency in public procurement, procurement guidelines have been drafted and the newly established implementation, monitoring and evaluation division in the Ministry of Finance has been tasked to supervise their implementation.

**Cambodia** reported about current efforts to draft an anti-corruption law and a national anti-corruption strategy and to establish an Ombudsman office. Other current anti-corruption reform efforts target corruption-prone areas that are specific to Cambodia: e.g. forestry, fisheries, land management, education and health. Cambodia has also engaged in a review of remuneration schemes in public service and measures to enhance accountability and transparency in public finance management. Other steps aim to strengthen the National Audit Authority and law enforcement authorities and to implement a code of ethics for public service.

**Cook Islands'** current efforts relevant to the Action Plan focus on continuous enhancement of Cook Island's anti-money laundering policy. Measures in this context include the establishment of a Financial Intelligence Unit (FIU) and a financial supervisory commission to oversee the offshore banking system, and the passing of eight pieces of legislation regulating the banking sector. So as to reduce the risks for potential conflicts of interests in some of the Cook Islands' particularly small constituencies, plan further exist to reduce the number of Members of Parliaments from initially 25 to 17.

The **Fiji Islands** report on to the establishment of a National Task Force Against Corruption, a show of the island's commitment to the fight against corruption. The task force is composed of representatives from the public and private sectors and NGOs and works independently from government. As reported earlier in the Kuala Lumpur Steering Group meeting, the Committee on Anti-Money Laundering formed by the government is progressing well in the drafting of new legislation so as to strengthen the effectiveness of investigation and prosecution of corrupt activities, develop public sector codes and enforceable ethical guidelines, and review and amend public education curricula to strengthen public awareness on ethics and corruption issues

**Hong Kong, China** confirms its government's continuously strong commitment to the fight against corruption which is substantiated by the allocation of an important yearly budget dedicated to this task. Hong Kong, China is further actively involved in international cooperation both in terms of mutual legal assistance and sharing of experience with interested countries.

**India** is currently preparing a comprehensive whistleblower protection law. Until the passing of the new law and its entering into force, a resolution issued by the Government and regulating the *ad interim* handling of whistleblower reports on corruption and other potential offences committed by public servants applies.

**Indonesia** has established an independent anti-corruption commission which is in large parts inspired by the model of Hong Kong, China's ICAC. Furthermore, laws on financial management, the state finance system and on money laundering have been passed in 2003 and 2004, and a presidential decree on procurement has been initiated.

**Korea** plans to create a new office under the existing Korea Independent Commission against Corruption with particular authority to investigate potential corruption cases committed by high-level government officials, including by the president, judges, high police officers and legislators. In a view to comply with the UN Convention against Corruption, Korea further plans to amend its legislation to extend KICAC's jurisdiction to private sector corruption. Korea also recently underwent an examination of its anti-corruption policy under the OECD Anti-Bribery Convention and informed the group about its plans to launch an APEC expert group on corruption.

**Malaysia** has established a National Anti-Corruption Academy to be operational in mid 2005, and has offered that the academy should *inter alia* serve to host future training seminars under the Initiative. Malaysia is further preparing ratification of the UN Convention against Corruption (UNCAC) and in this context is in the course of drafting a witness protection act. Based on results from a survey on corruption perception conducted during 2002 and 2003 (one of Malaysia's Action Plan implementation projects under the first implementation cycle), Malaysia's Prime Minister in April 2004 launched the National Integrity Plan with the aim to reduce corruption and improve government service delivery. He at the same time inaugurated the National Integrity Institute which is tasked to coordinate all sectors and actors involved in implementing this plan.

In **Mongolia**, an administrative code was adopted in 2003 which foresees that the administrative court will now handle all complaints on administrative decisions. Mongolia expects this measure to contribute to reducing bribery.

In **Nepal** there have been a significant increase in numbers of completed prosecutions and a perceived growing faith among the population in the work done by Nepal's Commission for the Investigation of Abuse of Authority (CIAA). Nepal has further signed the UCAC. With regard to prevention, the CIAA with a view to control corruption and establish transparency has asked the government departments to draft and adopt internal procedure manuals in their sphere of work. These procedure manuals are almost ready and shall be released soon. They shall help monitor the function of the concerned department.

In **Papua New Guinea**, a Memorandum of Understanding has led to the establishment of the National Anti-Corruption Alliance (NACA). NACA is a consultative body composed of government agencies involved in preventing, investigating and prosecuting corruption. Papua New Guinea further reports important successes in prosecuting fraud and corruption cases, including some high-level cases. Other relevant on-going projects include the evaluation of the need to resize certain branches of public service and the passing of a code of ethics regulating the conduct in public service and including regulations on conflicts of interest.

**Pakistan's** National Accountability Bureau (NAB) is planning to shift the prevention and awareness raising functions from currently the headquarters to the regional offices. The NAB further holds lectures for the newly introduced civil servants on the topic of ethics in the public sector. An Access to Justice Program, which includes police reforms that have separated investigation and routine policing, is conducted by the Ministry of Law, Justice and Human Rights. The Government of Pakistan's Establishment Division further has engaged in public service reforms in the context of which NAB has been co-opted for input to the review of the public sector remuneration structure and a comparative analysis of the government and non-government compensation packages. Furthermore, automation and strengthening of capacity building in its internal revenues service is expected to enhance transparency in Pakistan's tax administration. Finally, Pakistan reported on the international conference held in Islamabad in April 2004 on the UNCAC about which a report will soon be published on the NAB website.

The **Philippines'** Office of the Ombudsman is in the process of drafting a national anti-corruption strategy for 2004-2009. The office's continuous lack in human resources is being addressed through capacity building efforts in particular for field investigators, and through the targeting of its investigation works on a limited number of particularly corruption prone sectors and agencies of public administration. The Philippines' are also planning a lifestyle check program, have enhanced rules on cooperation with tax administration, and established a strategic partnership with civil society organizations for the supervision of public procurement processes.

**Singapore** is currently undergoing a thorough review of its existing anti-corruption legislation with a view to plugging up potential legal loopholes. It is also constructing an investigation framework on tenders and procurement. With regard to the UN Convention against Corruption, Singapore is actively studying the matter with a view of signing and ratifying the Convention.

In **Vanuatu**, due to political instability and premature parliamentary elections, most government programs are currently put on hold, and no new ones are being developed at this stage. With the assistance of the Australian Agency for International Development, public service sector reform is underway, and the financial transaction reporting act is currently being reviewed. The Government of Vanuatu is currently also exploring possible closer cooperation with Transparency International Vanuatu with regards leadership issues.

**Vietnam** plans to develop a national anti-corruption strategy that shall focus on disseminating knowledge about anti-corruption laws, on fostering ethics in public service, improving mechanisms for enhancing transparency in capital and public asset management, developing auditing tools and monitoring of public officials assets.

## Observers

In the **People's Republic of China**, the current anti-corruption trend shifts focus towards preventive measures and the implementation of the "four reforms program". This program stresses reforms of the administrative permit system, of financial management rules, investment systems and of personnel management. Other current efforts aim at improving transparency in public procurement in general and in the construction market in specific, in the business land leasing system and in the property transaction system.

## Advisory Group

The **American Bar Association Asia Law Initiative (ABA-Asia)** has over the past year conducted training seminars in investigation and prosecution techniques in Mongolia, Nepal and the Philippines. Material resulting from these trainings will be posted on the websites of ABA-Asia and be made available through the ADB/OECD Initiative for further dissemination throughout the region. Countries from the group interested in conducting similar training are invited to contact ABA-Asia.

Anti-corruption matters within the **Australian Agency for International Development Aid (AusAID)** are dealt with as part of its governance program, an activity for which resources have been importantly increased (from 21% of Australia's Official Development Assistance (ODA) last year to 33% this year). Anti-corruption programs are conducted on bilateral, regional and multilateral level. Activities targeting corruption through Australia's development cooperation program include the promotion of transparent and accountable governments by improving investigation and enforcement capacities in audit institutions, the strengthening of key government systems such as procurement, and support to building a professional bureaucracy. AusAID also assists community organizations and media actively engaged in promoting transparency and accountability, as for instance Transparency International in the context of its National Integrity Systems country study of Pacific Island countries. In addition to its efforts at the international front, AusAID is also actively involved in a domestic effort to address corruption in the Australian government.

**Transparency International (TI)** continues to liaise with leaders from Asia-Pacific countries that are not yet part of the global TI network with the aim to establish chapters in these countries soon, including in the People's Republic of China. Projects conducted on a global scale but of particular relevance to the Asia-Pacific region include training of teachers in ethics matters, the publication of TI's global corruption report with its dedicated regional and sub-regional chapters, and the organisation of a number of events on the newly launched international anti-corruption day (9 December, every year). TI further has recently published governance reports on a number of Pacific island countries.

The anti-corruption programs supported by the **UK Department for International Development (DFID)** fall under the overall goal to reduce poverty. Relevant DFID-funded anti-corruption related programs in the Asia-Pacific region include for instance the ADB/OECD Initiative, a program in Cambodia tackling corruption in forestry, and different types of anti-corruption projects in various states of India (a cooperation agreement with India at central level is currently being considered). DFID further cooperates with and financially supports the international secretariat of Transparency International.

The **World Bank** as an international development bank provides grants and is involved in lending activities with developing countries throughout the world, including the Asia-Pacific region. In addition to these traditional activities, the World Bank also provides analytical and technical advice and has developed a number of relevant thematic studies, including on financial accountability, procurement, public expenditure and investigative journalism. These resources are available through the bank's web based resource centre. The World Bank has further signalled its openness to discuss how the bank can directly assist countries' programs under the Action Plan at country level.