

7<sup>th</sup> Steering Group meeting  
Beijing, P.R. China, 26-27 September 2005

## Draft Minutes of the 7<sup>th</sup> Steering Group Meeting 26-27 September 2005, Beijing, P.R. China

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### Participants

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

**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 Nations Development Programme (UNDP); World Bank.

**Observer countries:** Negara Brunei Darussalam; Sri Lanka.

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

**Absent:** Republic of Kazakhstan; Samoa; Vanuatu – Pacific Basin Economic Council (PBEC); United States State Department.

### Summary of Discussion

#### 1. Opening

The meeting was opened by H.E. Mr. Li Zhilun, Minister of Supervision of PR China, and 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 6th Steering Group Meeting

The Group approved the minutes of the 6th Steering Group meeting held in Hanoi, Vietnam on 19-21 April 2005.

#### 3. Roundtable: Report on recent anti-corruption measures

The Steering Group heard reports from endorsing countries about recent anti-corruption reforms and progress achieved in the implementation of the Action Plan since the Group's 6th meeting held in Hanoi in April 2005. The meeting also heard about anti-corruption strategies of observers to the Steering Group and received 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 roundtable is available in the annex.

#### 4. Stocktaking of anti-corruption policies in Asia and the Pacific

The Steering Group:



- read and discussed the second, updated edition of the stocktaking report on Anti-Corruption Policies in Asia and the Pacific;
- noted amendments and additions to the document suggested by endorsing countries and members of the Advisory Group;
- requested the Secretariat to incorporate this information into the report along with additional information that endorsing countries may wish to submit to the Secretariat until 21 November, and to update the report's executive summary to reflect the modifications in the body text of the report;
- agreed to publish the 2nd, revised edition of this report, once approved by the Group by written procedure, both on the Initiative's website and in hard copy.

The endorsing countries, recognizing the value of the stocktaking exercise as a benchmarking instrument, agreed to continue submitting regular updates on their legal and institutional anti-corruption framework, in particular results from recent reform measures, for incorporation of such information into future versions of the report.

## **5. Thematic review on public procurement**

The Steering Group discussed the second draft overview report on Curbing Corruption in Public Procurement that had been prepared by the Initiative's Secretariat. A procurement expert of the ADB moderated the discussion. The Steering Group:

- welcomed the extended and updated report as a useful instrument to gain an overview of the countries' legal and institutional frameworks to curb corruption in public procurement and to assist in identifying gaps and loopholes in these structures that require particular attention to enhance the fight against corruption in public procurement;
- read and discussed the overview report and the related general draft recommendations;
- noted amendments and additions to the document suggested by endorsing countries and requested the Secretariat to incorporate this information along with additional information submitted by the endorsing countries;
- requested the Secretariat to develop draft reports on individual countries' legal and institutional frameworks to curbing corruption in public procurement for the remaining countries for approval by these countries;
- invited the countries that have not yet submitted information on their legal and institutional provisions to curb corruption in public procurement (India, Papua New Guinea, Vanuatu) to do so at their earliest convenience by submitting replies to the questionnaire specifically prepared for this purpose under the ADB/OECD Initiative to the Secretariat;
- decided to finalize and approve the resulting 3rd draft overview report as well as individual country reports by written procedure for publication at the earliest possible.

## **6. Report by the Secretariat on activities undertaken since the 6th Steering Group meeting in April 2005**

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

### **Preparation of the 5th regional Anti-Corruption Conference for Asia and the Pacific**

- In accordance with the format that the Steering Group had agreed upon during the 6th Steering Group meeting, the Secretariat had organized, in close cooperation with the Ministry of Supervision of the P.R. China, the 7th Steering Group meeting as well as the 5th Regional Anti-Corruption Conference for Asia and the Pacific (Beijing, 26-30 September 2005).

### Policy analysis

- **Stocktaking exercise:** Update of the overview report on “Anti-Corruption Policies in Asia and the Pacific – the Legal and Institutional Frameworks” to reflect the status of the legal and institutional framework of endorsing countries as of September 2005. The Secretariat reported that the first edition of this report, published in 2004, features among the most often requested ADB publications.
- **Thematic review on public procurement:** “Draft Overview Report on Curbing Corruption in Public Procurement in Asian and Pacific Countries” to cover information provided by 23 member countries.

### Outreach

- The Secretariat prepared and published the **proceedings of the International Expert Meeting on Corruption Prevention in Tsunami Relief Operations** (held on 7-8 April 2005 in Jakarta, Indonesia). The proceedings, published under the title “Curbing Corruption in Tsunami Relief Operations”, are available from the Initiative’s website ([http://www1.oecd.org/daf/asiacom/pub\\_tsu.htm](http://www1.oecd.org/daf/asiacom/pub_tsu.htm)). The Secretariat, jointly with Transparency International as co-organizer of the meeting, issued a press release on the date of the publication to inform the public about the release of the proceedings.
- **Strengthening cooperation between members of the ADB/OECD Initiative and other countries of the region:** The Secretariat liaised with governments of Lao PDR, Negara Brunei Darussalam and Sri Lanka to strengthen ties between the Initiative and these countries. As a result, Negara Brunei Darussalam and Sri Lanka for the first time participated as observers in a Steering Group meeting; Lao PDR sent a delegation of senior representatives to participate in the 5th Regional Anti-Corruption Conference for Asia-Pacific.
- **Strengthening cooperation with the Asia-Pacific Economic Council (APEC):** Upon invitation of APEC, the Secretariat of the ADB/OECD Initiative attended the first Anti-Corruption and Transparency Task Force Meeting held in Gyeongju, Korea in September 2005 in the framework of the APEC Anti-Corruption Course of Action.
- Preparation and dissemination of the **ADB/OECD Initiative’s quarterly newsletter** to further increase the Initiative’s visibility and that of participating countries’ anti-corruption efforts. To date, four newsletters have been published with a circulation of approximately 1,500.

## 7. Future activities of the Initiative 2005-2006

The Steering Group discussed future activities in support of anti-corruption reform in the endorsing countries.

### Capacity Building – Master Training Seminar on strengthening mutual legal assistance in criminal matters

The Group:

- confirmed the decision taken at its 6th meeting to conduct the next training seminar on the topic of strengthening mutual legal assistance in criminal matters in the first quarter of 2006 and, in this context, confirmed its intention to accept the invitation extended by the Government of Malaysia to host this event at Malaysia’s Anti-Corruption Academy (MACA); and
- agreed that in preparation of this meeting, legislation regulating the matter in the endorsing countries as well as other relevant material would be compiled by the Secretariat in cooperation with endorsing countries and prepared for dissemination to the participants.

### Review process on legal and institutional frameworks and practices to curb corruption

The Group discussed the possibility of establishing, under the Action Plan, an expanded review process that could encompass on-site visits. In this context, it requested the Secretariat to prepare an options paper for discussion at the 8th Steering Group meeting on ways to strengthen the Initiative’s existing review mechanisms and the financial implications that would be involved, taking into consideration comparable mechanisms practiced in the region and beyond and assessing the feasibility of these options.

### Enlargement of the Group

With regards to new member countries, the Group

- welcomed Negara Brunei Darussalam and Sri Lanka as observers to the Steering Group meeting and encouraged them to endorse the Action Plan and join the Initiative as full members.
- noted that the continuous expansion of the Group has financial implications for the Secretariat and therefore requested the Secretariat to prepare a note for discussion at the next Steering Group meeting on possible solutions so that the Secretariat can cope with the foreseeable workload in 2006 and beyond.

#### **8. Next meeting of the Group**

The Steering Group decided to convene the 8th Steering Group meeting in the first quarter of 2006 and welcomed the proposition of Nepal to host this event.

## Annex: Summary of the roundtable from the 7th Steering Group meeting

### Endorsing countries

**Australia** continues to be active in the fight against corruption within Australia and the region.

Australia continues to implement its campaign to raise awareness of Australia's foreign bribery offences as part of Australia's project under the Initiative's Action Plan. The project seeks to make known that foreign bribery is a criminal offence with significant penalties, to encourage organizations to implement policies and procedures for reporting allegations of bribery, and to increase the level of reporting of such allegations. The campaign uses various means to target government and non-governmental organizations including large companies, small to medium sized enterprises and professional bodies. Ways in which Australia is disseminating the information include distributing a pamphlet entitled 'Bribing a Foreign Public Official is a Crime'; publishing articles in government newsletters such as the Department of Foreign Affairs and Trade News, and industry newsletters such as the Australian Federation of Travel Agents' newsletter; raising awareness amongst Australian Government employees who are posted overseas; promoting the Attorney-General's Department's foreign bribery website ([www.ag.gov.au/foreignbribery](http://www.ag.gov.au/foreignbribery)); and conducting a survey of Australian businesses' level of awareness of the foreign bribery offence. Future awareness campaigns will target tax agents, law societies and small to medium enterprises.

Under the mutual evaluation mechanism of the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, an evaluation team with lead examiners from New Zealand and Japan visited Australia in June 2005 as part of the phase 2 evaluation. The report and its recommendations will be finalized at the OECD Working Group on Bribery (WGB) meeting in Paris from 18-20 October 2005. The report will be published at <http://www.oecd.org/corruption>.

As to measures aimed at making its fight against domestic corruption more effective, the Australian Government announced, in June 2004, the establishment of an independent body with royal commission and police type investigative powers to address corruption in Commonwealth law enforcement agencies should it arise. Legislation for the establishment of the new body – expected to be called the Australian Commission for Law Enforcement Integrity (ACLEI) – is being developed in accordance with a proposal approved by the Government. The ACLEI will initially have jurisdiction over the Australian Federal Police (AFP) and the Australian Crime Commission (ACC). This jurisdiction could be expanded to cover other Australian Government agencies with law enforcement functions such as the Australian Customs Service, the Department of Immigration and the Australian Taxation Office. The ACLEI will have specialized investigative powers. The ACLEI will have jurisdiction over all corruption matters that concern the AFP and the ACC and its operations will complement existing police complaints and professional integrity procedures.

With respect to Australia's Official Development Aid (ODA) assistance to other countries in the region to combat corruption, the Prime Minister of Australia on 13 September announced that Australia plans to increase its overseas aid to AUD 4 billion by 2010, doubling 2004 levels. The Prime Minister said that Australian aid would be conditional upon reduced corruption and strengthened governance.

Australia is also involved in APEC anti-corruption initiatives. Australia endorsed the Santiago Commitment to Fight Corruption and Ensure Transparency and the APEC Course of Action on Fighting Corruption and Ensuring Transparency. Australia actively participated in the APEC Anti-Corruption and Transparency Experts' Taskforce meeting in Gyeongju and in the APEC Anti-corruption and Transparency Symposium in Seoul in September 2005.

Australia expects to ratify the UN Convention against Corruption (UNCAC) later in 2005. The Joint Standing Committee on Treaties (JSCOT) conducted a public hearing on the Convention on 7 March 2005 and recommended the Convention's ratification on 17 August 2005. Australia meets all its mandatory requirements and many of the optional provisions.

The Government of **Bangladesh** is highly committed to the fight against corruption and has taken respective action. Its commitment is demonstrated by, for instance, the punishment of a former president and a former prime minister on charges of corruption. Bangladesh expects that its current measures will lead to significant progress in the three years ahead. One of these measures concerns the important area of public procurement. The Public Procurement Regulations 2003 are being implemented and ensure transparency of procurement in all government departments.

Further, Bangladesh recognizes the importance of public information on government action in general and action against corruption in particular. In Bangladesh, newspapers ensure the important function of informing the citizens and guarantee a free flow of information.

**Cambodia** recognizes that fighting corruption is a precondition for economic growth, effective public service delivery, trust in the government, and the inflow of capital and development aid. Various measures have recently been undertaken to strengthen governance, encompassing measures to bolster the rule of law, and to create a transparent, accountable and predictable business environment. These reforms are driven by a comprehensive strategy that focuses on combating corruption, on legal and judicial reforms, and on public administrative reform including decentralization and de-concentration.

In its endeavor to reform the legal framework, the Cambodian government has prepared a preliminary draft Law on Anti-Corruption. In order to ensure that this law meets international best practice, the government sought advice from national and international experts during the drafting phase. The draft law is nearly finalized and has been submitted to the National Assembly and Senate for discussion and adoption. The law is expected to enter into force by end-2005.

As regards administrative reform, Cambodia has taken preventive measures to reduce opportunities for corruption, such as streamlining bureaucratic procedures, simplifying and modernizing the tax system, eliminating excessive regulations, and motivating public servants.

For 2005-2006, the Cambodian government has defined a number of priorities addressing both legal and administrative reforms. These priorities include strengthening the Ministry of Inspection and the Anti-Corruption Unit in order to prevent and investigate corruption; establish codes of ethics; establish and empower an anti-corruption body to handle corruption cases; streamline and computerize service delivery to improve transparency, responsiveness and accountability and to reduce opportunities for corruption; strengthen the expenditure management and public procurement; raise public awareness about the negative effects of corruption; strengthen the National Audit Authority; establish a network of citizens bureaus to improve public service delivery; and promote the establishment of one-stop-service in provinces and municipalities.

In order to strengthen the effectiveness of development aid and curb corruption, the Cambodian government has established, together with its development partners, 17 Government-Donor Technical Working Groups (TWGs) for key sectors. Each of these groups develops and manages an action plan and monitors the progress in the implementation of development assistance in its sector on a quarterly basis.

The **People's Republic of China** is giving great priority to its anti-corruption work. In this process, China follows a holistic approach that includes, as the Anti-Corruption Action Plan for Asia-Pacific does, three elements: Corruption prevention, sanctioning corruption and strengthening its system for public participation in preventing and combating corruption.

As regards preventive measures, China has introduced institutional changes to address deep-rooted problems leading to corruption. It has strengthened its civil servant system, notably through the Civil Servants Law 2005, which specifies the conditions for hiring and promotion of officials, and establishes a reward and penalty system in order to promote integrity and efficiency. An exam-based recruitment system has been adopted and training of civil servants has been expanded. Also, China has adopted rules of conduct for civil servants, encompassing a code of ethical conduct that addresses conflicts of interest, acceptability of gifts and hospitality, use of public funds for private purposes, as well as incompatibilities of business activities with official functions. Public officials are also required to file income declarations.

China has also undertaken measures to strengthen public management. These reforms encompass budget and expenditure management; regulation of interferences of the government in micro-economic activities in recognition of the fundamental role of enterprises in investment; public procurement; and auditing of government administrative organs and other public service organizations. Procurement is required to follow the rules set forth in the Government Procurement Law and in the Bidding Law. Results of audits are disclosed to the public.

Various laws have recently been enacted in order to strengthen the rule of law, and corruption-related legislation is being treated as a priority: the Criminal Law, the Criminal Procedure Law and the laws on criminal penalty have been strengthened; and the Law on Civil Servants, the Law on Judges, the Law on Public Prosecutors, the Law on Administrative Supervision and the Law on Auditing and their implementation rules have been enacted. Supplementary rules of the Regulations on the Administrative Sanctions for the Civil Servants of Government Administrative Organs are currently being drafted.

As regards sanctioning of corruption, China endeavors to promote integrity by severe punishment of corruption. Particular efforts are being made to investigate and prosecute cases involving high-ranking officials. Recent measures against laundering of assets acquired through corruption include restructuring of the anti-money laundering mechanism; a law against money laundering is currently being drafted.

China is also increasingly engaging in international anti-corruption cooperation through multilateral and bilateral instruments and endeavors to strengthen exchange and cooperation with members of the ADB/OECD Anti-Corruption Initiative for Asia and the Pacific. China is party to the UN Convention against Transnational Organized Crime and has signed the UN Convention against Corruption. China is currently working to establish international anti-corruption cooperation mechanisms with relevant countries in the matters of law enforcement, legal assistance, repatriation of fugitives, and recovery of proceeds.

China considers civil society participation an important element for promoting anti-corruption measures and evaluating the effectiveness of anti-corruption measures. The country has therefore taken several measures to implicate citizens in anti-corruption work. China has established complaint mechanisms and grants confidentiality to those who report allegations of corruption; rewards can be offered for disclosure of major violations of law and discipline to the authorities.

In order to empower citizens in their important role as partners in the fight against corruption, China has taken measures to ensure the public's access to information and participation. At present, public access to information is granted widely at the township level, and a majority of administrative organs at the county and city levels grant citizens access to information. Hospitals, schools and other public services that fulfill public functions are gradually expanding accessibility of information to the public. China has also engaged in awareness raising programs that seek to instill ethics and anti-corruption issues at school.

The **Cook Islands** have passed an anti-money laundering law, after having overcome difficulties linked to limited human resources. The passing of this law was one of the country's priorities in 2005 and resulted in the Cook Islands' removal from the FATF list of non-cooperative countries and territories. The law *inter alia* grants immunity to those who disclose allegations of money laundering to the authorities.

The Cook Islands also engage in strengthening their police force to investigate and prosecute corruption and related crimes more successfully. In this regard, the police have received additional powers. An investigation manual will also be published, with support from an expert from the New Zealand police force.

A third current project aims at making the budget more transparent. It seeks notably to enhance scrutiny of public expenditure by Parliament. A proposal submitted by the Crown Law Office in this regard suggests the opening of budget hearings to the public.

The **Fiji Islands** continue their efforts to reform their legal framework to make the country's fight against corruption more effective. In June 2003, the country's Law Reform Commission completed a review of laws related to anti-corruption and has made recommendations how to strengthen the country's legal and institutional framework in this regard. In early 2005, the Proceeds of Crime Amendment Act and the Legal Assistance in Criminal Matters Amendment Act were passed; both being implemented since August 2005. The Financial Transaction Reporting Act, passed in 2004, will be implemented beginning on 1 January 2006.

Currently, the legislation on charitable trusts is being reviewed and suggestions and expertise from NGOs are being sought. Drafting of the Leadership Bill has advanced and is expected to be finalized in early 2006. The Capital Markets Development Authority Act 1996 is also currently being revised to do away with inconsistencies. Future reform may encompass the adoption of a Code of Conduct for public officials.

Following a recommendation of the Law Reform Commission, the Cabinet has also decided to establish an anti-corruption authority. It has set up a committee that is developing the potential design of such an authority, drawing from experience with such agencies in other jurisdictions, notably the United Kingdom; Hong Kong, China; Malaysia; New Zealand and New South Wales, Australia. The report is expected to be finalized by the end of 2005.

The Ministries of Foreign Affairs and Justice have established a committee tasked to assess whether the Fiji Islands should adhere to the UN Convention against Corruption and to evaluate implications of the convention for Fiji.

**Hong Kong, China** continues its three-pronged approach to fight corruption that encompasses effective enforcement, prevention, and public education and is implemented by the Independent Commission Against Corruption (ICAC). The government allocates important resources to the ICAC; its yearly budget of USD 90 million has been stable over the past years, allowing the ICAC to employ about 1,250 staff to fulfil its mission.

With regards to law enforcement, nearly 4,000 reports of corruption reach the ICAC a year. Today, more than half of the reports concern corruption in the private sector, while in the past, more reports concerned corruption in the public sector. In the first seven months of 2005, 186 individuals were prosecuted, 156 of them were convicted, and another 33 individuals were cautioned. In addition, 125 cases involving possible civil servant misconduct were referred to the Civil Service Bureau for consideration of administrative/disciplinary actions.

In order to prevent corruption in the public sector, the ICAC has statutory power to examine practices and procedures of public agencies with a view to reducing corruption risks arising from their institutional setting or procedures. Under this mandate, the ICAC conducts approximately 90 corruption prevention reviews a year with priority on public procurement, public works, law enforcement, and licensing and regulatory systems. The power to conduct corruption prevention reviews is however not extended to private sector companies and organizations. Instead, on request the ICAC provides corruption prevention advice to these bodies to improve their internal control procedures; about 300 such requests reach the ICAC every year. Among the ICAC's future priorities with regard to prevention of corruption features the management of conflict of interest in the public sector.

As to public education, the ICAC makes use of the mass media (TV, radio and newspapers) to disseminate its messages. In addition, the ICAC actively contributes to school curriculum to send out anti-corruption messages to students at primary and secondary levels, and, recently, partners with universities to incorporate anti-corruption curriculum in their professional courses, for instance, engineering, accounting and architecture.

The ICAC continues to enjoy nearly unanimous public support. The 2004 independent public opinion survey showed that 99% of the respondents support the ICAC's work.

**India** engages in analyzing its legal and institutional framework for curbing corruption in order to identify loopholes and corruption-prone practices. In particular, India screens its existing regulations with a view to meeting the standards of the UN Convention against Corruption; the country aspires to ratify this convention by the end of 2005.

Enhancing public access to information is a current area of reform. The Right to Information Act 2005 has been prepared in order to promote transparency in all public bodies; this act will replace the act that currently regulates the area, dating back to 2002. As an ancillary measure, the government currently reviews all laws with a view to identify deterrents for public access to information in order to foster transparency of the public sector.



India might also pass the current bill on the establishment of an ombudsperson, the Lok Pal. At present, the bill is being considered by the Standing Committee.

India is also currently strengthening its vigilance system and the implementation of the Prevention of Corruption Act 1988. The Central Vigilance Commission (CVC) is, together with the Central Bureau of Investigation (CBI), responsible for investigation of corruption involving public figures. The CVC's efforts in detecting corruption are complemented by internal vigilance mechanisms that are setup in the departments and ministries.

**Indonesia** is engaged in various reform measures that aim at curbing and deterring corruption; the recently established Anti-Corruption Commission, KPK, and special anti-corruption courts will serve as key actors in this endeavor. Legislative measures currently undertaken include the development of a code of ethical conduct that all government units would have to implement and respect. Further, a bill has been drafted for discussion in parliament; this bill will eventually regulate public access to information once it has been harmonized with the pending state secret bill.

Improvement of state audit is another current priority of the Indonesian government. The Financial Regulation Act 2004 as well as audit guidelines have been adopted in order to standardize auditing and to enhance computer auditing. In order to bolster its own capacities, the Indonesian audit body engages in training its staff and is strengthening its staff selection procedures.

In the area of prosecution of corruption, the KPK has undertaken significant actions in a number of cases concerning police officers. Work on developing a bilateral extradition treaty with Singapore has started in the beginning of 2005. An "anti-corruption elite team" has been established to complement and cooperate with the existing anti-corruption bodies that operate in Indonesia.

**Japan** currently focuses on reforms that aim at strengthening its framework to fight foreign bribery. In May 2004, Japan amended the Unfair Competition Prevention Law to establish nationality jurisdiction over foreign bribery from January 2005, and at the same time issued a guideline on the prevention of foreign bribery to raise the public awareness. Having been evaluated under the phase 2 of the monitoring process of the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions in early 2005, Japan currently undertakes measures to implement the recommendations the OECD Working Group on Bribery. In this context, the government of Japan issued a guideline on the prevention of foreign bribery in June 2005 and plans to introduce the possibility of confiscation of proceedings obtained from foreign bribery assets into its legal framework against money laundering; to make efforts for further enhancement of the cooperation including improve mutual legal assistance, with signatories of the OECD Anti-Bribery Convention; and to develop a mechanism to protect whistleblowers for the area of unfair competition and corruption. The OECD Working Group on Bribery will conduct a follow-up on-site visit to Japan in February 2006 to assess the country's compliance with the OECD Convention.

**Korea** amended its Anti-Corruption Act in July 2005. Since then, the act notably empowers the Korea Independent Commission against Corruption (KICAC) to investigate corruption cases, a mandate that KICAC formerly did not have. Additional measures such as the enhancement of the existing whistleblower protection and reward system are underway.

As chair of the Asia-Pacific Economic Cooperation (APEC) in 2005, Korea organized an APEC symposium in September 2005 to review the implementation of APEC Santiago Commitment. The APEC Anti-Corruption Course of Action is reported to be in an initial stage and requires learning from other regional anti-corruption initiatives, as, for instance, the ADB/OECD Initiative for Asia-Pacific. The next meeting of the APEC Anti-Corruption Task Force, to be held in February 2006, will discuss the work program of the APEC Anti-Corruption group.

The leadership of the **Kyrgyz Republic** has identified corruption as one of the major threats to the further development of the country and has therefore defined the fight against corruption as the key public policy priority. Current reform efforts endeavor primarily to strengthen corruption prevention in both the public and private sectors. In this aim, the legal framework in the area of anti-corruption is being gradually improved

under the State Strategy for Combating Corruption, a uniform platform that combines all anti-corruption activities. An action plan on the implementation of the strategy includes indicators and timeframes to measure progress and emphasizes the importance of developing strong relations with the civil society.

As regards legal reform, a series of anti-corruption laws were adopted over the past two years, including the Law on Civil Service; the Law on Public Procurement; the Law on Declaring and Publishing Information on Incomes, Liabilities and Property of Individuals Holding Political and other Special Public Positions as well as their Close Relatives. A bill on freedom of and access to information is currently under consideration. The Kyrgyz Republic also achieved a reduction of licensing requirements.

On the institutional side, the government is finalizing considerations to establish a single anti-corruption body with support from the OSCE. The body would be responsible for implementing the country's anti-corruption strategy. The design of the planned authority is currently examined by local and international experts, and the government seeks ways to co-finance the operation of the future body.

As regards anti-corruption measures in the private sector, Kyrgyzstan has joined the Extractive Industry Transparency Initiative (EITI) in order to increase transparency of budgets of extractive enterprises.

In addition to preventive measures to curb corruption, corruption is investigated vigorously, and such investigations include many cases that involve high level officials. Over the first eight months of 2005, 1376 civil servants were charged with criminal-, management- or disciplinary liability.

The Kyrgyz Government's priorities for 2006 include a thorough analysis of the impact of corruption in areas such as the police, courts, public purchase bodies, tax and customs services, as well as education and health systems.

In **Malaysia**, efforts to curb corruption are mainly undertaken by the country's Anti-Corruption Agency (ACA), the Malaysia Anti-Corruption Academy (MACA), and the Malaysia Institute of Integrity (MIT).

In April 2005, the Malaysia Institute of Integrity (MIT) jointly with the Anti-Corruption Agency Malaysia (ACA), the Asian Strategy and Leadership Institute (ASLI) and the International Institute of Public Ethics (IIPE), organized the "World Ethics and Integrity Forum 2005" in Kuala Lumpur on the theme "Building Trust and International Cooperation in Strengthening Integrity". The Malaysia Institute of Integrity is dedicated to build capacity within Malaysia in areas such as implementation of the National Integrity Plan, fighting corruption, improvement of good governance and promotion of ethics in both public and private sectors. UNDP committed to provide technical assistance worth USD 200,000 to the Malaysia Institute of Integrity, to fund training, research, and seminars.

The Malaysia Anti-Corruption Academy is expected to be fully operational by December 2005. Modules for anti-corruption training and courses are being developed after consultations with the ADB, foreign countries' anti-corruption agencies and domestic institutions. MACA is expected to conduct its first international training program early next year.

Malaysia currently undertakes institutional reforms to streamline bureaucratic procedures. These reforms include the creation of one-stop agencies to efficiently handle citizens' queries and, recently, the introduction of Customer Service Officers in all government agencies. Customer Service Officers handle complaints received from citizens and recommend on how to improve the service delivery system in the respective agency. In order to strengthen transparency in government procurement, Malaysia has decided to abolish the closed tender procurement system in favor of an open-tender-policy. Open tenders would be used to the extent possible; in exceptional cases the successful contractor would be selected by the Cabinet in a collective decision.

The Anti-Corruption Agency Malaysia also continues to provide guidance and advice to corporations on effective ways and means to combat corruption and enhance integrity. ACA officers are seconded to the National Energy Corporation, Telecom Malaysia, Post Malaysia and the Malaysian Institute of Integrity (IIM). The ACA currently prepares conducting a corruption perception survey in the country in 2006.

**Mongolia** is engaged in several major legal reforms with regards to corruption. A comprehensive anti-corruption law is currently being finalized. The National Legal Center works on harmonization and developing

amendments to the bill, and the law is expected to be tabled in Parliament in its autumn session. Whether this law will encompass the establishment of a genuine anti-corruption agency or whether a specialized office will be established under the prosecutor's office has not yet been decided. During its autumn session, the parliament is also expected to discuss the law on reform of public procurement. A bill on money laundering will be discussed in parliament in 2005/2006. As regards the project to pass a law requiring officials to submit asset declarations, a parliamentary commission dedicated to assess options for the scope of such declarations has recommended to limit such a requirement to high ranking officials.

Another major reform project strives to streamline the bureaucracy and the public licensing system. This project has begun in 2004 and will be implemented by 2008. E-government has already been introduced, and the number of types of public licenses has been divided by two over the last year.

Mongolia signed the UN Convention against Corruption in late April this year and intends to ratify the Convention in the parliament's autumn session. A workshop that aimed at identifying needs for reform in this respect was held in early May 2005; it was organized by ABA Asia and UNDP.

**Nepal's** Commission on Investigation of Abuse of Authority (CIAA) engages in various measures to prevent and sanction corruption. In order to strengthen transparency and accountability of the public service, citizen charters have been drawn up for every office that delivers public services to explain these services. Complaint boxes allow citizens to send feedback.

With a view to further strengthen investigation and prosecution of corruption, Nepal continues its training program for prosecutors. Guidelines and manuals for investigation and prosecution are under preparation.

Nepal undertakes various efforts to foster public involvement in the fight against corruption. Information on the issue is communicated through mass media as radio and the internet. Also, Nepal supports investigative journalists through training programs. In order to enhance public participation, civil society groups have been encouraged to monitor public sector programs and activities, and regional seminars were organized to enhance people's participation.

Nepal's future priorities in the fight against corruption include legislative and institutional reform with a view to meet the standards of the UN Convention against Corruption and efforts to conduct additional training to agencies involved in the fight against corruption.

**Pakistan** has finalized the reform of its asset declaration mechanism and improved upon the system that previously required public officials to fill in 3 to 4 forms a year, reducing the requirement to one standard form only. These declarations will be monitored automatically. Asset declarations required to be submitted by parliamentarians are available to the election commission and to the public.

In terms of bolstering the legal framework against corruption, Pakistan's Cabinet has approved the draft anti-money laundering bill for submission to parliament. More generally, Pakistan continues analyzing its legal framework against the standards set by the UN Convention against Corruption to prepare for ratification of the convention.

In order to raise greater awareness among the public about corruption, the National Accountability Bureau (NAB) is involved in introducing anti-corruption issues in curricula, conducts awareness programs that target a wide audience, conducts trainings for prosecutors and cooperates closely with the Public Procurement Regulatory Authority on matters of corruption in public procurement.

**Palau** has passed a public procurement law and has adopted a Code of Ethics for government officials which prohibits certain behaviors and notably covers corruption and bribery.

**Papua New Guinea's** fight against corruption is driven by the recently adopted Medium Term Development Strategy (MTDS); improving governance and combating corruption feature prominently among the priorities of this strategy. The national budget 2006 is being prepared based on the priorities identified in the MTDS.

Progress has been achieved in various programs under the umbrella of the country's Governance Improvement Program: As concerns public sector reform, reviews of various state agencies' organizational structures, legislative powers and financial frameworks have been conducted and recommendations for reform were made. The reviews seek to improve performance, efficiency and accountability in the public sector. Future government funding and donor assistance will ultimately be based on the outcome of these reviews. ADB and AusAID support this program financially.

In August 2005, Papua New Guinea passed legislation on the proceeds of crime, mutual legal assistance and extradition. These reforms aim at strengthening the country's law enforcement authorities, especially with respect to international cooperation in combating corruption. A Constitutional and Law Reform Commission has been established and entrusted with reviewing laws and recommending actions to modernize the legal system in more general terms.

Further reforms include strengthening the Parliamentary Public Accounts Committee (PAC), a constitutional body that inquires into public expenditure by government organizations and highlights misappropriations. A bill has been prepared to extend the powers of this committee and allow it to prosecute individuals whom it found to have violated rules of public finance management. At present, the PAC's powers are limited to report its findings.

Papua New Guinea is currently preparing for ratification of the UN Convention against Corruption.

The **Philippines** continues to follow its holistic approach in preventing and prosecuting corruption that emphasizes the involvement of all stakeholders and notably the civil society.

Various measures seek to instill anti-corruption awareness to the public and to train citizens in integrity issues. In this endeavor, the Philippines has developed TV shows on integrity and anti-corruption issues along the model of shows produced in Hong Kong, China. The Ombudsman's Office has also developed teaching material to be used in elementary and high schools. At present, such material is disseminated among public school teachers, and specific training for teachers is planned.

The Philippines' parliament is currently preparing three bills that aim at reinforcing the country's combat against corruption, two of which aim at strengthening the Office of the Ombudsman as a key institution in this area: Legislation that would allow private lawyers to work for the Office of the Ombudsman to bolster its human resources is underway; a second project would eventually exempt the Office from the salary structure of the public service in order to attract and retain highly qualified staff; and thirdly, whistleblower protection legislation is underway. A proposal to ratify the UN Convention against Corruption is being discussed by a parliamentary committee.

In order to bolster the country's capability to detect and prosecute corruption, the Office of the Ombudsman has expanded its lifestyle check program that endeavors to detect unexplainable wealth of public officials that might result from corruption. The program has been extended to personnel of the military. An advanced field investigation training for investigators and prosecutors has been conducted.

Although **Singapore** considers corruption in the country as being fairly well-contained, it continues to engage in anti-corruption efforts to enforce against corruption offenders, in prevention and education, in collaboration with other local government agencies and non-governmental organizations and in international cooperation in order to keep its legal and institutional framework up-to-date.

In terms of enforcement, Singapore continues to strengthen the investigative capabilities of staff of the Corrupt Practices Investigation Bureau (CPIB), the country's sole body to investigate corruption offences. CPIB engages in constant training of its staff in order to keep them adapted to the constantly changing environment and thus fight corruption effectively. With the prevalent use of computers and technology, CPIB has identified computer forensics as one of its current training focuses as financial transactions are increasingly done through the internet. Basic computer forensic expertise has already been built by CPIB. On a related note, CPIB has also singled out financial investigations for intensified training in 2005 so that its officers have the capabilities to investigate complex financial transactions of today and unravel the money trail which the corrupt-minded tried all means to hide. The other area in which CPIB has identified to step up training in 2005 is investigations concerning public procurement projects.

To avoid complacency and decreases in awareness and vigilance, Singapore embarks on prevention and education works. As part of its strategy to prioritize its prevention and education efforts, Singapore currently focuses on training of civil servants, by integrating anti-corruption modules into the main functional and management training for civil servants in the Singapore Civil Service College. Singapore believes that it is more effective when anti-corruption is part of a greater training to build a more effective civil service. To emphasize the importance of youth upbringing, training will also be extended to principals and teachers so that they can help give guidance to the students to grow up as law abiding citizens. There are also 2 groups of students the Bureau engages directly – the first group of students is students from the National University of Singapore from the Public Administration Programme. CPIB opens itself more to these students by engaging them more frequently in dialogues concerning anti-corruption issues. For the other group of students, who are the pre-university students, CPIB educates them through its Learning Journey program. To more effectively inculcate the messages and learning objectives into the students, CPIB is currently reviewing the conduct of the program to make it more interesting through innovative means. In addition, CPIB also engages the mass media in publicizing corruption cases and the sentences. Such media reports will deter the corrupt-minded and also serve to reinforce the public confidence in the anti-corruption agency's capability to combat corruption.

Singapore believes that anti-corruption agencies will never be effective if they operate in isolation. The cooperation with the Singapore Civil Service College is thus an example of CPIB's general strategy to link up with government agencies and non-governmental organizations to enhance the effectiveness of its anti-corruption efforts. In doing so, CPIB recognizes the need to strike a balance so that whilst collaborations are formed, it can still investigate objectively and deal with them accordingly should any reports against them be lodged. Another example of such cooperation can be found in the investigation of commercial crimes, which are often linked to corruption. In this area, CPIB conducts joint investigations with the other relevant local enforcement bodies. Other examples include the collaboration with the Attorney-General's Chambers in the prosecution of corruption offenders and other professional organizations which operate in particular industry sectors.

Singapore also engages in enhancing international cooperation in investigating corruption and related crimes with countries from the region and beyond. As mentioned by Indonesia, Singapore is currently negotiating an extradition treaty which is targeted at corruption offences and other serious crimes. Singapore has also signed a Memorandum of Understanding on capacity-building with ASEAN anti-corruption agencies of Malaysia, Indonesia and Brunei. Singapore took part in the APEC Symposium held in Seoul in early September 2005 and will be joining the APEC Anti-Corruption Task Force.

Singapore has signed the United Nations Convention Against Corruption on 11 Nov 05.

In **Thailand**, the perception of corruption has been one of the main factors that triggered political reform in the country. This reform led to, among others, the adoption of the "People's Constitution" in 1997 that contains a number of institutional and procedural provisions to combat corruption. These features include the establishment of the National Counter Corruption Commission (NCCC), the Office of the Attorney General, the Supreme Court's Criminal Division for Persons Holding Political Positions, the Constitutional Court, and the Office of the Auditor General. The Constitution also stipulates bodies such as the Anti-Money Laundering Office (AMLO), the Royal Thai Police, and the Department of Special investigation (DSI) under the Ministry of Justice.

Thailand has also adopted a National Agenda to fight corruption. This document stipulates that every public body shall prevent and combat corruption and notably cooperate with the NCCC; review its rules and procedures with a view to strengthen its capacity to fight corruption; supervise its personnel; and promote public participation in the fight against corruption. The agenda further calls for the adoption of strong and adequate measures for witness protection; setting up an agency that would receive complaints about corruption in the public sector; accelerating the prosecution of corruption and improve procurement procedures; establishing the requirement for public officials to declare assets and setting up a system to monitor unexplainable wealth of public officials; legal basis for asset forfeiture, freezing and improvement of mutual legal assistance; and the strengthening of the Anti-Money Laundering Office.

As regards measures for curbing corruption in public procurement, Thailand has launched the Government Fiscal Management Information System, an internet-based tool to increase transparency and efficiency of public procurement, human resource management, and the government's financial management as a whole.

**Vietnam** has identified corruption as being among the four most imminent threats to the country's reform process. To address this challenge, Vietnam has taken a series of legislative and administrative measures.

The Government of Vietnam is currently drafting its Law on Anti-Corruption. The bill has been discussed repeatedly by the National Assembly's Legal Commission; input from the public, experts and international donors has been sought. It is expected that the National Assembly adopts the bill by the end of 2005; if so, the law would most likely enter into force in early 2006.

In addition, Vietnam has specified and extended the scope of individuals subject to the obligation to report assets and liabilities; amended and supplemented the Law on Complaints and Denunciations; adopted, in early 2004, the Law on Inspection which extends the scope of inspection of the Government Inspectorate and encourages the participation of the mass media in detecting corruption cases.

### Advisory Group

The **Australian Agency for International Development (AusAID)** continues its strong engagement in anti-corruption work in the region. Australia's current yearly development budget of AUD 2 billion will double by 2010 with one of its focuses on corruption; governance issues will be mainstreamed in AusAID projects. In terms of strengthening prosecution of corruption and related crimes, AusAID is strongly involved in the "Bali-Process", an initiative aiming at combating transnational crime in the Asia-Pacific region and beyond. AusAID supports the forthcoming regional study on corruption in the forestry sector that the World Bank currently prepares.

The **American Bar Association/Asia Law Initiative (ABA-Asia)** supports the countries in Asia and the Pacific in their fight against corruption under the umbrella of two programs, one covering Thailand, the other one Asia as a whole. Under the program of assistance to Thailand, ABA-Asia supports and conducts training of prosecutors and judges of the Supreme Court; the Supreme Court is notably responsible for trying cases involving high-ranking political figures. Also, ABA-Asia is involved in ethics training for Thai lawyers through clinics and assists the Thai Lawyers Council in establishing codes of ethics for legal professionals.

Under its program encompassing Asia, ABA-Asia endeavors to assist countries in strengthening extradition of criminals and to review laws and processes in this regard. The ABA headquarters currently deliberate an extension of ABA's program to countries in the western part of Asia.

**Transparency International (TI)** currently translates the proceedings of the Experts Meeting that the ADB/OECD Anti-Corruption Initiative co-organized with TI on Curbing Corruption in Tsunami Relief Operations into several Asian languages (Bahasa, Sinhala and Tamil) in order to ensure a wide audience of this important publication. Through a workshop organized jointly with the Chinese Ministry of Supervision and held in China in September 2005, TI promoted the "business principles for countering bribery" in China. TI's current priorities also include promoting monitoring of the implementation of the UN Convention against Corruption; TI believes that the implementation mechanisms of the Anti-Corruption Action Plan for Asia-Pacific and the monitoring mechanism of the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions provide good models for the design of a future monitoring mechanism under the UN Convention.

TI recognizes that the publication of its corruption perception indices may have some counterproductive effects. In order to assess efforts of governments in the fight against corruption, TI currently evaluates the feasibility and format of assessments that focus on the perception of reform efforts.

The **UK Department for International Development (DFID)** supports anti-corruption reforms in Action-Plan endorsing countries through its Financial Accountability and Anti-Corruption Team (FACT) in the headquarters and through bilateral programs run from country offices, e.g. in the People's Republic of China, Pakistan and Vietnam. DFID's approach to anti-corruption work is driven by five strategic objectives: support effective anti-corruption action in poor and middle-income countries; drive out bribery from international trade and business; reduce money laundering of funds corruptly acquired in developing countries; help developing countries recover stolen assets; protect development assistance from corruption.

In the endeavor to more effectively support governance reform in Asia and the Pacific, the **United Nations Development Programme (UNDP)** recently established a regional center in Bangkok, Thailand; a second center that deals with poverty and trade-related issues, exists in Colombo, Sri Lanka. UNDP's current priorities include promoting the implementation of the UN Convention against Corruption and providing assistance to Asian and Pacific countries in this endeavor. To this aim, UNDP, in cooperation with the UN Office on Drugs and Crime (UNODC) works on capacity development. The two organizations are currently undertaking a comparative study on anti-corruption legislation in 40 countries, and UNODC currently develops a legislative guide to assist Parties to the Convention in their efforts for reform in light of the Convention's standards. UNDP also works on strengthening its own anti-fraud mechanisms.

The **World Bank** has adopted a proactive approach in fighting corruption both internally and in the countries that it assists: While until 1996 the issue of corruption was considered to be too sensitive to be addressed and to impinge upon national sovereignty, attitudes have changed drastically. Today, anti-corruption work is mainstreamed into World Bank projects as corruption has been identified as the single-most important factor responsible for poverty. The World Bank has developed country specific indicators and conducts respective surveys. Most recently, the World Bank, with the support from AusAID, has started working on a major regional study on corruption in the forestry sector.

### Observers

The fight against corruption in **Negara Brunei Darussalam** began in 1982 when the country's Anti-Corruption Bureau was established. Even earlier, since 1960, members of civil service had to abide by a code of conduct; this code is currently under review to bring it in line with emerging requirements and international standards. The country's Prevention of Corruption Act is the centrepiece legislation in the fight against corruption. The act criminalizes public and private sector corruption alike. Anti-money laundering legislation is currently being prepared. Negara Brunei Darussalam has signed the UN Convention against Corruption; the country currently reviews its legal and institutional framework in line with the Anti-Corruption Action Plan.

In terms of corruption prevention, Negara Brunei Darussalam engages in extensive efforts in the field of education: a new curriculum addressing the issue of corruption will enter into effect in December 2005, and anti-corruption modules will be introduced at university level in the near future. Further, in early 2005, Negara Brunei Darussalam has started a community relation project to educate the public about corruption through popular media and drama series on national TV.

In order to improve sanctioning of corruption and denying safe havens for criminals, Negara Brunei Darussalam has adopted a law on mutual legal assistance in criminal matters and currently engages in subregional cooperation with Malaysia; Negara Brunei Darussalam strives to extend this cooperation to more countries, notably Indonesia and Singapore.

**Sri Lanka** strives to endorse the Anti-Corruption Action Plan for Asia-Pacific and profit from the exchange of experience in the Initiative's Steering Group. Sri Lanka has undertaken concrete steps in this regard.

The country's legal and institutional framework for fighting corruption shares certain features with India's framework. While corruption was criminalized for more than a century, it was not until 1954 that a special

bribery act came into force. Its definition of corruption includes abuse of power, but is so far limited to corruption in the public sector. Problems reside foremost in the implementation of the law.

In 1975, a law requiring public officials to submit asset declarations entered into force. In order to strengthen enforcement of the anti-corruption legislation, an independent anti-corruption commission was established by law in 1994, replacing the previous Anti-Bribery Department that lacked independence. Deficient human resources weighed on the effectiveness of the independent commission in the beginning, but the situation has significantly improved over time.

Current priorities in Sri Lanka's efforts to boost its fight against corruption include training and strengthening of the investigation and legal departments; Hong Kong, China supported these endeavours through a recent staff training program.