



TRANSPARENCY INTERNATIONAL | USA

*Nancy Z. Boswell
President & CEO*

May 20, 2010

The Honorable Michael Froman
Deputy Assistant to the President &
Deputy National Security Advisor for International Economic Affairs
National Security Council
1650 Pennsylvania Avenue, NW
Washington, DC 20504

Dear Mike,

We appreciate the Administrations' leadership in securing G20 commitments to important measures to strengthen transparency and integrity in the global economy. Implementation of these commitments is critical to a sustainable resolution of the global economic crisis, restoring public trust and ensuring citizens in emerging and developing countries benefit from the recovery.

We urge your support for action to implement those commitments and to report on progress. A G20 accountability report should include the important commitments elaborated below and should provide consistent and specific indicators of progress and benchmarks with timetables for future progress.

Financial Transparency and Illicit Flows: Under the Washington Action Plan and in Pittsburgh, G20 Leaders agreed to specific measures that would increase transparency, reduce illicit flows and enhance corruption risk management. It is crucial that the G20 demonstrate progress on their commitments to:

- review business conduct rules, especially against market manipulation and fraud and strengthen their cross-border cooperation to protect the international financial system from illicit actors (Washington Action Plan);
- implement national and international measures that protect the global financial system from uncooperative and non-transparent jurisdictions that pose risks of illicit financial activity (Washington Action Plan); ensure that the Financial Action Task Force (FATF) continues its important work against money laundering (Washington Action Plan); maintain momentum in dealing with tax havens, money laundering, proceeds of corruption. . . (Pittsburgh Leaders' Statement, ¶15); ask FATF to help detect and deter the proceeds of corruption by prioritizing work to strengthen standards on customer due diligence, beneficial ownership and transparency (Pittsburgh Leaders' Statement, ¶42);

- work with the World Bank's Stolen Asset Recovery (StAR) program to secure the return of stolen assets to developing countries and pursue other efforts to stem illicit outflows and their entry into G20 financial systems.

Foreign Bribery Enforcement: At the 2009 Pittsburgh Summit, G20 Leaders committed to adopt and enforce "laws against transnational bribery, such as the OECD Anti-Bribery Convention." (Pittsburgh Leaders' Statement, ¶ 42). Concurrent and consistent G20 action is fundamental to reaching the Convention's objective of reducing foreign bribery as a factor in international business, trade and development. We urge:

- all G20 members not yet parties to the OECD Convention to commit to accede to it and participate in the peer review process or to commit to implement laws criminalizing foreign bribery and prohibiting off-book accounts by 2011;
- all G20 members to promote adoption by the private sector of the practices articulated in the *OECD Good Practice Guidance on Internal Controls, Ethics and Compliance*;
- all G20 export credit agencies to adopt rules to ensure they do not support deals secured through bribery, fraud or collusion. The *2006 OECD Council Recommendation on Bribery and Export Credit Supported Transactions* provides such rules.

The UN Convention Against Corruption (UNCAC): In Pittsburgh, the G20 committed to ratify the UNCAC and adopt "an effective, transparent, and inclusive mechanism for the review of its implementation." (Pittsburgh Leaders' Statement, ¶42). G20 implementation of the important provisions prohibiting foreign bribery and increasing transparency and information exchange among authorities will be furthered by their participation in on-site reviews with participation by civil society and publication of country reports.

Donor Institutions: In Pittsburgh, the G20 recognized that additional donor resources "must be joined to key institutional reforms to ensure effectiveness," including "an increased commitment to transparency, accountability, and good corporate governance. . ." (Pittsburgh Leaders' Statement, ¶126). Such reforms should include enhanced donor attention to transparency, supervision and audit, particularly with respect to budget support. Borrowers and aid recipients of recovery funds should enhance access to information, including on budgets and procurement, permit independent third party project monitoring; and institute complaint mechanisms, whistleblower protection and requirements that all contractors have anticorruption programs. Effective development outcomes, including progress on the Millennium Development Goals and growth and stability in fragile states, depend on the adoption of such a corruption-risk mitigation approach to foreign assistance.

We appreciate your consideration of our recommendations and look forward to continued progress on our shared objectives.

Kind regards,

