



# TRANSPARENCY INTERNATIONAL | USA

*Nancy Z. Boswell  
President & CEO*

August 20, 2009

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,

Thank you for taking time to meet to discuss the upcoming G20 Summit. We are writing in response to your request for recommendations on specific, credible actions that the G20 can take to address the increased risk of corruption resulting from the rapid disbursement of unprecedented financial flows in response to the economic crisis. Such action will complement the important commitments to increase transparency and accountability of financial institutions and markets.

In our March 19, 2009 letter, we urged G20 commitments to enhance corruption risk management in all aspects of the global stimulus in order to restore our economies, help the most vulnerable and rebuild public trust. Progress on other G20 priorities, such as food security, climate change and open trade, will also depend on adequate attention to this issue.

The G20 should make *explicit commitments* to safeguard economic recovery funds and programs to ensure they are used solely for their intended purpose and are not diverted for corrupt ends in either the developed or developing world. Following are specific measures to help meet this objective:

- **Foreign Bribery Prohibitions:** In the current economic downturn, competition for contracts has intensified as has the temptation to use bribes to win business. If left unchecked, bribery will undermine economic recovery efforts in favor of the unscrupulous, adversely affecting both US economic interests and effective development outcomes. Weak enforcement of foreign bribery laws is also acting as a form of protectionism, which the G20 committed to avoid.

**Every G20 nation should enforce its obligations to prohibit foreign bribery and off book accounts** whether under the OECD Convention on Bribery of Foreign Public Officials or the UN Convention Against Corruption.

- **Export Credit Agencies:** The G20 commitment to increase financing by export credit agencies underscores the importance of those agencies taking steps 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*

reflects a consensus and a roadmap for action by the G20, including no-bribery certifications, disclosure of payments through agents, due diligence, and denial or suspension of credit and referral to law enforcement authorities.

**All G20 export credit agencies should demonstrate that these measures are being taken so they do not distort competition and achieve the intended purpose.**

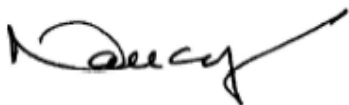
- **The World Bank:** The World Bank has identified corruption as the major impediment to economic growth, sustainable development and poverty alleviation. The anticipated spike in financial assistance to be disbursed by the World Bank – as well as other regional development banks and bilateral aid agencies – and the urgency of rapid disbursement calls for heightened attention to ensure that corruption does not impede effective relief to those most in need.

**Donor institutions must enhance risk management and controls to prevent, detect and remediate corruption.** Heightened attention is required to enhanced corruption risk assessment, supervision and audit; transparency of donor assistance and budget and procurement transparency in recipient nations (critical in cases of budget support); independent third party monitoring; complaint mechanisms; whistleblower protection; requirements that contractors have anticorruption programs; and, public debarment.

- **Accountability Report:** The true measure of successful summits has to be effective implementation of commitments. Public reporting will help maintain pressure for implementation and is essential to the credibility of the political process. **The G20 Washington Action Plan provides a sound basis for reporting on how the corruption risk mitigation measures outlined above are being applied to the recovery.**

US leadership on the anti-corruption agenda has been critical to the progress to date. We appreciate the high-level attention that President Obama and his administration have accorded to this issue in both the domestic and foreign context. In particular, we appreciate your regular consultation with civil society and your commitment to accountability. We look forward to continued cooperation and further discussion.

Kind regards,

A handwritten signature in black ink, appearing to read "Nancy", with a long, sweeping horizontal stroke extending to the right.