



# TRANSPARENCY INTERNATIONAL | USA

*Nancy Z. Boswell*  
*President & CEO*

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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 Mr. Froman,

We are writing to urge US leadership at the upcoming G20 and G8 meetings to address the increased risk of corruption that will result from the unprecedented financial flows and urgent need for rapid disbursement in response to the economic crisis. Leaders should commit to enhance corruption risk management and transparency and accountability. Such action is needed to restore our economies, help the poor in the developing world and rebuild public trust.

G20 nations should make an *explicit commitment* to take action to ensure that funds and programs devised to meet this economic crisis are used solely for their intended purpose and are not diverted for corrupt ends in either the developed or developing world.

Following are some of the specific measures that will help meet this objective.

- **The World Bank:** The World Bank has identified corruption as the major impediment to economic growth, sustainable development and poverty alleviation and, therefore, has undertaken a wide range of reforms to address it. While these reforms should bear fruit over time, the anticipated spike in financial assistance through the World Bank – as well as other regional banks and bilateral aid agencies – and the pressure for timely delivery of resources, requires measures to ensure that corruption does not impede effective relief to those in need.

**The World Bank and other donor institutions must enhance risk management and controls to prevent, detect and remediate corruption.** Such measures should include enhanced risk assessment, supervision and audit; transparency of financial flows as well as budget and procurement transparency in recipient nations (which is critical in cases of budget support); independent third party monitoring; complaint mechanisms and whistleblower protection; and requirements that contractors have anticorruption programs and public debarment.

- **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 relief efforts in favor of the unscrupulous, adversely affecting US economic interests and effective development outcomes.

**Every G20 nation should enforce its obligations to prohibit foreign bribery and off book accounts** undertaken either as a party to the OECD Convention on Bribery of Foreign Public Officials or as a signatory to the UN Convention Against Corruption. Consistent, vigorous enforcement will help ensure that rescue measures are fully realized. Without consistent, across-the-board enforcement, American companies – subject to rigorous enforcement – may lose contracts and jobs.

- **Export Credit Agencies:** Financing through export credit agencies is also expected to increase, underscoring the importance of the G20 export credit 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 growing consensus and a roadmap for the G20 on the necessary steps. These include 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 urgently undertake these measures to ensure that financing does not distort competition and achieves its intended purpose.**

- **Accountability Report:** TI-USA called for an Accountability Report by the Group of Eight (G8) on implementation of prior commitments. We welcomed the *2008 Accountability Report: Implementation Review of G8 Anti-Corruption Commitments* as a good beginning and recommended the use of consistent and specific indicators in future reports so that progress can be benchmarked. (See attached) **The G20 should report collectively on progress made in keeping its commitments.**

**The G20 should each ensure domestic transparency with respect to measures they are taking in response to the crisis.** The Obama Administration has taken significant steps to ensure transparency and accountability to the American public. They provide a commendable starting point for G20 accountability.

We appreciate your meeting with us today and your consideration of these recommendations.

Sincerely,

