

PRESS RELEASE



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FOR PRESS: to request a review copy of the *Global Corruption Report 2004* or to view the report electronically, contact gcr@transparency.org or visit www.globalcorruptionreport.org. For interview requests, please contact press@transparency.org.

Plundering politicians and bribing multinationals undermine economic development, says TI

Transparency International's new *Global Corruption Report 2004* charts the flow of stolen assets, recommends ways to recover money looted by despots, and sets out new Standards on Political Finance and Favours

London, 25 March 2004 --- "Political corruption undermines the hopes for prosperity and stability of developing countries, and damages the global economy," said Peter Eigen, Chairman of Transparency International (TI), launching the *TI Global Corruption Report 2004 (GCR 2004)* today. "The abuse of political power for private gain deprives the most needy of vital public services, creating a level of despair that breeds conflict and violence. It also hits the pockets of taxpayers and shareholders worldwide. The problem must be tackled at the national and international level," he said.

"The *GCR 2004*, with a special focus on political corruption," said Eigen, "is a call to action to bring integrity and accountability into governance, to stop bribery by multinational companies, and to curb the flow of stolen assets into secret bank accounts in the west." TI is the leading international non-governmental organisation combating corruption worldwide.

"Democracies can no longer tolerate bribery, fraud and dishonesty," states former US President Jimmy Carter in a foreword to the *GCR 2004*, "especially as such practices disproportionately hurt the poor."

The *GCR 2004* details funds allegedly embezzled by political leaders of the past two decades. During his misrule, Mohamed Suharto, President of Indonesia from 1967-98, is alleged to have stolen US\$15-US\$35 billion in a country where the GDP per capita hovers at around US\$700. Suharto tops the table of corrupt politicians.

Where did the money go? – The top 10			
Head of government		Estimates of funds allegedly embezzled	GDP per capita (2001)
1. Mohamed Suharto	President of Indonesia, 1967–98	US\$ 15 to 35 billion	US\$ 695
2. Ferdinand Marcos	President of the Philippines, 1972–86	US\$ 5 to 10 billion	US\$ 912
3. Mobutu Sese Seko	President of Zaire, 1965–97	US\$ 5 billion	US\$ 99
4. Sani Abacha	President of Nigeria, 1993–98	US\$ 2 to 5 billion	US\$ 319
5. Slobodan Milosevic	President of Serbia/Yugoslavia, 1989-2000	US\$ 1 billion	n/a
6. Jean-Claude Duvalier	President of Haiti, 1971–86	US\$ 300 to 800 million	US\$ 460
7. Alberto Fujimori	President of Peru, 1990–2000	US\$ 600 million	US\$ 2,051
8. Pavlo Lazarenko	Prime Minister of Ukraine, 1996–97	US\$ 114 to 200million	US\$ 766
9. Arnoldo Alemán	President of Nicaragua, 1997–2002	US\$ 100 million	US\$ 490
10. Joseph Estrada	President of the Philippines, 1998–2001	US\$ 78 to 80 million	US\$ 912

“Political corruption deprives millions of health care, education and the prospects of a sustainable future,” said TI-Zimbabwe Chair John Makumbe at the launch of TI’s *GCR 2004* in London today. “The fight against corruption requires sustained political will at the highest levels, and not only in countries recovering from the legacy of Moi, Suharto, Duvalier or Abacha,” said Makumbe, a member of TI’s international Board of Directors.

“There has to be a commitment,” he continued, “on the part of governments to implement the new African Union Convention on Combating and Preventing Corruption and the UN Convention against Corruption, in particular the measures to curb the outflow of assets stolen by corrupt elites into foreign bank accounts. Bribe-paying is a crime against humanity, a fact made clear by the legacy of poverty and distrust left behind by corrupt politicians.”

“International financial institutions and donor governments must engage with developing country governments that demonstrate the political will to fight corruption,” said Eigen. “To make sure that this will can be realised, donor governments must insist on adequate civil society monitoring of good governance in recipient countries.”

To mark the publication of the *GCR 2004*, today TI launched its Standards on Political Finance and Favours, setting out a blueprint for transparency in political and campaign finance in a year which sees key elections in countries where political corruption has been a persistent problem. Elections will be held in the coming months in Indonesia and the Philippines, two countries still reeling from the corrupt legacy of Mohamed Suharto, and both Ferdinand Marcos and Joseph Estrada respectively.

The TI Standards include conflict-of-interest legislation, and independently monitored annual disclosure of party income and expenditure. The recommendations include a diversified funding base, fair access to the media and provisions for civil society monitoring of political finance.

The special focus of the *GCR 2004* on political corruption includes expert reports on the regulation of political finance, the disclosure of money flows into politics, and the repatriation of wealth looted by politicians. Two industry case studies – on the arms and oil sectors – demonstrate the role of the private sector in supplying corrupt political funds.

The *GCR 2004* includes detailed assessments of the state of corruption in 34 country reports, accompanied by analyses of recent global and regional developments, including the UN Convention against Corruption and the impact of EU expansion on corruption. The report also includes the findings of the latest research into corruption and ways to combat it.

Transparency International Standards on Political Finance and Favours	
<p>1. Donations to political parties and candidates to elected office must not be a means to gain personal or policy favours. Parties and candidates must practise transparency. Governments must implement adequate conflict-of-interest legislation.</p> <p>2. Political parties, candidates and politicians should disclose detailed information about assets, donations, in-kind donations, loans and expenditure, on an annual basis as well as before and after elections, to an independent agency.</p> <p>3. Independent public oversight bodies endowed with the necessary resources must effectively supervise the observance of regulatory laws and measures. Together with independent courts, they must ensure that offenders are held accountable and duly sanctioned.</p>	<p>4. Diversified funding should be sought through: state funding and subsidised access to the media; the encouragement of small donations and membership fees; and controls on corporate, foreign and large individual donations. Spending limits should be considered.</p> <p>5. Candidates and parties must be given fair access to the media. The media should play an independent role, free from political interference, both in election campaigns and in the broader political process.</p> <p>6. Civil society should have the opportunity to actively participate in promoting adequate legislation in the field of political finance and in the monitoring of political finance and its impact on political representation.</p> <p>The full text of the TI Standards is available in the <i>TI Global Corruption Report 2004</i></p>

The *TI GCR 2004* can be downloaded free at www.globalcorruptionreport.org. Alternatively it may be ordered (price \$24.95/£15.99) through online booksellers, local bookshops (ISBN 0 7453 2230 1) or the publisher (www.plutobooks.com).