



KUWAIT 2008
Consolidation of Draft GOPAC Position Statements, Resolutions and
Briefing Notes for Plenaries and Workshops
Version – November 5, 2008

Dear GOPAC members and observers,

This document contains drafts pending discussions and conference proceedings in Kuwait in November 2008. Comments are welcome and can be provided to the GOPAC Secretariat for coordination with Global Task Force Chairs.

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Parliamentary Support for the UNCAC

Context

The UNCAC is the most comprehensive and authoritative international convention against corruption. It aligns well with GOPAC's central mission of preventing corruption through improved governance and a focus on the role of parliament. GOPAC has consistently supported the convention from the signing ceremony in Merida Mexico in 2003 by:

- establishing a Global Task Force to guide and mobilize assistance in effective implementation;
- working with UNODC to host Parliamentarians Forums at the last two Conferences of State Parties; and
- promoting the view that parliamentarians can complement government initiatives by playing their democratic roles more effectively.

While all areas of the convention are important, GOPAC has mainly focused on those related to prevention and review mechanisms, as these are most closely linked to GOPAC's governance thrust and Global Task Forces (GTFs). Other than the articles on measures relating to the judiciary and prosecution services (#11) and the private sector (#12), our current Global Task Forces align well with the prevention section as shown below.

- **Global Task Force on UNCAC**
article 5 - Preventative anti-corruption policies and practices
article 63 with respect to review mechanisms and development assistance
- **Global Task Force on Parliamentary Oversight**
article 6 - Preventative anti-corruption body or bodies
article 7 - Public sector
article 9 - Public procurement and management of public finances
article 10 - Public reporting
- **Global Task Forces on Parliamentary Ethics and Conduct and Parliamentary Immunity**
article 8 - Codes of conduct for public officials
- **Global Task Force on Anti Money Laundering**
article 14 - Measures to prevent money-laundering (Anti Money Laundering)
article 23 – Laundering of proceeds of crime (criminalization)
article 52 – Prevention and detection of transfers of proceeds of crime
article 58 – Financial intelligence units

In addition, and subject to the proceedings of the conference, a new Global Task Force may undertake work on article 13 - Participation of society.

Position Statement

- While GOPAC believes it is important to criminalize corrupt actions and work internationally to ensure effective investigation and prosecution, sustained effective prevention requires improved governance, a key component of which is effective parliamentary oversight.
- Parliamentarians should seek to work in harmony with State Parties and international expert organizations to implement UNCAC at the national, regional and global levels. Members should

work towards ensuring that State Parties consider parliaments as an important additional instrument of corruption prevention.

- Parliamentarians should play an active leadership role in the ratification, implementation, domestication, monitoring and review of the UNCAC.
 - *Implementation:* Parliamentarians should become involved in how the country plans to implement UNCAC, i.e. the approach or approaches to be taken. (In regards to this, a joint U4-GOPAC discussion paper on Article 5 – Preventive anti-corruption policies and practices is provided in annex 1.) In addition parliamentarians should identify and address legislative and other governance gaps that need to be overcome in implementing the UNCAC. In particular they should pay special attention to the criminalization of corruption through legislation and an independent judiciary system.
 - *Domestication:* Parliamentarians should help ‘domesticate’ the UNCAC by helping adapt international standards to regional or national needs. Adaptation may take place in some of the following ways
 - *transparency* - monitoring and review that blends expert and political attention with sensitivity to distinct domestic cultural values and governance practices
 - *balance* - between effective criminalization of corrupt acts and the prevention of corruption through improved governance practices
 - *innovation* – through parliamentary activities and behaviour that would complement the provisions in the articles of the UNCAC
 - *participation of society* – the parliamentary representation role can help ensure that citizens are well informed and that they and civil society are active participants in the domestication of the UNCAC.
 - *Monitoring and review:* Parliamentarians should endeavour to play an important oversight role in the monitoring and review of the national effort to implement and domesticate the UNCAC. They should also participate, where appropriate, in regional or international review mechanisms. Annex 2 provides more detail in a briefing note on UNCAC review mechanisms.
- Parliamentarians should work with expert agencies to help ensure that efforts are complementary to other ongoing initiatives as well as reflecting current substantive intelligence available on specific issues.
- Parliamentarians should seek, where development assistance is available, additional opportunities to direct that assistance to governance initiatives, including those related to parliament itself. (See briefing note in documentation for workshop on Parliament and Development Assistance.)

substance is largely drawn from a recent U4 study as well as consultations with experts and parliamentarians.¹

In our recent consultations, there appears to be an emerging view among those international agencies working with GOPAC that to be effective, international conventions may benefit from more integrated approaches that engage not only the executive branch of government but also parliamentarians and civil society.² This paper presents a case for the involvement of parliamentarians as part of such a more integrated approach as Article 5 does not include a specific reference to the parliamentary engagement in anti-corruption policies, as illustrated in the excerpt below.

Chapter II

Preventive measures

Article 5

Preventive anti-corruption policies and practices

1. Each State Party shall, in accordance with the fundamental principles of its legal system, develop and implement or maintain effective, coordinated anticorruption policies that promote the participation of society and reflect the principles of the rule of law, proper management of public affairs and public property, integrity, transparency and accountability.
2. Each State Party shall endeavour to establish and promote effective practices aimed at the prevention of corruption.
3. Each State Party shall endeavour to periodically evaluate relevant legal instruments and administrative measures with a view to determining their adequacy to prevent and fight corruption.
4. States Parties shall, as appropriate and in accordance with the fundamental principles of their legal system, collaborate with each other and with relevant international and regional organizations in promoting and developing the measures referred to in this article. That collaboration may include participation in international programmes and projects aimed at the prevention of corruption.

The U4 study carried out six country case studies with respect to experiences with national anti-corruption policies and strategies. The following findings bear relevance to parliamentarians.³

- Not enough attention has been given to the political dimension of anti-corruption policies, in particular the high level political will that gave birth to these anti-corruption strategies could not be maintained from the beginning to end of the government policy cycle, as well as across changes in governments.
- Most anti-corruption approaches were not strategic, they did not set priorities, nor did they consider sequencing in implementation.
- Monitoring and evaluation has been almost entirely ignored: self-assessments did not bring results and external reviews of progress, e.g. by parliaments, research institutes and universities, had not even been foreseen.

¹ Hussmann, K. Editor. U4. *Anti-corruption policy making in practice: What can be learned for the implementation of Article 5 of the UNCAC?* Dec. 2007

² Discussions were held with WBI, OECD, TI, UNODC and UNDP in September 2008.

³ Hussmann, page viii

- The lack of information for and communication with implementing agencies, political actors, the media and the public hinders the creation of a sustained political debate and thus political pressure to move anti-corruption policies forward.

The analysis of some key features of policy making can provide some insights into why this happens:

- With regard to national ownership, anti-corruption policies and strategies tend to be concentrated on strengthening the government's power base and maintaining the status quo. The lack of mechanisms for guaranteeing multi-stakeholder participation throughout the full policy cycle impedes the effectiveness of these anti-corruption efforts.
- In their content, most of the anti-corruption strategies which were studied focus on norms and institutions – with a limited regard for performance and results. The notable mismatch between the political nature of the problem and the technocratic solutions is likely to result in superficial interventions. In addition, envisioned solutions are not based on adequate diagnostics of what causes the problems, and integration with other core governance policies and reforms hardly takes place in practice.
- In terms of implementation, coordination and monitoring, it is particularly worrisome to note that this crucial phase of the policy cycle does not receive sufficient political and operational attention. Leadership and oversight are often characterised by a mismatch between limited institutional capacities and too ambitious objectives. Also, it is not clear how an approach of self-reform through self-assessment is supposed to work, in particular when taking into account that institutions in general tend to resist change. Last but not least, the lack of meaningful participatory monitoring and evaluation seems to convert anti-corruption policies into paper tigers.

The U4 study concludes that corruption might be addressed directly or indirectly through many different policy options.⁴ The direct anti-corruption approach might not always be suitable and promoting widely accepted antidotes to corruption such as transparency and accountability – e.g. through strengthened parliamentary oversight – might promise greater impact, especially in countries where corruption is endemic.⁵ Above all, it is of great importance to recognise the need to build high-level political agreements and achieve a national consensus in order to develop a strategic vision about how to fight corruption.

Based on these findings, three main areas of anti-corruption policy making emerge for parliamentarians to play a role in:

- if these country anti-corruption policies were developed more openly and tailored or domesticated to specific national reform needs, it would help ensure aligning proposed improvements with the country context and public values, an approach that could reduce resistance to changes and engage more stakeholders. Success of reform will in this regard depend as mentioned above on achieving high-level political agreements and a national consensus – both processes bear considerable potential for parliamentary involvement;

⁴ Examples of policy approaches could include: explicit broad national frameworks; explicit policies on improving accountability or other areas; embedding anti-corruption in broader public service reforms; or legislative agendas.

⁵ Hussmann, p. x

- if parliaments and their respective committees were involved more in the design of such policies, they could ensure keeping realistic goals and consistency with allocating the necessary budgetary resources to the proposed reform steps. After all, implementation is often hampered by capacity and resource constraints; and
- increasing the involvement of parliamentarians not only in the design, but especially in the oversight of implementing anti-corruption policies could help maintain a continuing political focus, most of all when governments change, and help ensure monitoring of results. Such review of anti-corruption policies in the parliament or in parliamentary committees would also provide for greater accountability of the executive to parliaments and the public and could contribute to any future review mechanism installed by the Conference of State Parties to UNCAC. (See Annex 2 for a briefing note for GOPAC members on review mechanisms.)

Potential next steps: for discussion

In terms of next steps, GOPAC members could explore and discuss among themselves what approaches would work best or do not in their respective regions or countries. They could discuss what types of initiatives are needed to ensure that the country's approach to address the specific corruption issues of the nation is doable in a practical way.

More specifically, GOPAC members and others could:

- encourage parliamentary engagement and open processes to review the anti-corruption policies, to promote, among other things, societal learning and credibility by assigning the process to a parliamentary committee;
- play an active role in building a national consensus for anti-corruption reform;
- encourage the setting of specific priorities and staged implementation given that the UNCAC is very broad and not everything can be done at once;
- raise awareness that parliaments and parliamentarians, as instruments of good governance, can play an important role in the development, implementation and monitoring of country anti-corruption policies;
- explore and highlight good practices where parliamentarians have played a role in the life cycle of an anti-corruption strategy or approach, for example, where there has been political discussion in setting priorities, in particular how more generic approaches were adapted or domesticated to better align with a country's institutions, culture and values;
- work closely with international agencies to ensure GOPAC initiatives are based on sound empirical studies and evidence;
- train parliamentarians on the different anti-corruption policies or approaches a country can take in combating corruption or other initiatives; and
- encourage regional and national chapters to examine anti-corruption policies and the issues around them.

that there were no objections raised to such involvement, parliaments being perceived as part of the formal institutional landscape.⁷

Engaging Parliamentarians in the UNCAC Review Mechanism

Based on a review of the 33 proposals submitted, which indicate how the review mechanism is taking shape, we have identified three potential points of entry for parliamentarians in the review process.

- *National approach.* The preparation of the national self-assessment reports seems to be the responsibility of the executive branch of government. National governments could however share these reports with parliamentary committees or parliamentary commissions for information and discussion.
- *Peer review.* The visiting experts from the reviewing country could meet with parliamentarians to get an understanding of their perspective and information.
- *Recommendations and monitoring.* The peer review process is expected to result in a report. Some States Parties have suggested that such a report should also identify implementation gaps and formulate recommendations for the gaps to be filled. Parliamentarians or committees could play a role in monitoring how the government addresses the peer review recommendations. The ultimate aim would be to ensure ongoing implementation and compliance with the UNCAC as well as improvements and learning.

Next Step

Should GOPAC issue a position statement on review mechanisms? This briefing note suggests that a discussion should first take place in the Kuwait 2008 workshop on the UNCAC as part of the preparation for the Doha CoSP. Some early points for consideration follow.

- There appears to be an emerging view among the international agencies working with GOPAC that to be effective, international conventions may benefit from a more integrated approach. In other words, in addition to engaging the executive branch of government there likely is value in engaging, among others, parliamentarians and civil society.⁸
- Where countries have submitted proposals to UNODC on their recommendations regarding the review mechanism, GOPAC members could examine these proposals and provide comments and recommendations.
- Once the actual country progress reports are written (e.g. government self-assessments and possibly external peer reviews of UNCAC implementation), the examination and discussion of these reports by parliamentary committees could ensure greater public debate and add credibility to such government reports, and help monitor the implementation of recommendations.
- Given the scope of UNCAC, the review mechanism process is currently envisaged as something that will take place in two year cycles with a focus on a selected topic(s). GOPAC could perhaps provide

⁷ Ongoing debates are reported on the involvement on non-institutional stakeholders such as non-governmental organizations, the private sector, labour organizations, academia and the media.

⁸ Discussions were held with WBI, OECD, TI and UNDP in September 2008.

- establishing its own powers, practices and resources to review and expose for public consideration its views on the Executive's performance, investigate specific issues, and publicly question ministers and public officials.

GOPAC members see parliamentary oversight as weak in many regions and countries – and that this is a contributing factor to corruption. And they see improved oversight as a key part of corruption prevention, i.e. parliamentary and public understanding is needed of all the resources available to government, the allocation of these resources to specific programs and activities and the results they are to achieve.

Parliamentary Oversight of the UNCAC Parliamentary oversight in general can help combat corruption. In addition, GOPAC believes that parliamentarians can play an important role in the implementation, domestication and monitoring of the UNCAC as outlined in the GOPAC position paper and resolution for the workshop on that convention. The position states that in terms of monitoring, Parliamentarians should endeavor to play an important oversight role in the monitoring of the national effort to implement and domesticate the UNCAC. They should also participate, where appropriate, in regional or international monitoring initiatives, for example, if peer review teams were to be created.

To date the proposals to the UNODC from nearly three dozen countries do not outline a role for parliamentarians in the oversight of the convention. The Global Task Force on the UNCAC could help to raise awareness of how parliamentarians can contribute, especially by elevating the discussion of anti-corruption in the political and public arena. This also may be a subject for discussion at the Parliamentary Forum in the Doha CoSP in the fall of 2009.

Position Statement

In the matter of parliamentary oversight Parliaments should consider undertaking internal and external measures as follows:

Internal measures

- ensure that they have the powers to authorize all revenues (tax rates, royalties, fee structures) and expenditures – including expenditures by Ministries and programs – and any executive decrees should be carefully circumscribed and require subsequent parliamentary review and approval;
- have the authority to set its own budget and the budgets of parliamentary support agencies, but do so only for core parliamentary functions;
- establish, as required, procedures for the approval of budgets and reports on actual expenditures and results;
- provide in its budget the services of professional staff to assist it in its plenary and committee duties;
- have the authority to call witnesses, including ministers and officials, in a way which requires their attendance and response to hearings related to parliamentary oversight;
- if the executive proposes and parliament agrees to provide continuing authority for certain programs (entitlements), Parliament should review these provisions to ensure it has the powers and resources to oversee such expenditure in a manner equivalent to its oversight of annually approved expenditures;

External measures

- set out through legislation core standards for the Executive Branch utilization of all financial instruments, including procurement, contracts, grants, and loans;

referred as *inviolability*. In 2006 at the Arusha Conference, GOPAC supported the OSCE Parliamentary Assembly resolution for a limiting approach to immunity.

GOPAC efforts on a limiting approach to immunity are set in the context of the broader initiative to support the United Nation Convention Against Corruption (UNCAC) as illustrated by decisions at various conferences and events.

- In Arusha in 2006 GOPAC established a Global Task Force on the UNCAC
- Later that year, in December 13 2006, at the Conference of State Parties at Dead Sea, Jordan GOPAC and its participating members supported the enhancement of “legitimacy, credibility, and standards of integrity of Parliaments and parliamentarians in their fight against corruption...and *more balanced parliamentary immunity regimes.*”¹²
- In January 2008, at the UNCAC Conference of the States Parties in Bali, GOPAC and its regional chapters recognized that parliaments and parliamentarians are essential in the fight against corruption.

The GOPAC approach therefore promotes balanced parliamentary immunity regimes and better ethics practices as part of the efforts to combat corruption. Both immunity and ethics are now the focus of the GOPAC Parliamentary Immunity and Parliamentary Ethics Global Task Forces.

Furthermore, in June 2008, GOPAC and its Latin American chapter sponsored a workshop of parliamentarians and experts to review a number of immunity practices among participating countries, typically those regarding inviolability. Participating parliamentarians examined the feasibility of initiating corrective action.¹³ Participants noted that reforming immunity might best be pursued in the context of broader parliamentary reform initiatives in the region.

Position Statement

- The legitimate purpose of parliamentary immunity is to allow legislators to perform their parliamentary legislative, oversight and representation roles without fear of criminal or civil sanctions, including those that might be politically motivated.
- Freedom of expression and vote (non-liability) are essential rights and duties of parliamentarians in democratic societies. The use of freedom of expression for defamatory purposes should be discouraged.
- Freedom from arrest – inviolability – is only justifiable where it is used to protect the effectiveness of parliament, as a corporate body that reflects the electoral distribution of majorities and minorities from politically motivated prosecution.¹⁴ Inviolability is not justifiable as a personal privilege, and should not shield criminal acts as defined in national laws and multilateral international and regional anti-corruption treaties. It may provide parliamentarians with protection in countries where there are doubts about the impartiality of the judiciary system and the courts, or where the legislature is seen as dominated by an over-powerful executive.
- Parliaments should limit parliamentary immunity to the electoral term and to the parliamentary precinct, unless there are clearly justified special reasons for extension in a particular country.
- Institutional public outreach should be encouraged: the general public should be informed and educated about the provisions on parliamentary immunity and its legitimate purpose.

¹² Declaration Forum for Parliamentarians Conference of State Parties
<http://www.gopacnetwork.org/Docs/Jordan/PARLIAMENTARY%20ACTION%20ITEMS.pdf>

¹³ The work was supported by USAID and the Andean Parliament.

¹⁴ LATORRE BOZA, Derik Parliamentary Immunity.

Communications links between government (including parliament) and citizens may be seen as operating in at least four different ways:

- providing information, such as through web sites
- hearing complaints, seeking corrective action
- participation, seeking citizen input on legislation or policies
- engagement, involving citizens in solving problems and mutual learning.

Position Statement

Although the executive branch of government engages citizens directly in many different ways – its head in presidential systems being elected directly – the executive typically is required to report to parliament and seek parliamentary approval of legislation, including to obtain and use public resources. Parliament therefore, in GOPAC's view, has a critical role in engaging citizens on all public policy issues. This is particularly important for integrity in governance, since the locus of the majority of corruption is associated with the financial and administrative aspects of government, matters handled by the executive branch. Therefore in addition to strengthening its capacity and performance in carrying out its legislative and oversight roles, it also needs to consider its capacity and performance in engaging citizens – its representation role.

In view of rather consistent citizen survey results that indicate a low level of trust in parliaments, GOPAC believes its members must look at all areas of communication – providing information, receiving and acting on complaints, seeking input on policy issues and actively engaging citizens in addressing corruption.

It also believes its members must examine the main mechanisms available for connecting citizens with parliament – media, civil society organizations, and political parties. In many countries where corruption is considered a major problem, one or more of these mechanisms might be particularly weak.

Although a resolution to look at such issues was accepted at the 2006 GOPAC Global Conference, a global task force to lead this work remains to be established. Regional and country chapters have engaged in related work, such as reaching out and working with complementary civil society organizations and actively seeking to work with the media to develop a better understanding among citizens of the nature and impact of corruption as well as initiatives to combat corruption.

The key features of the GOPAC position on participation of society include:

- agreement with the UNCAC Article 13 on the need for participation of society to help prevent corruption;
- the importance of parliaments and parliamentarians in working at all levels noted earlier, i.e. providing information, providing for receiving and responding to citizen complaints; seeking citizen input on legislation and policy, and involving them in mutual learning (societal learning);
- parliamentarians should help in providing information by their own oversight activities, but also in seeking to ensure effective government practices regarding regular reporting and provision of access to government administrative and financial information, and by seeking to provide a legal and economic environment where an independent media can function openly and effectively; and
- parliamentarians should engage experts and civil society in parliamentary deliberations on legislation and policy, with particular attention to the provisions of the UNCAC and related governance issues.

Another important development is the rapid increase in the number of ratifications of the UN Convention Against Corruption (UNCAC). This convention provides an engine for change to drive, among other things, governance improvements and the reduction of corruption in development assistance. Furthermore, the Conference of State Parties (CoSP) will be establishing a review mechanism to follow up on implementation of the UNCAC which will provide further momentum as an international institutional vehicle.

A GOPAC Perspective

For the Kuwait 2008 workshop, this note suggests some potential actions for parliamentarians in recipient countries, i.e. parliamentarians could call for:

- **greater transparency.** Many GOPAC members from development assistance recipient countries note that the information they and their citizens receive on development assistance is incomplete or non-existent, including in cases of initiatives to strengthen parliamentary capacity. They recognize that some of their colleagues might use greater information and involvement for purposes other than development, but feel that the preferred access without disclosure that is available to the executive branch – or a small number of officials within the executive branch – is a greater risk;
- **improved parliamentary review.** Development assistance initiatives should align well with the preventive anti-corruption policies and programs under the UNCAC. Although development assistance can foster governance improvements and the prevention of corruption, without transparency it can also create opportunities for corruption;
- **greater accountability.** Donor agencies are encouraged to publish what they pay but recipient countries should also publish what they receive. Similar to the issues around public accounting for resource revenues, development assistance should be identified in a country's public accounts and subject to parliamentary oversight for expenditures and results. Furthermore parliaments should hold their governments to account for their commitments to the donor agencies; and
- **governance improvements.** Parliamentarians should make recommendations on what governance improvement initiatives would merit funding as part of development assistance. Ultimately the best value for the development assistance funding will be obtained when there is good governance and an absence of corruption in the country.

Discussion Points and Next Steps

One aim would be to provide GOPAC members and interested international agencies with information on parliamentary engagement in development assistance, including current practices and potential opportunities. However there is a lack of information on this subject.

Should GOPAC therefore seek to survey parliamentarians in countries that receive development assistance on how they are currently informed and involved in:

- policies regarding development assistance generally, assistance related to governance, and assistance related to parliamentary capacity building; and
- the plans and/or strategies for implementation of the prevention provisions and any follow up mechanisms of the UNCAC (where the recipient country has ratified the UNCAC)?

Annex 2: Resource Revenue Transparency. A Project Brief for the International Public Sector Accounting Standards Board

This document was written by John G. Williams as FCGA and Member of Parliament on behalf of The Global Organization of Parliamentarians Against Corruption, June 2007

Scope of the Issue

Changes to international accounting standards for governments so that natural resource revenues received by them are more easily verifiable by parliaments and other users of public accounts.

Definition of the Problem

Corruption hurts the poor disproportionately by diverting funds intended for development, undermining a government's ability to provide basic services, feeding inequality and injustice, and discouraging foreign investment and aid.

Kofi Annan, then United Nations Secretary-General
in his statement on the adoption by the General Assembly of the
United Nations Convention against Corruption, 2003

Corruption is the abuse of power for private gain. It has become a leading concern for parliamentarians around the globe. The diversion of public funds robs public policies of resources to do the good they were intended to finance. It undermines parliamentary control of the public purse. It thrives when accountability and transparency are weak or absent. There is, therefore, a link between good financial reporting and auditing, and the reduction of misrepresentation that hides corruption.

In recent years many international organizations have been working towards increasing transparency in regards to extractive industries payments to national governments. In countries where public transparency and parliamentary oversight are weak, such large flow of funds are an attractive potential source of funds to corrupt senior officials. Knowing both what companies pay and what governments receive is a critical first step to holding governments to account for these revenues.

For example,

- We emphasise our determination to fight corruption and mismanagement of public resources in both revenue raising and expenditures. Transparency inhibits corruption and promotes good governance. Increased transparency of government revenue and expenditure flows, as well as strengthened enforcement efforts against bribery and corruption, will contribute to achieving these goals and to increasing integrity in government decision-making - thereby ensuring that resources, including development assistance, achieve their intended purposes.

Fighting Corruption and Improving Transparency: A G8 Declaration, 2003

- In many countries, money from oil, gas and mining is associated with poverty, conflict and corruption. Commonly referred to as the "resource curse", this is often driven by a lack of

transparency and accountability around the payments that companies are making to governments, and the revenues that governments are receiving from those companies.

Extractive Industries Transparency Initiative, 2005

- Given the [se] potentially substantial costs of non-transparent practices, institutional strengthening to improve transparency in vulnerable resource-rich countries should provide an ample pay-off for a relatively modest investment. Many analysts have emphasized the essential role played by fiscal transparency in improving resource revenue management.

International Monetary Fund, Guide to Resource Revenue Transparency, 2005

At its Second Global Conference, GOPAC members acknowledged that in many jurisdictions the large amount of money received by governments from natural resources royalties does not find its way into the public finances. As a first step, GOPAC sought to ensure that government financial accounting standards require that all such revenues be documented and reported as part of annual financial reports of government. This was seen as a useful complement to the business-oriented *Publish What You Pay* and the *Extractive Industries Transparency Initiative* which focus on transparency at the level of individual companies and individual projects.

Analysis of Existing Practices that Illustrate the Issues

Abuse of power for personal gain can occur in both the public and private domains and often in collusion with individuals from both sectors. Resource extraction and the revenues they provide present a particular challenge.

- Countries rich in natural resources such as oil, gas, and mining have tended to under-perform economically, have a higher incidence of conflict, and suffer from poor governance. Ensuring that revenues from natural resources make it into government budgets for needed public sector expenditure is key to reducing poverty, promoting democracy and reducing the risk of conflict.
- In many countries the often dominant activities of state-owned resource companies necessitates a broad perspective on public sector activities.
- The high-risk, high cost and uncertain nature of exploration, coupled with a long gestation before profits are realised and the finite nature of resources, makes financial management of the sector difficult. Companies investing large amounts in natural resource extraction need to be assured of a stable, reliable environment for their investments.
- At the same time, the fiscal regime covering these projects is generally complex, and often leaves significant scope for discretionary arrangements in individual agreements.

Why Should the Board Approve this Project?

The Board is the international body that focuses on the accounting and financial reporting needs of national, regional and local governments, related governmental agencies, and the constituencies they serve. It addresses these needs by issuing and promoting benchmark guidance, conducting educational

representation and conflict of interest, transparency and disclosure rules, parliamentary immunity; and finally c) creating mechanisms for regulation and enforcement. The code of conduct is not however a standardized guide that can be applied universally to all parliaments. The “institutionalization” of such a code must take into consideration the political context as well as the norms, values and traditions of the country in which it will be enforced. Therefore, although based on a global standard, each parliament must identify the contents, scope and the way in which the code will be adapted in its respective country for the code to be relevant and successful.

Position Statement

Parliamentarians should:

- actively and visibly carry out their democratic roles (representation, legislation and oversight) in the public interest and do so in a manner that meets societal expectations of ethical behaviour – essential to establishing public trust; and
- in countries that have ratified the UNCAC, ensure that parliamentary standards for behaviour also reflect international standards as well as domestic customs and ethical values.

Resolution

Aware of the context and in view of the position statement, GOPAC should:

- encourage all its members and chapters to adapt the Handbook on Parliamentary Code of Conduct to their own respective parliaments and provide parliamentarians with the tools and means necessary to develop and sustain ethics regimes.
- maintain its Global Task force on Ethics and Conduct to:
 - support the efforts of chapters and individual members in pursuing action consistent with its position statement;
 - develop advocacy programs aimed at building public awareness and hence increased trust in the government by minimizing conflict of interest and maximizing transparency;
 - raise awareness on this issue among all relevant stakeholders, including: GOPAC members, media and civil society actors; and
 - engage parliamentarians in the application of the handbook via training sessions and seminars.