

TRANSPARENCY INTERNATIONAL | USA

*Working To Strengthen Integrity and Combat
Corruption in the United States and Internationally*



2012 ANNUAL REPORT

TI-USA: A FORCE FOR REFORM

Transparency International-USA (TI-USA) works to strengthen integrity and combat corruption in the United States and internationally. Through its individual work and joint efforts with others, TI-USA is committed to a world in which government, politics, business, civil society and the daily lives of people are free of corruption.

In 2012, TI-USA continued to demonstrate its impact by focusing on the implementation and active enforcement of global anti-corruption laws; increased integrity and strengthened anti-corruption practices in the private sector; greater transparency and integrity in U.S. governance; and the prevention of corruption in international development. This report highlights some of our larger endeavors during 2012.

In addition, TI-USA personnel throughout 2012 underscored the importance of combating corruption, as well as specific transparency and anti-corruption issues and solutions, through written articles and blogs, as well as presentations at numerous U.S. government, private sector, professional association, international organization, and non-governmental organization events. We marked International Anti-Corruption Day in December with a launch event for the release of the 2012 Corruption Perception Index at the Broadcasting Board of Governors of the Voice of America, an event which gave TI and TI-USA an important opportunity to underscore the need for meaningful anti-corruption reforms in the United States and internationally. We thank our supporters, listed at the end of this report, for their time, expertise and financial support.

ENFORCEMENT OF GLOBAL ANTI CORRUPTION LAWS AND STANDARDS

TI-USA continued its focus on promoting the active and effective enforcement of international conventions and standards against corruption, as well as the inclusion of anti-corruption and transparency requirements in trade agreements and the international financial system. Given the significance of this work, TI-USA worked in this area both individually as well as collaborated with numerous other civil society groups, the TI Secretariat and TI national chapters. Examples of our work in 2012 are below.

OECD Anti-Bribery Convention Enforcement

TI-USA contributed to TI's annual Progress Report on the Enforcement of the OECD Convention on Combating Bribery of Foreign Public Officials by writing the U.S. section of the highly regarded report. TI-USA also participated in the TI study group which developed recommendations for revisions to the methodology of future OECD Progress Reports in order to strengthen the usefulness of the report in advocating for greater enforcement by countries party to the Convention.

Throughout 2012 TI-USA met with senior officials of the U.S. Department of State and Department of Commerce to encourage them to continue U.S. political support to the OECD Working Group and to continue the United States' strong stand against outlying governments through both the OECD and bilateral political channels.

G20 Anti-Corruption Reform Priorities

TI-USA worked with the TI Secretariat and numerous other TI national chapters to develop and promote a strong anti-corruption agenda in the G-20, with TI-USA contributing to each of the TI letters providing specific recommendations for G-20 action.

As part of TI-USA's advocacy work, TI-USA participated in multiple meetings with the National Security Council and senior officials at the U.S. Department of State and Treasury Department to secure U.S. support for individual G-20 anti-corruption commitments and to push for greater implementation of these commitments.

TI-USA led (and continues to lead) the Anti-Corruption Policy Group of InterAction, an alliance of 180 U.S.-based non-government organizations. TI-USA drafted the Group's Anti-Corruption Policy Paper, which sets out prioritized recommendations for the G-20 Anti-Corruption Working Group and is referenced in InterAction meetings with the U.S. government on G-20 anti-corruption discussions.

U.S. China Roundtable

In September, TI-USA Chair Alan Larson, President Claudia Dumas and Senior Policy Director Shruti Shah participated in the U.S. - China Roundtable on Transnational Bribery Laws and Compliance Measures. The discussion, held under the auspices of the U.S.-China Joint Liaison Group Anti-Corruption Working Group with participation by Chinese government and industry representatives, was organized by the U.S. Department of Commerce and focused on the shared goal of addressing bribery of foreign government officials by U.S. and Chinese companies.

Supporting Worldwide Efforts to Combat Corruption

In association with the United Nations General Assembly meeting in September 2012, TI-USA President Claudia Dumas moderated in New York City the high-level panel “Strengthening the Rule of Law: The Fight Against Corruption and Its Impact on Sustainable Economic Growth.”

The event was hosted by President of Austria Heinz Fischer, President of Estonia Toomas Hendrik Ilves, Japan Foreign Affairs Minister Koichiro Gamba, and Tunisia Foreign Affairs Minister Rafik Abdessalem. Each of the hosts, as well as Deputy Secretary-General of the United Nations, Jan Eliasson, provided remarks, with the event attended by senior officials of countries participating in the opening of the U.N. General Assembly.

U.S. Foreign Corrupt Practices Act

Both through TI-USA’s individual efforts, and our work in coalition with other civil society organizations, TI-USA successfully continued its 2011 work to defeat the effort led by the U.S. Chamber of Commerce to weaken the FCPA through legislative amendments and supported the U.S. Government’s issuance of detailed guidelines to clarify application of the FCPA. TI-USA’s 2012 efforts to protect the FCPA and clarify it included the following:

- TI-USA, along with more than 30 civil society and business groups, sent a letter to every member of the U.S. House of Representatives and U.S. Senate expressing opposition to any efforts to weaken the FCPA.
- TI-USA, with several other civil society participants, met with Senator Klobuchar's and Senator Coons’ Chiefs of Staff, reiterating opposition to any legislative amendment that would weaken the FCPA.
- TI-USA met with U.S. Department of Justice officials to oppose any amendments that would weaken enforcement of the statute as well as to advocate for broader consultations in the ongoing guidance process
- At the invitation of the U.S. Department of Justice and as part of the U.S. Government’s consultation process, TI-USA participated in a small civil society group consultation to discuss possible approaches and issues for coverage in the ultimately issued FCPA guidance with a number of leading officials from the U.S. Department of Justice Criminal Division and the Enforcement Division of the Securities and Exchange Commission.

STRENGTHENING U.S. PRIVATE SECTOR INTEGRITY

TI-USA is actively engaged in promoting integrity and strengthened anti-corruption standards and practices in the private sector, including by working with those who recognize the critical importance of strong and effective corporate anti-corruption compliance.

Verifying Corporate Anti-Corruption Compliance

TI-USA continued its work to assess the strengths and weaknesses of the most commonly used methods of anti-corruption compliance verification, including self-reporting, compliance assessments by accounting firms, law firms and third party certification organizations, and verification by government-imposed monitors. The ultimate product will be a Guidance Report for companies, addressing (1) the usefulness of each verification method, including its relative merits and drawbacks, and (2) which method or methods may be most appropriate in various circumstances.

In 2012, TI-USA finished five reports reflecting original research as well as the results of consultations with approximately twenty U.S companies. TI-USA convened in December in New York City a day-long meeting with the expert members of its international project Advisory Board to discuss the research conducted, proposed findings and recommendations, and outline of the Guidance Report. In addition to TI-USA personnel and consultants working on the project, TI-USA Director Fritz Heimann and TI-USA Director Mark Mendelsohn, the following members of the Advisory Board participated in the meeting:

- Jermyn Brooks, Chairman, Business Advisory Board, Transparency International
- Harvey Goldschmid, TI-USA Director and Dwight Professor of Law at Columbia University
- Ben Heineman, TI-USA Director and former Senior Vice President of Law and Public Affairs, GE
- William B. Jacobson, Co-General Counsel and Chief Compliance Officer, Weatherford International
- Matthew O. Tanzer, Vice President and Chief Compliance Counsel, Tyco International
- Francois Vincke, Chairman of the Anti-Corruption Commission, International Chamber of Commerce

Transparency in Corporate Reporting

TI-USA worked closely with the TI Secretariat on TI's second report on Transparency in Corporate Reporting and with the TI-UK International Defense and Security Programme on its defense Companies Anti-Corruption Index.

Corporate Forum

TI-USA organized three meetings of its Corporate Forum. The Corporate Forum promotes effective private sector anti-corruption practices and solutions by providing senior compliance counsel and ethics officers with updates on notable FCPA developments, peer level exchanges on approaches to compliance challenges, opportunities to develop joint approaches to policy issues, briefings by government officials, and updates on TI anti-corruption initiatives, best practices and tools.

ENHANCING TRANSPARENCY AND ACCOUNTABILITY IN THE UNITED STATES

In addition to TI-USA's vigorous and successful efforts to retain a strong FCPA described above, TI-USA worked on a number of additional initiatives to improve transparency and accountability in the United States during 2012. These included:

- Seeking a legislative response to the decision by the Supreme Court of the United States (*Skilling vs. United States*) which limited the application of the Honest Services fraud statute to exclude undisclosed self-dealing by public officials, thus opening a gap in U.S. federal criminal law, TI-USA prepared and finalized a heavily researched white paper setting forth an approach we believe will withstand legal challenge. TI-USA released the White Paper and used various speaking opportunities, as well as the launch of the 2012 CPI, to call attention to the need for federal prosecutors to be able to pursue these cases at the federal, state and local level.
- Overseeing the United States' implementation of the Extractive Industries Transparency Initiative, as an appointed member of the multi-stakeholder Advisory Committee created by the U.S. Department of the Interior.
- Promoting financial sector integrity by speaking at various events, writing blogs, and advocating for reform actions by the G-20.
- Advocating for legislation to mandate transparency in beneficial ownership of entities incorporated in the U.S.

INCREASING INTEGRITY IN INTERNATIONAL DEVELOPMENT

TI-USA has promoted more effective development by promoting the attention of multilateral development banks, U.S. bilateral aid agencies and private donors to comprehensive transparency and corruption-risk management in their operations and in projects and countries where they operate.

We continued our work in this area at the World Bank in 2012, including by participating in numerous civil society consultations regarding the World Bank’s main recent policy changes -- Phase II of the Governance and Anti-Corruption Strategy (GAC), and particularly the Demand for Good Governance pillar; Program for Results (P4R); Global Partnership for Social Accountability and Investment Lending Reform and ongoing policy reviews of the World Bank’s Procurement Policy and Safeguards. TI-USA led the TI movement advocacy effort on P4R, including by leading the drafting of the two TI written submissions. The effort was successful and the Bank agreed to maintain its existing investigative authority. TI-USA’s advocacy also helped elevate anti-corruption as a main pillar of the P4R policy.

In 2012, TI-USA completed the Civil Society Procurement Monitoring (CSPM) Tool, a web-based tool to assist civil society organizations and individuals who are engaged in monitoring public procurement in identifying red flags of corruption. The Tool’s main component is the Monitoring Assistant, an interactive checklist of common red flags of corruption in public procurement. The Tool also includes a case study-based Training Module, a Procurement Monitoring Guide, links to useful resources for procurement monitoring, and a Learning Community where users can share their procurement monitoring experiences. The CSPM Tool is free and open for use.

In spring 2012, TI-USA trained civil society organizations in the Philippines and Indonesia on the contents and application of the Procurement Monitoring Guides, Monitoring Assistant, and Learning Community, as well as interactive case studies. Both partner organizations found the CSPM Tool to be useful and to improve the quality of monitoring. The CSPM Tool has been very well received, and TI-USA plans to roll out the tool to other countries with support from TI-Secretariat and TI national chapters. TI-USA also plans to partner with domestic civil society organizations in the U.S. to pilot the tool for use in monitoring procurement at the state level and local level.



SPOTLIGHTING INTEGRITY: 2012 AWARDS DINNER

At its second annual Integrity Award Dinner on March 22, 2012 in Washington, D.C., TI-USA recognized those who have contributed to the fight against corruption.

TI-USA honored U.S. Secretary of State Hillary Rodham Clinton with the TI-USA Integrity Award for her sustained and forceful emphasis on the importance of increasing transparency and curtailing corruption in developed and developing countries. The Coca-Cola Company received the TI-USA Corporate Leadership Award for its commitment to promoting transparency and combating corruption around the globe, as exemplified by its commitment to collective action against corruption in partnership with governments, other companies and non-governmental organizations.

Approximately 300 leaders from civil society organizations, the U.S. government, business, labor and the international diplomatic community attended the dinner. TI-USA's Integrity Award Dinners offer an important opportunity to recognize and support leadership in promoting transparency and integrity, and to underscore the importance of efforts by individuals and organizations to curb corruption around the globe.

In accepting her award, Secretary Clinton stated, "Before government officials spoke as openly and loudly about these issues, Transparency International was already bringing corruption out of the shadows, sunlight being the best disinfectant." She expressed the U.S. Government's commitment to reducing corruption and creating transparency, accountability and better governance.

Accepting the award on behalf of The Coca-Cola Company, Sonya Soutus, Senior Vice President, Public Affairs and Communications for Coca-Cola North America, saluted TI-USA "for almost 20 years of inspired leadership and for the incredible job you have done in building a coalition to fight corruption and put an end to its devastating impact on men and women around the world."



Secretary of State Hillary Rodham Clinton receiving the TI-USA Integrity Award from TI-USA Board Chair Alan Larson



Secretary Clinton and TI-USA President Claudia Dumas



Sonya Soutus, Senior Vice President, Coca-Cola North America, accepts the Corporate leadership award for Coca Cola

Photos: Richard Bloom

CONTRIBUTORS

TI-USA strengthened its financial base in 2012 with generous support from a broad range of individuals, foundations, corporations, and professional firms. In addition, TI-USA received a small grant from the TI Secretariat, as well as a payment from TI reflecting a sharing of funds raised by TI Secretariat from an American firm.

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2012 Integrity Award Dinner

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