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CONCEPT PAPER

“DEMOCRATIC GOVERNANCE AGAINST CORRUPTION” VIII SUMMIT OF THE AMERICAS

INTRODUCTION

Corruption undermines democratic institutions, diminishes government credibility, and substantially impacts sustainable development. Businesses and individuals pay an estimated 1.5 trillion dollars in bribes each year.^{1/} The bureaucracy and insufficient transparency linked to corruption also heavily impact vulnerable populations.

The region has been shaken by serious corruption accusations in recent years, which has, in turn, negatively affected the politics, economy, and development of the countries of the Hemisphere. Corruption has become the new transnational threat, thus necessitating effective cooperation to combat this problem.

As Chair of this Summit of the Americas, Peru proposes discussing the effects of corruption on democratic institutions, governance, and the sustainable development goals adopted by the international community in the 2030 Agenda, bearing in mind the existing international legal framework. The Chair further proposes suggesting courses of action to address the problems we identify, based on the resulting assessment, to include, *inter alia*, the creation of working groups within the inter-American system with specific mandates, recommended legislative reforms on judicial cooperation for combating corruption, and measures to strengthen democratic governance.

The VIII Summit of the Americas presents a unique opportunity for the states of the region to hold a fruitful dialogue on the progress, achievements, and limitations of the inter-American system against corruption. In particular, this dialogue seeks to promote concrete reforms to bolster this system. Specifically, the Chair’s aim is to focus the discussion on creating bilateral and multilateral mechanisms enabling the region to adequately tackle the problem.

To this end, and with a view to facilitating a comprehensive assessment of the effects of corruption on our societies, we must approach this problem from three angles or differentiated themes: democratic governance and corruption; corruption and sustainable development; and cooperation, international institutions, and public-private partnerships.

1. <http://www.worldbank.org/en/topic/governance/brief/anti-corruption>.

Our work during the upcoming SIRG meetings will focus on studying how corruption impacts democratic institutions, sustainable development, and the effective implementation of the international laws to combat it. Based on this assessment, we will propose agreed-upon solutions.

The Chair will distribute a concept paper to the delegations prior to each SIRG meeting to advance and promote dialogue among the delegations on each theme.

1. **THEMES**

Below is a brief introduction to each theme:

1. Theme 1: Democratic Governance and Corruption

Democratic governance is the ability of governments to ensure that their public policies are duly designed to satisfy the needs of their peoples. Corruption alters the expected outcomes of these public policies, by derailing them for criminal purposes. Citizens lose trust in a democratic system that does not meet their expectations and end up alienated from public services.

The primary objective of this theme is to introduce the discussion on the importance of citizen engagement in governance. Taking into consideration the perception of corruption, credibility, and state institutions, this theme aims to study the negative impact of corruption and how it is associated with the weakening of some of the most important indicators for the life of a country, such as: (i) transparency and access to information and (ii) public ethics and government efficiency. Lastly, this theme will address effective measures to control and prevent corruption.

2. Theme 2: Corruption and Sustainable Development

Corruption hinders sustainable development and the people's access to their rights, by encouraging a lack of transparency and preventing the participation of diverse sectors of society in the planning and implementation of national and regional policies. Using the principles of the 2030 Agenda, this theme will study how corruption impacts the outcomes of state-run social development projects and investments; it will also propose mechanisms to be implemented to ensure an effective and comprehensive course of action to protect and represent all social sectors.

Furthermore, this theme aims to explore how the lack of transparency and combating corruption affect: (i) the people's effective enjoyment of their human rights; (ii) how private companies conduct their business and the risks they undertake; and (iii) investment costs, specifically including a country's diminished capacity to attract foreign direct investment (FDI). The perceived corruption in a country impairs not only the trust of the citizenry in the state's ability to govern, but also the country's competitiveness in foreign investment matters.

3. Theme 3: Corruption, International Institutions, and Public-Private Partnerships

In light of the first two themes, our work on this theme will consist of proposing improvements to international anti-corruption institutions. The overarching goal is to identify the values of the current system and, from there, offer alternative solutions to their problems. This may be achieved by optimizing existing instruments and tools or by creating new international

mechanisms. We will also study the possibilities for international cooperation, joint research, and legal reforms informed by successful experiences, such as those of the European Union and the International Commission against Impunity in Guatemala.

Some basic proposals for combating corruption in the Americas are: (i) based on the aforementioned themes, identifying the priority topics for cooperation and information sharing to combat corruption and (ii) promoting collaboration between governments and private businesses to develop internal control mechanisms in both public and private institutions.

2. HEMISPHERIC ANTI-CORRUPTION EFFORTS

The countries of the Hemisphere have consistently worked on anti-corruption matters throughout the existence of the Summits process. These efforts have focused on enhancing transparency, strengthening financial integrity, and expanding international cooperation, with the understanding that corruption is no respecter of domestic borders; on the contrary, it inexorably crosses them.

There are countless anti-corruption initiatives. The United Nations boasts the UNCAC, an important landmark in this process. The Inter-American Convention against Corruption (CIC) reaffirms these regional commitments in the inter-American sphere, particularly through its Follow-up Mechanism (MESICIC). The countries of the region are also involved in specific initiatives. For example, several countries have undertaken compliance with the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, including submitting their domestic legislation to periodic assessments, as well as the FATFs of the International Monetary Fund. These FATFs establish working groups to discuss the financial impacts of money laundering and assist countries in drafting effective domestic laws against this crime. The scope of these programs is one of their main advantages, given the high level of participation of the countries in our region.

We have also seen the highly effective work of the international organizations in the Hemisphere. The Inter-American Development Bank (IDB), in an effort to embed anti-corruption measures in its projects, has established fully independent and autonomous oversight and sanction mechanisms.

The IDB's Sanctions System investigates and adjudicates cases of corruption carried out by individuals or legal entities working in partnership with the IDB. One of the main advantages of this sanctions system is the use of disqualification as a sanction for acts of corruption. This practice has proven extremely efficient as an incentive and deterrent. The Independent Consultation and Investigation Mechanism is another tool aiming to guarantee compliance with IDB internal regulations, including transparency and sustainable development.

These examples illustrate the hemispheric work carried out to further the development of the peoples of the Americas. These represent effective tools to combat corruption and should be taken into consideration throughout the negotiations of the Summits process.