



Banking Commission proposed

In view of the significant risks effecting the banking and finance sector in Sri Lanka, particularly in the context of recent corporate collapses, Transparency International Sri Lanka (TISL) has urged the Government to appoint a Banking and Finance Commission to study and recommend measures needed to maintain overall economic and financial stability.

Following a well attended round table discussion held on the 26th of February on strategies to strengthen stakeholder action in the current situation, TISL wrote to President Mahinda Rajapakse (who is also the Minister of Finance) on the need for such a Commission and outlined a framework for its operation - both immediate as well as short to medium term.

Measures to ensure public confidence in the financial market and ensuring the availability of credit at optimum cost are among the suggested immediate steps. An efficient and equitable means of implementing any government sponsored stimulus packages was also highlighted as an immediate need.

The review of the recovery process implemented to give efficient and effective protection to borrowers by rescheduling financial facilities with equity and in line with national economic and social priorities has also been suggested.

Leading members of the private sector, professionals, academia, media and civil society representatives were present at the round table discussion where these conclusions were reached.

The discussion began with Sujeewa Mudalige, a partner at Pricewaterhouse Coopers presenting a comparative analysis of recent collapse collapses in Sri Lanka and India. This was followed by a lively forum discussion moderated by Dr Mario Gomez, human rights activist and academic.

Among the issues raised at the discussion were:

- The impact that the vulnerability of market players has on the sector
- The need to enhance the capabilities of financial watchdogs to be able to better handle white-collar crime.
- The need to develop and implement priorities ensuring the equitable and effective allocation of scarce resources.
- The need to ensure transparency and accountability in administering the Government's stimulus package.
- The urgent need for collective regulatory oversight over banking and financial enterprises to ensure that collapses are minimized.

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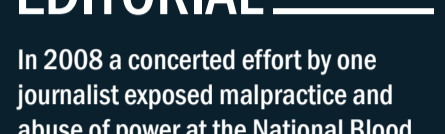
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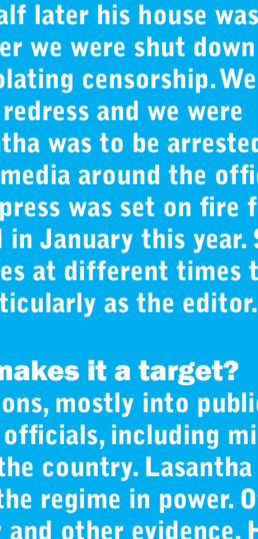


Newsletter of TISL Issue 05 APRIL 2009

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INTERVIEW

Lal Wickramatunge, the managing editor of the Sunday Leader and brother of assassinated editor Lasantha Wickramatunge talks to us about his experiences with Lasantha and the Sunday Leader.



Ti: How had Lasantha and the Sunday Leader been targeted in the past?

LW: Lasantha and I started the Sunday Leader together in '94. We focused on exposing corruption, bribery and non-adherence to good governance. As a result, from the very inception we were targeted by the regime in power at any given time. In '95 Lasantha was assaulted by masked men on his way home. A year and a half later his house was sprayed with automatic gunfire. Two years later we were shut down under emergency regulations for allegedly violating censorship. We went to the Supreme Court for this and we sought redress and we were successful. A couple of years after that Lasantha was to be arrested again. He made it public and he gathered the media around the office and the police officers were pulled back. Our press was set on fire for the second time in '07. Finally they shot him dead in January this year. So there has been a concerted effort from regimes at different times to intimidate us and also to target Lasantha particularly as the editor.

What does the Sunday Leader do that makes it a target?

The Leader has a team which does investigations, mostly into public companies, government ministries and public officials, including ministers, the president and the prime minister of the country. Lasantha was bold enough to say it as he saw it. This irked the regime in power. Of course he always backed it with documentary and other evidence. His news style annoyed those in power and this then translated into direct violence.

How did Lasantha's personality contribute to his work?

Lasantha had no other life than his work. He saw an angle into every story and he could get to the bottom of something which most others would think impossible. Amongst the journalist fraternity he stood out as an investigative journalist.

How do you see the situation for journalists in Sri Lanka now?

It's now over three months since Lasantha was killed. At the beginning the police said there were four teams tasked with the investigations. They have not got anywhere. There is self censorship imposed because of fear. We have senior Government officials getting on national TV and constantly promoting hate towards journalists. Some of those who have been named have left the country out of fear. And even months after Lasantha's death the fear remains.

How do you see the future?

We will continue Lasantha's work. I am unable to speak for the others, but when I speak to other journalists I find they have all toned down or they don't talk about a certain things. It's only what is disseminated from the government that is reported. I don't know whether the media would be free even after the war is finished.

EDITORIAL

In 2008 a concerted effort by one journalist exposed malpractice and abuse of power at the National Blood Transfusion Service. Had this not been exposed, the lives of thousands of people who used the critical services of the blood bank would have been at stake.

Throughout history a free and unfettered press has been a key tool for combating corruption. When Goliaths abuse power and embrace corruption it is the media that gives the Davids a chance to make their voices heard. This makes the media the first target of the corrupt, and also calls on the public to stand by the media when it is threatened.

In Sri Lanka, a dramatic rise in opacity in the public sector has paralleled an unprecedented silencing of the media. The public has remained largely silent about the fate of the media, and without their support the revival of media freedom becomes an impossible task.

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TRANSPARENCY WATCH remembers Lasantha

Courageous individuals work at great personal risk to make their voices heard in places where dissent can meet with harsh repercussions. The beginning of January saw the brutal murder of one such individual, Sri Lankan newspaper editor Lasantha Wickramatunge. On 8 January, Wickramatunge was shot by unidentified gunmen on motorcycles on his way to work. He was rushed to hospital but died after three hours of emergency surgery.

Lasantha's assassination was seen as the biggest blow to media freedom in Sri Lanka, and many including the Editors Guild held the Government responsible for the killing.

The Sunday Leader was an active watch dog in exposing corruption in the public sector. Instances of nepotism, selling state property for personal profits, police brutality, military misconduct, election malpractice and violence, and many other misuses of power came under investigation by the Sunday Leader over the past decade. In some instances these reports resulted in concrete action against those responsible. Sometimes the damage done by corruption was halted and those responsible were held accountable, saving state coffers untold millions of rupees.

As Lasantha's voice grew louder he became more of a target for those he was exposing. In his posthumous editorial he states "If we appear more critical of the government than of

the opposition it is only because we believe that - pray excuse cricketer argot - there is no point in bowling to the fielding side". The fact that each successive government accused Lasantha of supporting the opposition bears testament to this.

The current regime was also extensively investigated by the Sunday Leader. In an article titled "MiG deal crash lands on Defence Ministry" in late 2007, the newspaper exposed and alleged corruption at the highest levels of Government during the acquisition process of aircraft for the Sri Lanka Air Force. Another exposé focused on the malpractices surrounding the construction of a container terminal. This too, was connected to the highest levels of the current regime. They too, like many before them had attempted to silence Lasantha in many ways, including issuing a warrant for his arrest and getting a gag order for the Sunday Leader, but true to his motto 'unbowed and unafraid' Lasantha continued his campaign to combat corruption and expose the truth.

There can be little argument that it was Lasantha's work that made him a target, and that it was those who were exposed by him who silenced him.

Dinidu de Alwis is a freelance journalist, photographer, blogger and youth activist. He is the Editor in Chief of Beyond Borders, a youth led, youth run initiative working under the themes of identity, diversity and active global citizenship.

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Unbowed and unafraid to the end

- Dinidu De Alwis

On the 8th of January this year, Lasantha Manil Wickrematunge was paid a deadly visit by a group of unidentified assassins. Wickrematunge was the Editor of the Sunday Leader, an English weekly newspaper known best for their track record of ground breaking exposés. This, and the courage he displayed in an increasingly risky situation for journalists in Sri Lanka, is what brought him Transparency International's Freedom Prize for 2009.

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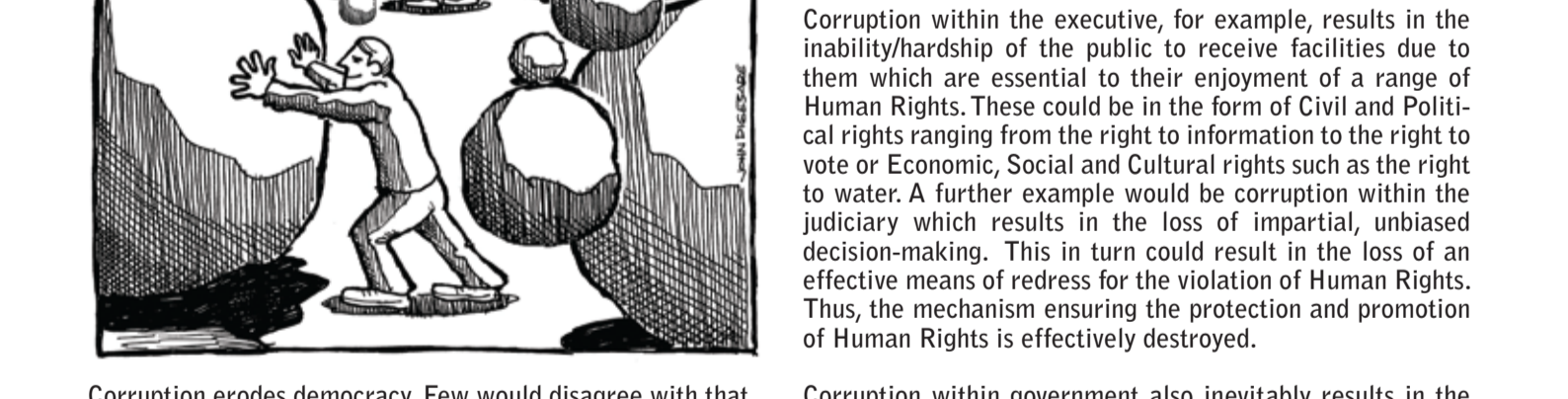
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Mismanagement the cause of financial instability

A lack of transparency and accountability in the financial sector and its regulators was highlighted at an Experts Forum held in March this year organized by TISL. They opined that the financial instability in Sri Lanka can be attributed more to the mismanagement of the sector and the lack of regulatory oversight rather than the global financial crisis, which has only aggravated the situation. The prevalent informal economy, institutions craftily avoiding regulatory oversight as well as the lack of punitive action was stressed as bases for financial instability.

Individuals representing corporate and auditing sectors, professional associations and chambers of commerce were present at the discussion chaired by Financial Sector Specialist and former Managing Director of the National Development Bank, Ranjith Fernando. They raised issues and possible strategies for collective action in the areas of non-licensed deposit taking institutions, improving the effectiveness of external auditors, the role of media, strengthening the regulators' role, and strengthening the financial sector.

As for the role of auditors, it was felt that the standards should be

reviewed in respect of the skills and capacity required to audit different types of institutions. Although auditors are not expected to detect fraud, they should report non-compliance and deviation from statutory obligations.

The need for 'enlightened' regulators taking proactive approach in dealing with the macro position and understanding that it is their responsibility to protect the citizens of the country was also brought out. It was felt that regulators lack the capacity regarding professional and intellectual know-how and independence from political interference. Key regulatory institutions should be reviewed, the participants said.

Expressing his deep satisfaction on the progress of the discussions, TISL Executive Director, J C Weliamuna says that the consultative and participatory process of collective action can be continued aiming at arriving at a consensus where some change can actually be made. "The changing corporate climate with the global financial crisis and both local and international corporate collapses have led to an escalated need for implementation of collective initiatives for business integrity," he stressed.

A new experience for provincial journalists

It was a new experience for forty four provincial journalists from Wayamba who attended two workshops on investigative journalism organized by TISL recently. The workshops aimed to improve their investigative skills and also introduce them to issues related to investigative journalism including ethics and law. For many of them these workshops revealed to them new concepts and ideas to reporting on corruption.

The veteran journalists who conducted the training were able to instill confidence in the provincial correspondents to delve deeply into an issue and prepare a comprehensive news feature on corrupt practices in their regions.

During the feedback session following both the workshops the participants remarked that they had enhanced their knowledge and were prepared to face challenges in investigating corruption.

Friedrich-Ebert-Stiftung (FES) is assisting TISL in conducting workshops on investigative journalism for regional correspondents.

Addressing the participants, FES Representative, Joachim Schlueter said that the workshops help to increase the knowledge and competence among journalists in reporting corruption and to boost reporting of evidenced-based media reports on corruption both at provincial and national level.

Reminding that journalists have more responsibilities than just the reporting of news, he said that they should recognize their real mission within a democratic framework and report about obstacles which retard and impede the development of the democratic process in the country. "Not only reporting about malpractices but also giving some ideas of how bribery and corruption can be curtailed," he said.

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OPINION: Corruption and Human Rights

- By Juanita Arulanantham

Corruption erodes democracy. Few would disagree with that. The concept of democracy, although it still defies concrete definition, centers on the concept of Locke's social contract theory. According to this theory, sovereignty lies with the people, who thus have the power to elect their representatives in government. These elected representatives are then sanctioned to exercise power on their behalf; Government by the People, for the People.

The term 'corruption' indicates a betrayal of public trust - the use of public power to gain illegitimate personal gain. Thus, clearly corruption by elected officials betrays the trust of the public, and thus fails to uphold their end of the social contract. Even on the fact of it, corruption is clearly a threat to the very functioning of a democracy.

My primary argument, however, is that corruption goes beyond this, attacking the very foundations of democracy and destroys it completely, leaving only a shell.

Juanita Arulanantham holds an LLB Honors degree from the University of Colombo and is presently attached to the Centre for Poverty Analysis as a Research Assistant.

The sovereign power of the people transferred to their elected representatives - since it is to be exercised on behalf of the people - would not violate the 'Natural Rights' of the people. This theory, also known as the 'Natural Rights' theory, manifests itself today as the concept of 'Human Rights'. Thus, together with the concept of the sovereignty of the people, the concept of inalienable Human Rights - their recognition, protection and promotion - is at the core of the concept of democracy. Failure to recognize, promote and protect Human Rights as inalienable rights of every human being effectively destroys the realization of the democratic ideal.

Corruption within the executive, for example, results in the inability/hardship of the public to receive facilities due to them which are essential to their enjoyment of a range of Human Rights. These could be in the form of Civil and Political rights ranging from the right to information to the right to vote or Economic, Social and Cultural rights such as the right to water. A further example would be corruption within the judiciary which results in the loss of impartial, unbiased decision-making. This in turn could result in the loss of an effective means of redress for the violation of Human Rights. Thus, the mechanism ensuring the protection and promotion of Human Rights is effectively destroyed.

Corruption within government also inevitably results in the illegitimate financial gain of several actors. This in turn results in the deprivation of resources rightfully due to the public. Since the effective realization of civil, political, economic, social and cultural rights inevitably requires the investment of financial resources in order to be effectively realized, such corruption eventually results in the effective non-realization of such Human Rights.

Thus, it is clear that corruption not merely erodes, but effectively destroys the realization of a meaningful democracy, as it destroys the core of the democratic concept - Human Rights. Thus, in order for any society to enjoy any meaningful realization of the democratic ideal, it is indispensable that mechanisms comprehensively addressing the issue of corruption such as mechanisms ensuring adequate transparency and accountability of government actors and bodies are first established.

Assignment competition to highlight impact of corruption

An Assignment Competition will be held by TISL among students in higher educational institutions in Sri Lanka to raise awareness about the devastating impact of corruption and stirring an interest on anti-corruption initiatives among the youth.

Students in Universities and Higher Educational Institutions recognized under the Sri Lanka University Grants Commission, Sri Lanka Law College, and Sri Lanka Institute of Advanced Technological Education will be eligible to participate.

The competition will be held in English, Sinhala and Tamil.

For further information, contact Nauli or Duleeka on 011-5627432

To further explore the Golden Rules you can download the full document at the TISL website (www.tisrilanka.org).

TISL Executive Director JC Weliamuna & Deputy Executive Director Ruikshana Nanayakkara addressing the CSO representatives

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Integrity a must for CSOs

TISL develops Golden Rules for Civil Society Organizations

On the 24th of March TISL held a meeting with many other Civil Society Organizations (CSO) to discuss a set of principles that the organization had developed for transparent and accountable governance of CSOs in the country. Representatives from over 20 CSOs took part in this discussion held at the Sri Lanka Foundation Institute. The discussion with partners focused on how CSOs could adopt these rules within their institutions.

In the present context Non-Governmental Organizations and CSOs in general are targeted by political groups who claim that these organizations act in ways that are detrimental to the wellbeing of the country, ranging from wasting funds meant for development to undermining the sovereignty of the state. Thus over the past few years the space for civil society groups to play an active role in social, economic and political development in Sri Lanka has been shrinking rapidly.

It is in this context that TISL developed the Golden Rules which provide a framework for transparent governance of a CSO. Transparency and accountability of CSOs are paramount elements especially as these organizations demand such standards from public and other entities.

The Golden Rules contain guidelines of 8 aspects in CSO governance:

1. Good Governance
2. Legitimacy
3. Transparency
4. Accountability
5. Integrity
6. Monitoring
7. Sustainability
8. Human Resources

Under Good Governance the Golden Rules stresses the importance of each organization having a 'clear and concise definition of its vision, mission, values and principles' and an effective monetary policy. Legitimacy states the need for democratic management of the organization and Transparency sets rules for making information available to the public.

Accountability and Integrity bring out the need to establish accountability structures and principles that build and improve a CSO's reputation while Monitoring 'defines principles for monitoring programs/projects to ensure alignment with goals in the interim, upon and beyond completion.' Sustainability stresses the long term impact of CSOs work on the communities/people they serve and the in the environment which they function. Human Resources speak about principles of hiring and managing human resources.

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