

Transparency International Canada
Ninth Annual General Meeting
Report of Chair and President

May 26, 2006
Wesley Cragg, Chair and President

TI-Canada's strategic plan calls for involvement in three sectors. We are active in the work of the International Movement through involvement with and support of the work of the International (Berlin) Secretariat. We are also active regionally working with other chapters in the Americas. Second, we continue to build bilateral relations with other chapters in the movement. Over the past year, we have worked most extensively with Transparency in Nigeria. Finally, we engage in a variety of activities here in Canada. Our engagement takes the form of individual contributions, committee activities and interventions by the TI-Canada Board of Directors.

Ten years ago, our chapter was launched with a view to making a contribution to an international anti-corruption movement that was still in its infancy. Our goal was to build a coalition of the public, private and civil society individuals and organizations. Although this has been a challenging task, we have maintained this orientation over our ten years of existence. Unlike most National Chapters in the TI network, we have chosen to include all three areas in our membership and on our Board. And we have worked hard to build respect for the work of Transparency International at home and abroad among civil society organizations, the Canadian government and the private sector.

International Involvement

2005 was a year of increased activity on the part of TI-Canada, the Board of TI-Canada, Board committees and individual members both nationally and internationally.

- Working cooperatively with the international secretariat, board members Anita Davis and John Swinden participated in Forum for the Future meetings of the G8 and Broader Middle East and North Africa, held in the Middle East.
- Bob Olivero, as chair of the Americas Committee presented the civil society response to the OAS Committee of Experts on the questionnaire relating to the Inter-American Convention against Corruption, in Washington.
- The Americas Committee initiated active engagement with the Department of Foreign Affairs with regard to the IV Summit of the Americas. Building on their ground work, I intervened with Peter Boehm, Assistant Deputy Minister of Foreign Affairs who was the Canadian Government official responsible for organizing Canada's position at the Summit. This meeting was instrumental in persuading the Government to give a much higher profile to corruption issues in their interventions at the Summit in Argentina. Finally, Clare Bonnell, as Vice Chair of the Board, attended the IV Summit of the Americas, in Argentina, and joined TI colleagues in urging the importance of making the problem of corruption in government a top priority in the Americas.

- We intervened actively with the Canadian Government throughout the spring of 2005 to gain their active endorsement of the Extractive Industry Transparency Initiative. Our involvement was triggered by an invitation on the part of Publish What You Pay and the British Government to attend a conference focused on the Extractive Industries Transparency Initiative (EITI) Publish What You Pay is an international NGO whose mission is to persuade governments and companies to be transparent about the money paid by multi-national corporations engaged in extractive industries in the developing world to publish what they pay to the governments of the countries in which they are active by way of royalties, taxes and other payments. No Canadian officials participated in the conference, although Canada and Canadian companies were identified as leaders in transparency internationally.

Following the London conference, I organized a first meeting of extractive industry representatives in cooperation with Nexen in Canada. This was followed by a briefing on the Gleneagles Summit in Toronto on the part of the Canadian and British sherpas responsible for organizing the participation of their respective governments for the Gleneagles Summit, meeting and telephone calls with the Peter Harder (Canadian sous sherpa in Foreign Affairs), and a second meeting in Calgary with extractive industry representatives from several mining companies.

At the Gleneagles Summit, the Canadian Government agreed to join EITI. We are now cooperating closely with Publish What You Pay and others to moving the EITI agenda forward in Canada. One possibility being actively explored is that Canada could become the spearhead for EITI for the mining sector where the modalities of EITI deviate significantly from those operating for the oil and gas industry.

- In July, I received an invitation from the Niger Delta Development Commission in Nigeria to attend a Board Meeting to discuss our Integrity Pact Initiative in the Niger Delta with representatives of Transparency in Nigeria. It was a very arduous trip but in the end a successful one. The Niger Delta Development Commission has agreed to participate in our project and planning is now under way for a second phase workshop to be held in Port Harcourt
- Three members of the Board, National Coordinator Bronwyn Best, Vice Chair Clare Bonnell and myself attended the TI Annual Members Meeting in Berlin in November. We participated actively in a number of workshops and joined the meeting in resolutions condemning the initiative by the Russian government to curtail the activities of voluntary sector organizations in that country and calling on Kofi Annan to ensure that funds were made available to the Volcker Committee investigating corruption in the UN Oil for Food program in Iraq. The concern was with the potential loss of the data that had been assembled revealing the serious corruption that had invaded that program.

On our return to Canada, letters were written to the Canadian Government communicating the resolutions passed at the Annual Members Meeting in Berlin.

We were active in the formal Annual Members Meeting, tabling a motion that was passed with a substantial majority that now requires that National Chapter representatives participate in meetings arranged by the International Secretariat and Board in their respective countries for fund raising purposes. We argued that closer cooperation on fund raising issues between the Secretariat and national chapters could only benefit both.

This new policy bore its first fruit for TI-Canada this past April when I joined Patrick Mahassen and Cobus de Swardt from the TI Secretariat in meetings with senior CIDA personnel in Ottawa to discuss the on-going relationship of CIDA with Transparency International. The meetings were very productive and the liaison and coordination of the work of TI-Canada and the International Secretariat had very positive results.

- On 9 December 2004, the world saw the historic signing of the UN Convention against Corruption in Merida, Mexico. This Convention came into effect on 14 December 2005, 90 days after the ratification documents of the requisite 30th nation were received. While the G8 committed to promptly ratify this Convention, only France has done so. We have actively urged the Canadian government to follow France's lead and ratify this Convention immediately. We hope that the new government will take the necessary steps quickly.

National Involvement

Much of our work internationally is also national in focus and impact. A good deal of our work in Canada, however, has a specifically Canadian orientation. In this regard, the Governance and Nominating, Membership, Municipal Governance, Extractive Industries, International Conventions and Americas Committees were all very active, throughout the year, broadening the scope of our activities. Project funding from Infrastructure Canada meant we could begin progress on our Municipal Governance Project. CIDA project funding, besides covering the participation in OAS meetings in Washington and Argentina, allowed for the production of our brochure in French and even in Spanish. As Bronwyn is fond of saying, "We're small, but mighty!"

The evening before our AGM, last year, we brought together various business leaders to discuss TI-Canada's role in spreading the anti-corruption message in Canada. One key outcome from the session was the view that, rather than holding sessions focused solely on anti-corruption, we should integrate our anti-corruption message into the programs of other fora, such as industry sector conferences. We have always participated in industry sector conferences offered by such organizations as the Conference Board of Canada, the ethics centre and Canadian Business for Social Responsibility. However, we have increased our efforts in this regard. Several of our Board members including our Treasurer John Swinden, Bronwyn Best and myself and have made presentations to

largely business audiences on several occasions over the past year. We expect this to continue as an objective of TI-Canada over the coming year.

Concluding observations

It is interesting to witness how the TI movement has changed in its internal relations, over time. The relative roles of the central office in Berlin and the national chapters has generated discussion and debate as the movement has matured. For example, when we first explored the idea of working with our Nigerian counterpart to introduce the TI Integrity Pact tool into the Niger Delta, in 1999, the activity was not well received by the TI Secretariat. Differences and debate continue. However, the leadership, today, appears to be increasingly open to a view that sees Berlin as an active hub, with 90 – 100 chapters as spokes joining together to form an interactive connecting rim.

I was personally intrigued and encouraged to hear Cobus de Swardt, who is responsible for Global Programs in Berlin, say quite emphatically in a CIDA seminar which he and I led in Ottawa in April that, in his view, the future of TI now lay with the development of strong National Chapters supported by the International Secretariat. I support that view very strongly. If corruption is to be addressed effectively it will be through the social mobilization of anti-corruption values and activities. Fighting corruption requires social support if it is to be successful. This in turn will only happen if there are strong champions in countries around the world working together internationally and nationally to mobilize those values and those activities. International institutions and organizations can certainly support and encourage the changes needed for this purpose. However, without widespread support on the part of the people on whose lives corruption has an impact, significant change is unlikely.

Canada's position has not changed materially from its ranking in the 2004 Corruption Perceptions Index. However, it has slipped since the CPI was introduced in the mid-1990s. And the trend is downward. Why is this the case? The reason probably relates to high profile scandals in both the private and the public sectors. Some of Canada's leading financial institutions have been implicated in scandals in the United States. Examples are the collapse of Enron, market timing in the mutual fund industry and a number of other related examples of unethical conduct. For example, CIBC, one of Canada's leading banks, has had to absorb heavy financial penalties imposed by the US Securities and Exchange Commission. The Ontario Securities Commission has also exposed serious cases of unethical conduct on the part of a number of Canadian mutual fund companies over the recent past.

Governments in Canada have not been immune from these developments. A scandal over the financing of advertising in the Province of Quebec attracted saturation publicity and criticism and led to the creation of a commission of inquiry. A scandal, involving the purchase of computers in the City of Toronto, created doubts about the integrity of government at the municipal level. In light of these problems, it is perhaps surprising that Canada has not slipped further over the past year. This may be because perceptions have not caught up to the realities of these problems. Or it may be because of the way in which those involved have responded to these worrisome revelations. Both the Government of

Canada and the City of Toronto responded to allegations by establishing fully independent commissions of inquiry. And all levels of government have been taking significant steps to strengthen Canada's integrity system. These responses have perhaps persuaded international observers that, while corruption does happen, it is clearly not tolerated by the Canadian public or Canada's public institutions.

On all of these issues, TI-Canada has been widely consulted and quoted by the media. As Chair of TI-Canada and the designated spokesperson, I have appeared on radio and TV across the country on national and local channels.

TI-Canada itself faced a difficult matter of perception of its independence from Government. An invitation on the part of the Liberal Government to have one of the Board members, Errol Mendes, join the Privy Council as a senior advisor raised conflict of interest questions for us. Advice was sought from the TI leadership and our Board by Clare Bonnell and her report concluded that the appointment did raise the perception of conflict of interest. The report was carefully studied by the Board who subsequently endorsed the report and its findings. Errol Mendes then resigned.

This past winter, two other members of our Board resigned to focus their efforts elsewhere. Robert Blackburn of SNC-Lavalin International Inc. was instrumental in obtaining funding for our Municipal Governance Committee, and, as Chair of that Committee, John McWilliams of Nexen Inc. played a significant role not only in that arena but also with our Nigeria Project, which Nexen continues to support. We accepted their resignations with regret.

The work of TI-Canada is carried out in large measure by volunteers. I would like to thank all the board members for their many and varied contributions to the work of our National Chapter. Without them we could not begin to make a difference.

TI-Canada has put in place a policy that requires members of the Board to step down after serving two three-year terms. Board members can be reappointed for a third three-year term after a one year hiatus. Tom Goldie of Hydro One, has now come to the end of his nine years of service to TI-Canada. Tom has served as both a dedicated member of the Board and as an enormously able Chair of our very active Governance and Nominating Committee. His experience, insight and commitment have guided us through a period of growth and some difficult decision making. I want particularly to thank Tom for his contribution over the years and wish him well as he takes on other tasks..

Bronwyn Best continues to serve as our National Coordinator. You will have a sense of her involvement and commitment from her own report. The Board has acknowledged the quality and value of her contribution in a number of ways. I want to contribute to the acknowledgement in a personal way. I proposed that Bronwyn be engaged as National Coordinator almost nine years ago. The Board decision to make that appointment has allowed TI-Canada to move to a more professional level of activity and influence. I have

never doubted that my recommendation was the right one. Working with Bronwyn has been a great pleasure and privilege.

I want also to acknowledge the financial support of CIDA which has contributed greatly to the success of TI-Canada. Without CIDA's contribution to our core funding, we would not be in a position to play the various roles we take on to curb corruption, both at home and abroad. We are also grateful to the Schulich School of Business, York University, which has allowed for the support for TI-Canada of my Administrative Assistant, Stephanie Allen, whose initiative and cheerfulness are greatly appreciated.

This annual meeting marks the end of my formal contribution to the work of Transparency International. The idea of a Canadian chapter of Transparency International was conceived following a panel that took place in Switzerland in 1993 at the second meeting of the European Business Ethics Network. Peter Eigen and myself were two of the panel participants. Peter introduced me to the idea of an international anti-corruption movement at that time and urged me to return to Canada and create a Canadian Chapter. With CIDA and the Faculty of Administrative Studies (now the Schulich School of Business), I was able to gather together a talented and committed group of people to work on the project. Having raised the money and interest we determined were needed for a successful launch, the coordinating committee transformed itself into the first Board of TI-Canada.

This year, I am retiring from the Board and passing leadership responsibilities to other capable hands. As a volunteer coordinator of the launch committee and a volunteer Chair and President of the Board since its inception, I have had the privilege of working with many dedicated and capable people both here in Canada and internationally. I would like to thank all the people whose contributions to the work of TI-Canada have made TI-Canada the success it is. It has been a real privilege to be associated with an organization capable of attracting people of character and commitment. It has been a particular privilege to work with the people who have filled positions on the Board over those years.

With my retirement, the Board of TI-Canada loses the last member with a direct connection to the creation of TI-Canada and its first board. This is then a particularly significant meeting and a significant transition for TI-Canada. I am grateful and reassured that TI-Canada has been able to attract people of the quality and character of those joining the Board at this annual meeting to continue the work begun thirteen years ago at an international conference in Europe. I wish you all well in your work and deliberations on what is in many ways the most entrenched, challenging and difficult problem we face in the complex world in which we live today.

Respectfully submitted,

Wesley Cragg