

NEWSLETTER

Volume 1, Number 3

May, 1997

Since the official launch of the Canadian national chapter on November 15, 1996, the Board of Directors has been working to put in place plans and policies that will allow us to address corruption in the most effective way possible.

Workshop in Ottawa

One of our projects for the fall is a workshop in Ottawa for relevant ministries and their Ministers on the need for a coordinated Canadian policy on the issue of corruption in international business transactions. Currently a number of international institutions, including the OECD and the World Bank, are actively developing proposals for national and international action. The Canadian government has not played an active role in these discussions, largely because of the lack of government policy on the issue.

The workshop will introduce the work of TI, review the international initiatives currently under way, and propose possible government responses to these initiatives. The discussion will focus on both legislative initiatives and on the attachment of transparency conditions to foreign aid.

We are aiming for September for this workshop, and anticipate a morning of presentations. These will focus on current international initiatives and private sector support for a stronger and more positive Canadian presence in international forums. This would be followed by a luncheon with members of cabinet.

National Integrity Workshop

Initial planning is also underway for a National Integrity Workshop in late fall or early winter. Details will be circulated as planning progresses. Co-sponsors for either of these events would be welcomed.

Membership

We continue to welcome new members. A number of people receiving this newsletter have not yet made a commitment to TI Canada. We urge you to join as individual members, or to approach your organization about supporting the cause. It is our goal to build a truly national coalition, so we are eager to find members from different industries, and from different regions of Canada. Anyone who is against the wasteful phenomena of bribery and corruption is a potential member of TI Canada.

There are several categories of membership ranging in cost from \$50 to \$10,000. An information sheet and

application for membership have been included with this mailing.

Communications

The Communications committee of the Board is producing a brochure that will introduce new members, and prospective members, to the aims of the Canadian organization. This will be followed by an analysis of the target audiences for public relations activities, and a plan for enhancing the profile of TI-Canada.

The committee has recommended that volunteer Board members who expect to be approached by the media on issues of concern to TI Canada undergo training in media skills, so as to represent our cause in the best light possible.

Charitable Status

Discussions are under way with Revenue Canada to see if charitable status for TI-Canada is feasible and if it is advisable. Tax regulations limit the amount of lobbying that can be done by a charitable foundation. We would like to be able to provide tax receipts for our donors, but not at the expense of compromising our ability to speak out on issues.

We are working with other national chapters to decide on the best course of action.

Annual General Meeting

The Annual General Meeting of Transparency International will be held in Lima, Peru on September 6. This is set to tie in with the 8th International Anti-Corruption Conference (IACC) which will take place from September 7-11. TI Berlin has undertaken to provide the organizational support for this conference.

A detailed programme of events for this World Conference is available on Transparency International's web page, where you can also find the National Integrity Source Book and copies of the Corruption Perceptions Index:

<http://www.transparency.de>

In a recent development, TI Canada has been asked by the organizers of the World AntiCorruption Conference (following the TI Annual General Meeting in Peru) to sponsor a panel on the Funding of Political Parties. The board will consider this request shortly.

TI Launches Around the World

January 20	TI Italy
January 25	TI Papua New Guinea
February 11	TI Pakistan
February 25	TI Egypt
March 5	TI Peru
March 8	TI Panama
March 22/23	TI India
April 28	TI Turkey

Nominations for Annual Integrity Award

Transparency International will present this award at the Annual General Meeting in Lima, Peru. The winner will be brought to Lima, Peru to speak at the meeting. The goal of the award is twofold. It will recognize exceptional achievements of an individual or organization and will create further publicity for TI's world wide effort to combat corruption. Board members and office holders in TI are ineligible, as are government officials whose achievements are in the line of duty. Members of TI are invited to make nominations and may do so by contacting Michael Hershman at the Head Office in Berlin **before May 30**.

Islands of Integrity

One exciting TI programme is the concept of Islands of Integrity. Even though we cannot end corruption with the stroke of a pen, we can each take small steps. Where possible, TI supports the awarding of individual contracts within an anti-corruption pact to which all participants have agreed. Safe in the knowledge that no competitor is offering bribes, each bidder can deal fairly and honestly.

While in Washington early this year, Peter Eigen met with country managers and project managers from the World Bank who were eager to implement the concept. TI-Italy reports that there is an Island of Integrity project developing now in a city North of Milan.

One current example is the Province of Mendoza (Argentina) where Governor Lafalla has supported a more open bidding process for information services that have traditionally been awarded to IBM. There are two steps in this process. First, the details of the contract will be discussed at public meetings, which prevents its terms from being crafted in such a way as to benefit one bidder. Second, the TI Integrity Pact will be introduced into the bidding documents, with the entire process to be monitored and enforced by the Attorney General.

A new project is the Benin Transport Sector Project in Africa. This effort is being coordinated by the Global Coalition for Africa, and arrangements have already been made for all procurement to be centrally managed by the Ministry of Public Works and Transport.

TI in the USA

Nancy Zucker Boswell, managing director of the USA national chapter, reports that there is a window of opportunity created by recent activities of international bodies, including last May's OECD call for an end to tax deductibility of bribes, the European Union (EU) protocol that makes it a crime in each member state to bribe an EU official or any official of another EU member state, last December's United Nations (UN) Declaration Against Corruption and Bribery in International Commercial Transactions, recent aggressive statements by the World Bank president, a working group within the World Trade Organization (WTO), and a Plan of Action being drafted by the Organization of American States (OAS).

She says that these initiatives and recent statements by Treasury Secretary Robert Rubin "will send a strong signal to all G-7 countries that it's critically important to move forward on this issue and stem the source of bribery."

She is currently working with Jim Cooney (Placer Dome) to support the efforts of the Pacific Basin Economic Council (discussed elsewhere in this newsletter).

G-7 on Corruption

On April 27 the Group of 7 finance ministers from the richest countries called on the International Monetary Fund, the World Bank, and the OECD to accelerate their work on reducing the "corrosive effects of bribery and corruption generally on the achievement of sustainable economic development, growth, and stability." The G-7 called on multilateral development banks to establish uniform procurement models and "ensure strong oversight at headquarters of all facets of the procurement process."

U.S. Treasury Secretary Robert Rubin called on the leading industrial countries to "reach agreement on measures that will permit effective and coordinated criminalization of foreign bribery and facilitate expeditious elimination of the tax deductibility of such bribes."

The World Bank

World Bank president James D. Wolfenson says that he has seen a "tidal wave of interest" in stopping corruption in developing countries has developed since he called it a "cancer" on the global economy last October. "People don't like being poor, but they are prepared to put up with being poor if there is a future and if there is not inequity. But if they see a lot of people creaming money off the top, that gets them mad."

TI and the OECD

Norway has already taken steps to implement the OECD recommendations on the elimination of tax deductibility of bribes. Now the Danish Tax Minister, Carsten Koch, has called a meeting to try and persuade Finland and Sweden to join Denmark in following that lead.

Working Group recommendations are coming together.

The group is working on a set of guidelines for legislation that member countries would be urged to adopt. Members are showing a lot of agreement on these technical issues (the 'common elements').

It is hoped that a jointly funded Compliance Action Task Force could be established along the lines of the Financial Action Task Force that began tackling money laundering in 1989.

There are still countries (e.g., Germany and France) that prefer the idea of establishing an International Convention instead of a series of individual laws. However, TI feels that this approach will only lead to lengthy delays.

TI and the PBEC

Last year the Pacific Basin Economic Council adopted a weak recommendation in favour of transparency (with all references to illicit practices and bribery deleted). This year their Foreign Direct Investment Committee (FDIC) may be ready to take a stronger position. Jim Cooney (Placer Dome) is working with the Korean chairman of the committee on their submission to the steering committee. Their recommendations will be considered in Vancouver this fall.

TI and the EBRD

On April 13, TI's Jeremy Pope participated in a seminar on corruption organized by the European Bank for Reconstruction and Development. Western bankers and officials warned the former communist countries of Central and Eastern Europe that they need to act more vigorously to stamp out corruption and inefficiency.

The EBRD has produced, with the help of Coopers & Lybrand, a draft set of Sound Business Standards and Corporate Practices."

TI in the International Press

A collection of articles on TI has been produced for the first time this year. The TI Media Survey 1996 assembles dozens of newspaper pieces in six different languages from around the world. Copies are available for \$20.00 US from the head office (which can be contacted through the international web page).

TI and the UNDP

The UNDP has agreed to work with Transparency

International in developing and funding a series of regional meetings throughout Africa.

Olusegun Obasanjo

Our Council Chair remains in prison in Nigeria. He is denied access to the papers and media, and all reading materials besides a Bible, but is in good spirits. He is visited regularly by his wife, Stella, and is encouraged by the growth of TI throughout the world.

Costa Rica

Peter Eigen met with a group that is forming a national chapter in that country. Costa Rica has set a very good example by passing a law that reflects the InterAmerican Convention against Corruption into national legislation.

Czech Republics

The PHARE Democracy Programme of the European Commission has approved funding for a National Integrity Workshop to be followed by a TI Source Book Workshop.

Germany

TI president Peter Eigen was one of the experts to testify in a four-hour televised session of the legislative committee of the Bundestag (the German parliament). It was meeting to consider a series of anti-corruption bills that had been presented by the Government, by the upper house (Bundesrat), and by other political parties.

TI's contribution was to focus attention on the international dimension of corruption, instead of just its domestic aspects.

Hungary

The PHARE Democracy Programme of the European Commission has approved funding for a National Integrity Workshop to be followed by a TI Source Book Workshop.

India

The South Asia International Conference for Combatting Corruption and Promoting Transparency, Integrity, and Accountability was held on March 22 and 23, in concert with the launch of TI-India. Former Attorney-General Soli Sorabjee recommended that people convicted of taking or giving bribes be disqualified from public office and blacklisted, be required to forfeit all of their assets, and suffer social sanctions.

Italy

TI Italy has prepared the following Code of Ethics, which describes its goals and values:

1. Transparency in every field, in every individual, collective, private and public action in order to give

rise to ethical behaviour.

2. Transparency in divulging these principles to every citizen.
3. Transparency in the public sector's decisions, in order to obtain from every expense the maximum value in the interests of the citizens.
4. Transparency so that the purchases of goods and the investments be carried out in due time and avoid postponements designed to give rise to opportunities to gain illicit advantages.
5. Transparency in the writing of laws and rules to prevent any benefit to special corporate interests.
6. Transparency in the awarding of public positions to avoid any exchange of benefits between those who are appointing and those who are appointed.
7. Transparency in the denunciation of practices which imply the waste of public money.
8. Transparency in order to avoid conflicts of interest and situations where controllers are controlling themselves.
9. Transparency in the spreading of information so that its users are objectively informed.

Japan

Japan is said to be set to ban and perhaps criminalize international bribery by Japanese firms. Although the move includes prison terms of up to three years, TI-USA doubts that there is any political will behind the proposals which would fall under the Unfair Competition Law.

Lithuania

In early April, the International Corruption Prevention Seminar and Workshop was held at the Police Academy in Vilnius. Lithuania wants to be a part of the EU but knows that it must get corruption under control first, especially among border police and customs agents.

Jeremy Pope (TI) and Alan Doig (TI-UK) participated, and an interesting book of precedents was presented by Dennis Fitzgerald, an ex-US policeman turned lawyer turned trainer.

Pakistan

In mid-March, Peter Eigen and other TI officials attended a Seminar on Accountability and Good Governance in Karachi. Government leaders were clear that corruption is rampant in Pakistan, and that they are serious about making large strides towards eliminating it.

Panama

The national chapter is headed up by Roberto Eisenmann and co-sponsored by the UNDP. This group is committed to moral education of the country's youth and a citizen's watch over transactions such as the privatization of utility companies.

Poland

The PHARE Democracy Programme of the European Commission has approved funding for a National Integrity Workshop to be followed by a TI Source Book Workshop.

Tanzania

After studying the Report of the Presidential Commission of Inquiry against Corruption (headed by former Prime Minister Joseph Warioba) president Mkapa says that he will relieve suspected officials of their duties, even where the evidence would not be convincing for court action. Alex Muganda (Director of the Corruption Prevention Bureau) is arranging a workshop for the end of May.

Uganda

In mid-March, TI's Jeremy Pope attended an investigative journalism workshop, helped with the training of seven local facilitators who in turn addressed over 200 members of the parliament at a Retreat on Integrity, and participated in a Good Governance for Private Sector Development"workshop for more than 120 ministers and senior representatives from Uganda and 13 other African countries.

Ukraine

The Ukraine is taking corruption very seriously after receiving a critical letter from World Bank president James D. Wolfensohn, and being the subject of comments by IMF deputy managing director Stanley Fischer.

On May 23 TI (along with local co-sponsors) will conduct the first of two workshops. It will raise awareness and begin the planning process, to be followed on June 23 and 24 by a National Integrity Workshop. At that second workshop, a national strategy will be established to build integrity and accountability into the system of government, along with short-term and medium-term implementation plans.

Zimbabwe

A December workshop on Transparency and Integrity has led to plans for a National Integrity Workshop funded by the European Union, and a police anti-corruption unit has been established.